



ANNUAL REPORT
年報 2018



PFC Device Inc.
節能元件有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號：8231

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香港聯合交易所有限公司(「聯交所」) GEM之特色

GEM的定位，乃為中小型公司提供一個上市的市場，此等公司相比起其他在聯交所主板上市的公司帶有較高投資風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。

由於**GEM**上市公司普遍為中小型公司，在**GEM**買賣的證券可能會較於聯交所主板買賣之證券承受較大的市場波動風險，同時無法保證在**GEM**買賣的證券會有高流通量的市場。

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本報告遵照聯交所**GEM**證券上市規則(「**GEM**上市規則」)的規定提供有關節能元件有限公司(「本公司」)及其附屬公司的資料。本公司董事(「董事」)對本報告所載資料共同及個別承擔全部責任。董事在作出一切合理查詢後確認，就彼等深知及確信，本報告所載資料在各重大方面均屬準確及完整，且無誤導或欺騙成份，亦無遺漏其他事項，致使本報告所載內容有所誤導。

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Chow Kai Chiu, David
Mr. Hong James Man-fai (*Chief Executive Officer*)

Non-executive Directors

Mr. Yung Kwok Kee, Billy (*Chairman*)
Mr. Tang Che Yin

Independent Non-executive Directors

Mr. Lam, Peter
Mr. Leung Man Chiu, Lawrence
Mr. Fan Yan Hok, Philip

AUDIT COMMITTEE

Mr. Leung Man Chiu, Lawrence (*Chairman*)
Mr. Fan Yan Hok, Philip
Mr. Yung Kwok Kee, Billy

REMUNERATION COMMITTEE

Mr. Fan Yan Hok, Philip (*Chairman*)
Mr. Lam, Peter
Mr. Yung Kwok Kee, Billy

NOMINATION COMMITTEE

Mr. Yung Kwok Kee, Billy (*Chairman*)
Mr. Fan Yan Hok, Philip
Mr. Lam, Peter

PRINCIPAL BANKER

The Hong Kong and Shanghai Banking
Corporation Limited
Hang Seng Bank Limited

COMPANY SECRETARY

Ms. Lee Ka Man *ACIS ACS*

董事會

執行董事

周啟超先生
洪文輝先生 (*行政總裁*)

非執行董事

翁國基先生 (*主席*)
鄧自然先生

獨立非執行董事

林晉光先生
梁文釗先生
范仁鶴先生

審核委員會

梁文釗先生 (*主席*)
范仁鶴先生
翁國基先生

薪酬委員會

范仁鶴先生 (*主席*)
林晉光先生
翁國基先生

提名委員會

翁國基先生 (*主席*)
范仁鶴先生
林晉光先生

主要往來銀行

香港上海滙豐銀行有限公司
恒生銀行有限公司

公司秘書

李嘉文小姐 *ACIS ACS*

REGISTERED OFFICE

PO Box 1350, Clifton House, 75 Fort Street,
Grand Cayman KY1-1108, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Chai Wan, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22 Hopewell Centre, 183 Queen's Road East, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Chow Kai Chiu, David
Mr. Hong James Man-fai

COMPLIANCE OFFICER

Mr. Chow Kai Chiu, David

COMPLIANCE ADVISER

Messis Capital Limited

AUDITOR

BDO Limited
Certified Public Accountants

COMPANY'S WEBSITE

www.pfc-device.com

STOCK CODE

8231

註冊辦事處

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Grand Cayman KY1-1108, Cayman Islands

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香港股份過戶登記分處

卓佳證券登記有限公司
香港皇后大道東183號合和中心22樓

授權代表

周啟超先生
洪文輝先生

合規主任

周啟超先生

合規顧問

大有融資有限公司

核數師

香港立信德豪會計師事務所有限公司
執業會計師

公司網站

www.pfc-device.com

股份代號

8231

CHAIRMAN'S STATEMENT

主席報告

On behalf of the Board of Directors (the "Board"), I am pleased to present the audited financial results of the Group for the year 2018.

OVERVIEW

The Group is principally engaged in the design, manufacturing and sales of power discrete semiconductors under its own brand. Its principal applications and core segments include (1) power supply and adapters for TV, PC, laptop, etc. (2) chargers for mobile phone, tablet, portable electronics, etc. and (3) industrial and automotive applications.

During 2018, the Group was confronted with a big challenge. In the first half of the year, the Group faced tight supply of epitaxy ("EPI") and foundry capacity due to strong global demand of semiconductor materials. In the second half of the year, performance of the Group experienced a significant downturn due to the deterioration of the overall economic environment and unforeseeable factors, such as China-US trade tensions.

Against this backdrop, the Group's revenue and gross profit was approximately US\$23.4 million and US\$4.3 million respectively, representing a decrease of 15% and 30% over the same period last year. Loss attributable to owners of the Company was US\$1.1 million for 2018 as compared to a profit of US\$0.6 million for 2017. Taking out the effect of impairment losses amounting to US\$1 million, the Group recorded an adjusted almost break-even results.

There are considerable downside risk to the semiconductor industry forecast, in response to the challenging market condition, the Group adopts multiple strategies, with an aim to expedite product sales and strove to reduce inventory levels.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to our staff, and the support from all of our shareholders and stakeholders.

On behalf of the Board

Mr. Yung Kwok Kee, Billy
Chairman

Hong Kong, 25 March 2019

本人謹代表董事會（「董事會」）欣然提呈本集團二零一八年年度之經審核財務業績。

概覽

本集團主要從事設計、生產及銷售自家品牌離散式功率半導體。其產品的主要應用及核心業務包括(1)電視、個人電腦、筆記電腦等之電源供應器及適配器、(2)流動電話、平板電腦、便攜式電子設備等之充電器及(3)工業及汽車電源應用。

於二零一八年期間，本集團面臨巨大的挑戰。於上半年，由於全球對半導體材料的需求強勁，本集團面臨磊晶（「EPI」）及晶圓代工產能供應緊拙的局面。於下半年，由於整體經濟環境惡化以及中美貿易緊張等不可預測的因素，本集團的表現顯著變差。

在此背景下，本集團的收入及毛利分別約為23.4百萬美元及4.3百萬美元，較去年同期減少15%及30%。二零一八年的本公司擁有人應佔虧損為1.1百萬美元，相比二零一七年則錄得溢利0.6百萬美元。倘若不計及減值虧損1百萬美元的影響，本集團錄得經調整後接近收支平衡之業績。

預期半導體行業存在一定的下行風險，為應對充滿挑戰的市場狀況，本集團採取多種策略，目標是加快產品銷售及致力降低存貨水平。

致謝

本人謹代表董事會向全體員工之辛勞工作及全體股東及持份者之鼎力支持表示衷心感謝。

代表董事會

主席
翁國基先生

香港，二零一九年三月二十五日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

The Group is principally engaged in the design, manufacturing, and sales of its power discrete semiconductors under its own brand.

In first half of the year, the Group faced extremely tight EPI and foundry supply due to strong global demand for semiconductor materials. The Group had entered long term agreements with both EPI and foundry suppliers to ensure sufficient raw material and capacity. For the second half of 2018, the market condition deteriorated dramatically due in part to the China-US trade war. As such, revenue significantly decreased and inventory increased.

BUSINESS OUTLOOK

We expect the first half of 2019 to be slow due to market uncertainty as well as oversupply of semiconductor parts in the market. We forecast that the market will return back to normal in later half of 2019, pending on the outcome of the China-US trade negotiation.

Looking forward, the Directors consider the future opportunities and challenges which the Group faces will be affected by (1) the China-US trade tension, (2) oversupply of semiconductor parts leading to lower average selling price, and (3) the rising labor costs in China. The Directors are of the view that (1) expanding into tier-1 customers, (2) extending the products portfolio, and (3) diversifying our market applications including industrial and electric vehicles (EV); all of these would be the key drivers for the growth of the Group.

業務回顧

本集團主要從事設計、生產及銷售自家品牌離散式功率半導體。

於上半年，由於全球對半導體材料的需求強勁，本集團面對EPI及晶圓代工產能供應極為緊張的局面。本集團與EPI及晶圓代工的供應商已訂立長期合約，確保原材料及產能充足。於二零一八年下半年，市場狀況急劇變差，部份原因為中美貿易戰。因此，收入顯著減少而存貨有所增加。

展望

由於市場不確定因素以及市場上的半導體部件供應過剩，我們預期二零一九年上半年將會放緩。我們預測市場將於二零一九年下半年恢復正常，惟有待中美貿易談判的結果。

展望未來，董事認為本集團面臨的未來機遇及挑戰將受到：(1)中美貿易緊張；(2)半導體部件供應過剩導致平均售價較低；及(3)中國勞工成本上升所影響。董事認為(1)拓展一線客戶；(2)擴大產品組合；及(3)推動市場應用領域多元化(包括工業及電動車)均為本集團增長的主要動力。

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The table below sets out an analysis by comparing the business objectives of the Group as set out in the prospectus of the Company dated 30 September 2016 (“Prospectus”) with the Group’s achievement of these objectives up to 31 December 2018. These business objectives are in place with a view to generating long-term value to the Group and the shareholders.

Business Objectives

1. To increase the production capability of the Group’s power discrete semiconductors

In 2018, the Group has acquired machineries to relieve production bottleneck and enhanced our manufacturing efficiency through automation.

2. To continue research and development effort

The Group’s research and development team continued to introduce technologically advanced products and diversify the Group’s presence in industries that the Group considers to have high potential. The Group has since released over 50 new products of Synchronous MOSFET to compliment its product portfolio in the power supply market. The Group has also introduced new line of TO-252 MOSFET products.

3. To expand its distribution network

We have aligned new distributors in PRC to expand our distribution network and customer reach. The new distributors will allow us a greater presence in the consumer, industrial, automotive, and electric vehicle (EV) markets.

USE OF PROCEEDS

The net proceeds from the placing of the Company’s shares on 7 October 2016 was approximately HK\$57.4 million (equivalent to approximately US\$7.4 million), after deduction of the underwriting fees and related expenses.

業務目標與實際業務進展之對比

下表載列本公司日期為二零一六年九月三十日的招股章程(「招股章程」)內的本集團業務目標與直至二零一八年十二月三十一日為止本集團於此等目標上取得的進展所作的對比分析。制定上述業務目標旨在實現本集團及股東的長遠價值。

業務目標

1. 提高本集團離散式功率半導體的生產能力

於二零一八年，本集團已添置更多機器以透過自動化紓解生產樽頸及提升製造效率。

2. 繼續研究開發

本集團的研發團隊繼續引進技術先進的產品，並使本集團在我們認為具有高潛力的行業中有多元化的發展。本集團至今已發佈了超過50項同步MOSFET的新產品，以補充其在電源供應市場的產品組合。本集團亦已引進新產品系列TO-252 MOSFET。

3. 擴展其銷售網絡

我們已在中國與新分銷商有共識，以擴展我們的分銷網絡及客戶覆蓋。新的分銷商將有助我們擴大在消費者、工業、汽車及電動車市場的影響力。

所得款項用途

於二零一六年十月七日配售本公司股份之所得款項淨額(經扣除包銷費用及相關開支後)約為57.4百萬港元(相當於約7.4百萬美元)。

In 2018, the Group reallocated the net proceeds of approximately US\$0.37 million, representing approximately 5% of the net proceeds, originally allocated for the acquisition of machineries to research and development activities for enhancing production efficiencies and capabilities.

An analysis of the utilisation of the net proceeds is set out below:

於二零一八年，本集團將原先分配作購置機器的所得款項淨額約0.37百萬美元(佔所得款項淨額約5%)重新分配至提升生產效率及產能的研究及開發活動。

使用所得款項淨額的分析如下：

		Revised use of net proceeds	Actual amount utilised up to 31 December 2018	Actual amount utilised and committed amount from 1 January 2019 up to the date of this report
		經修訂的所得款項淨額用途 US\$ million 百萬美元	截至二零一八年十二月三十一日已使用的實際金額 US\$ million 百萬美元	自二零一九年一月一日起至本報告日期已使用及已承諾的實際金額 US\$ million 百萬美元
Purchase of machineries for existing packaging facilities	為現有封裝設施購置機器	5.13	4.52	0.61
Development of new production lines for DFN package type	為DFN封裝類型開發全新生產線	1.20	1.13	0.07
Purchase of machineries for the testing of Schottky diodes	為測試蕭基二極管購置機器	0.30	0.30	–
Purchase of machineries for the testing of MOSFET	為測試MOSFET購置機器	0.10	0.10	–
Research and development for production efficiencies and capabilities	提升生產效率及產能的研究及開發活動	0.37	0.34	0.03
General working capital for the Group	本集團一般營運資金	0.30	0.30	–
Total	總計	7.40	6.69	0.71*

* As at 31 December 2018, the unutilised net proceeds of approximately US\$0.71 million have been placed as interest bearing deposits with a licensed bank in Hong Kong and are intended to be applied in a manner consistent with the proposed allocations. Subsequent to 31 December 2018 and up to the date of this report, the Group has utilised approximately US\$0.43 million out of US\$0.71 million and, the remaining US\$0.28 million unused net proceeds was committed and to be paid upon completion of machineries inspection.

* 於二零一八年十二月三十一日，未使用的所得款項淨額約0.71百萬美元已存於香港的持牌銀行作為計息存款，並擬按符合建議分配款項的方式使用。於二零一八年十二月三十一日後及截至本報告日期，本集團已使用0.71百萬美元當中約0.43百萬美元，而餘下0.28百萬美元的未使用所得款項淨額已承諾並將於完成檢查機器後支付。

PRINCIPAL RISK AND UNCERTAINTIES

The principal risks and uncertainties in implementing the Group's business strategies include the followings:

- 1. Customer base**
Our five largest customers accounted for a significant portion of our revenue. If any of the key customer reduces, delays or cancels its orders to the Group, our profit level may be adversely affected.
- 2. Supply of materials**
We are dependent on the continuous supply of EPI and wafer foundry capacities from a few suppliers. Any shortage or delay in the supply of the necessary materials and foundry capacities, or any significant change in these costs in which the Group may not be able to shift the costs to its customers, resulting in adverse impact on our business and results of operation.
- 3. Research and development**
The Group maintains its own research and development team, primarily focusing on improvement of product performance, new product models and technology improvement. Failure to launch new products to the market to meet customers' demand may result in adverse impact on the Group competitive edge.
- 4. Packaging production capacity**
The Group relies on stable operation of its production facilities and adequate labour force for production. Any equipment failure, industrial accidents and other catastrophic events, which could have a material adverse effect on our business and results of operations.

In addressing these risks and uncertainties, the Group continues to implement its strategies to expand its products portfolio and strives to explore potential customers. The Group makes great effort to establish good relationship with our suppliers. The production facilities of the Group are subject to regular inspection, maintenance and part replacement, as well as appropriate training is provided to all operating and administrative staff on safety matters.

主要風險及不確定因素

主要風險及不確定因素對本集團實施業務策略影響包括下列：

- 1. 客戶群**
我們的五大客戶佔我們收入的大部份。如果任何重要客戶減少、延遲或取消其向本集團發出的訂單，我們的利潤水平或會受到不利影響。
- 2. 供應材料**
我們依賴少數供應商持續供應EPI和晶圓代工之能力。所需材料及晶圓代工能力之供應之任何短缺或延遲，或此等成本出現任何重大變動而本集團可能無法將成本轉嫁予客戶，對我們的業務及經營業績將產生不利影響。
- 3. 研究及開發**
本集團擁有本身的研發團隊，主要致力於產品性能改進、新產品型號和技術改進。未能向市場推出新產品以滿足客戶需求，或會對本集團之競爭優勢產生不利影響。
- 4. 封裝產能**
本集團依靠生產設施的穩定運行和充足的生產勞動力。任何設備故障、工業事故和其他災難事件，可對我們的業務及經營業績產生重大不利影響。

在應對此等風險和不確定因素時，本集團繼續實施策略擴大產品組合，悉力發掘潛在客戶。本集團致力與供應商建立良好關係。本集團的生產設施須作定期檢查、維修及更換部件，並就安全事宜向所有營運及行政人員提供適當培訓。

FINANCIAL REVIEW

Revenue and Operating Results

Revenue from the Group's operations for the year ended 31 December 2018 amounted to approximately US\$23.4 million, representing a decrease of US\$4.2 million or 15% as compared to US\$27.6 million for 2017. Such decrease was primarily attributable to the decrease in sales volume of the power discrete semiconductors and trading of raw materials.

The gross profit margin for the year ended 31 December 2018 was 18.2%, representing a decrease of 4 percentage points as compared to 22.2% for 2017. The decrease in gross profit margin was mainly due to the increase in manufacturing costs and additional inventories write down, as well as squeezed margin for trading of raw material.

Loss attributable to the owners of the Company for the year ended 31 December 2018 was US\$1.1 million, as compared with the profit attributable to the owners of the Company of US\$0.6 million for 2017. The change from profit to loss was mainly attributable to various factors. Besides the decrease in gross profit margin mentioned above, such factors also include (i) the impairment losses on goodwill as well as property, plant and equipment, amounting to US\$0.6 million and US\$0.4 million respectively; (ii) significant decrease in other income from that in 2017 which mainly comprised government grants of US\$0.4 million rewarded to the Group following to its listing in late 2016; offset by (iii) decrease in administrative expenses due to substantial decrease in equity-settled share-based payment expenses of US\$0.3 million which was significantly higher upon the grant of share options in the corresponding period in 2017 and better control of staff costs. As the impairment losses are non-cash in nature, they do not affect the Group's cash flow conditions.

The change from profit last year to a loss this year was mainly due to the impairment losses on goodwill, as well as property, plant and equipment totalling approximately US\$1 million in 2018 and the non-recurring other income of US\$0.4 million in 2017. Excluding these two items in the respective year, the Company reported an adjusted almost break-even results in 2018 as compared to an adjusted profit of US\$0.2 million for 2017.

Liquidity, Financial Resources and Capital Structure

The Group was able to maintain a sound financial position with its financial resources and liquidity position consistently monitored and put in place in a healthy state throughout the period under review. Given the current economic situation, the Group would constantly re-evaluate its operational and investment status with a view to improving its cash flow and minimising its financial risks.

財務回顧

收益及營運業績

截至二零一八年十二月三十一日止年度，本集團經營業務收入約為23.4百萬美元，較二零一七年的27.6百萬美元減少4.2百萬美元或15%。收入減少主要由於離散式功率半導體銷量減少及原材料貿易減少。

截至二零一八年十二月三十一日止年度的毛利率為18.2%，較二零一七年的22.2%減少4個百分點。毛利率下降，主要是由於製造成本增加及額外存貨撇減，以及原材料貿易之毛利率受擠壓。

截至二零一八年十二月三十一日止年度，本公司擁有人應佔虧損為1.1百萬美元，相比二零一七年則錄得本公司擁有人應佔溢利0.6百萬美元。由盈轉虧主要乃因多項因素所致。除上述毛利率下降之因素外，有關因素亦包括(i)商譽以及物業、廠房及設備分別錄得減值虧損0.6百萬美元及0.4百萬美元；(ii)其他收入較二零一七年顯著減少(主要是二零一六年底上市後本集團獲得的政府補助金0.4百萬美元)；被以下所抵銷：(iii)以股權結算之股份支付開支大幅減少0.3百萬美元(二零一七年同期授出購股權令相關開支顯著較高)以及較佳的員工成本控制，令行政開支減少。由於減值虧損屬非現金性質，因此不會影響本集團的現金流量狀況。

上年度至本年度期間由盈轉虧主要由於二零一八年商譽以及物業、廠房及設備錄得減值虧損總額約1百萬美元以及二零一七年的非經常其他收入0.4百萬美元。撇除相關年度的此兩個項目，本公司於二零一八年錄得經調整後接近收支平衡之業績，相比二零一七年則錄得經調整溢利0.2百萬美元。

流動資金、財務資源及資本架構

本集團持續監察其財務資源及其資產流動狀況保持健康水平，本回顧期間的財務報表現得以保持健全。在目前的經濟環境下，本集團會經常重新評估其營運及投資狀況，以改善其現金流量及將其財務風險減至最低。

As at 31 December 2018, the Group had total cash and bank balances of approximately US\$4.3 million (2017: US\$5.6 million) which is mainly denominated in United States dollars.

The bank borrowings of the Group are bearing interest at floating interest rates. Interest coverage of the Group for the year ended 31 December 2018, calculated as operating profit divided by total interest expenses net of interest income is not applicable as there is net interest income (2017: 80 times).

The capital of the Group comprises only ordinary shares. As at 31 December 2018, there were 1,618,032,277 ordinary shares in issue. There has been no change in the Company's capital structure since 7 October 2016 (the "Listing Date").

Foreign Exchange Exposure

Operations of the Group are mainly conducted in United States dollars, Taiwan dollars and Renminbi. It is the Group's treasury policy to closely monitor its foreign exchange position and manage its foreign currency exposure whenever its financial impact is material to the Group. During the year ended 31 December, the Group did not engage in any hedging activities.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Gearing Ratio

The Group targets to maintain a gearing ratio to be in line with expected changes in economic and financial conditions, expressed as a percentage of total bank borrowings net of cash and bank balances to total equity of the Group. The gearing ratio of the Group as at 31 December 2018 was nil (31 December 2017: nil) as the Group had net cash balances at the respective year end.

Capital Commitments

As at 31 December 2018, the Group had total capital commitments of approximately US\$0.4 million (2017: US\$0.5 million) for the acquisition of property, plant and equipment.

Capital Expenditure

The Group had capital expenditures totalling US\$2.8 million during the year ended 31 December (2017: US\$1.9 million).

於二零一八年十二月三十一日，本集團擁有現金及銀行結餘總額約4.3百萬美元(二零一七年：5.6百萬美元)，主要以美元計值。

本集團的銀行借款按浮動利率計息。本集團利息保障的計算根據經營溢利除以總利息支出扣除利息收入後之淨額，截至二零一八年十二月三十一日止年度並不適用，原因為有利息收入淨額(二零一七年：80倍)。

本集團的資本僅包括普通股。於二零一八年十二月三十一日，已發行1,618,032,277股普通股。自二零一六年十月七日(「上市日期」)起，本公司的資本結構概無任何變動。

外匯風險

本集團的營運主要以美元、新台幣和人民幣進行。本集團的財政政策乃密切監察其外匯狀況及於外匯風險之財務影響對本集團而言屬重大時管理其外匯風險。於截至十二月三十一日止年度，本集團並無從事任何外幣對沖活動。

本集團已就財政政策採取審慎的財務管理方法，故於截至十二月三十一日止年度維持穩健的流動資金狀況。本集團藉持續進行信貸評估及評核其客戶的財務狀況，致力減低所面臨的信貸風險。為管理流動資金風險，董事會密切監察本集團的流動資金狀況，以確保本集團資產、負債及其他承擔的流動資金結構能應付不時之資金需求。

負債比率

本集團的目標是保持負債比率符合經濟和財務狀況預期變化。本集團根據銀行借貸總額扣除現金及銀行結餘後之淨額與本集團總權益所計算而錄得。於二零一八年十二月三十一日，本集團的資本負債比率為無(二零一七年十二月三十一日：無)，原因為本集團於相關年結日錄得淨現金結餘。

資本承擔

於二零一八年十二月三十一日，本集團就購置物業、廠房及設備之資本承擔總額約為0.4百萬美元(二零一七年：0.5百萬美元)。

資本開支

於截至十二月三十一日止年度，本集團總資本開支為2.8百萬美元(二零一七年：1.9百萬美元)。

Contingent Liabilities

As at 31 December 2018, the Group did not have any significant contingent liabilities (2017: nil).

Segment Information

Segment Information for the Group is presented as disclosed on note 6 to the consolidated financial statements.

Significant Investments/Material Acquisitions and Disposal

During the year ended 31 December 2018, the Group had not made any significant investments or material acquisitions and disposal of subsidiaries.

Employees and Remuneration Policies

As at 31 December 2018, the Group had 165 employees (2017: 184). The Group's total employee benefit expenses for the year ended 31 December 2018 amounted to approximately US\$4.2 million (2017: US\$4.8 million). The pay levels of these employees are commensurate with their responsibilities, performance and market condition. In addition, share option schemes are put in place as a longer term incentive to align interests of employees to those of shareholders.

或然負債

於二零一八年十二月三十一日，本集團並無任何重大或然負債(二零一七年：無)。

分部資料

本集團呈列的分部資料載述於綜合財務報表附註6披露。

重大投資／重大收購及出售

截至二零一八年十二月三十一日止年度，本集團並無任何重大投資或重大收購及出售附屬公司。

僱員及薪酬政策

於二零一八年十二月三十一日，本集團僱用165名員工(二零一七年：184名)。截至二零一八年十二月三十一日止年度，本集團之總僱員福利開支約4.2百萬美元(二零一七年：4.8百萬美元)。僱員薪酬乃按責任、表現及市況而定。此外，並採用購股權計劃作為長期鼓勵，使僱員與股東的利益一致。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷詳情

DIRECTORS

Executive Directors

Mr. Chow Kai Chiu, David (周啟超), aged 54, Chartered Financial Analyst, joined the Group in 2006 and was appointed as an Executive Director of the Company on 21 March 2016. Mr. Chow received his Bachelor degree of Applied Science in Computer Engineering and his Master's degree in Business Administration from the University of Waterloo and York University, Canada. He has previously held positions at First Marathon Securities Limited in Canada, Asian Capital Partners, and HSBC Private Equity (Asia) Limited in the corporate finance and investment management field. He is also a director of all subsidiaries of the Group and the Deputy Chief Executive of Shell Electric Holdings Limited.

Mr. Hong James Man-fai (洪文輝), aged 46, was appointed as an executive Director of the Company on 21 March 2016. Mr. Hong is the chief executive officer of the Group and primarily responsible for the overall management and operations and the implementation of the strategic planning of the Group. Mr. Hong is also a director of a number of the subsidiaries of the Group.

Mr. Hong obtained a Bachelor degree in Electrical Engineering and Computer Science from University of California, Berkeley, USA and a Master of Business Administration from University of Southern California, USA. Mr. Hong has more than 18 years of experience in the manufacturing and retail of semiconductor products with extensive knowledge in business development of semiconductor product. Prior to joining the Group, Mr. Hong was employed by Advanced Micro Devices, Inc., Pittiglio Rabin Todd & McGrath, APD Semiconductor, Inc., Diodes Incorporated, and Skyworks Solutions, Inc.

Non-executive Directors

Mr. Yung Kwok Kee, Billy (翁國基), aged 65, was appointed as a Director of the Company on 2 March 2016 and was re-designated as a non-executive Director and Chairman of the Board of the Company on 19 September 2016. Mr. Yung is primarily responsible for the strategic direction and overall management of the strategic planning of the Group. Mr. Yung is the chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee of the Company. Mr. Yung is also a director of a number of the subsidiaries of the Group.

董事

執行董事

周啟超先生，五十四歲，特許金融分析師，於二零零六年加入本集團及於二零一六年三月二十一日獲委任為本公司執行董事。周先生自加拿大滑鐵盧大學取得電腦工程應用科學學士學位，並自加拿大約克大學取得工商管理碩士學位。他曾在加拿大First Marathon Securities Limited、Asian Capital Partners及HSBC Private Equity (Asia) Limited擔任公司財務和投資管理領域的相關職位。他亦是本集團所有附屬公司董事及蜆壳電器控股有限公司副行政總裁。

洪文輝先生，四十六歲，於二零一六年三月二十一日獲委任為本公司執行董事。洪先生為本集團行政總裁，主要負責整體管理及營運以及本集團的策略規劃執行。洪先生亦任本集團數間附屬公司的董事。

洪先生於自美國加州大學柏克萊分校取得電機工程及電腦科學學士學位，並於自美國南加州大學取得工商管理碩士學位。洪先生擁有超過18年的半導體產品製造及零售經驗，於半導體產品業務發展方面的知識廣博。加入本集團前，洪先生曾受聘於Advanced Micro Devices, Inc.、Pittiglio Rabin Todd & McGrath、APD Semiconductor, Inc.、Diodes Incorporated及Skyworks Solutions, Inc.。

非執行董事

翁國基先生，六十五歲，於二零一六年三月二日獲委任為本公司董事及於二零一六年九月十九日調任為本公司非執行董事和董事會主席。翁先生主要負責本集團策略方針及策略規劃的整體管理。翁先生為本公司提名委員會主席、審核委員會及薪酬委員會成員。翁先生亦任本集團數間附屬公司的董事。

Mr. Yung received a bachelor degree in Electrical Engineering from University of Washington and a master degree in Industrial Engineering from Stanford University. Mr. Yung has over 40 years of experience in managing manufacturing, retailing, transportation, semi-conductor, computer hardware and software business in China, Hong Kong and US. Prior to founding the Group, Mr. Yung was the executive director of Shell Electric Mfg. (Holdings) Co. Ltd. from 1973 to 2010, now known as China Overseas Grand Oceans Group Ltd., which shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 0081). Since 27 February 2010, Mr. Yung has become a non-executive director and vice chairman of the Board of that company. Mr. Yung has been the chairman and the chief executive of Shell Electric Holdings Limited since 2009. Mr. Yung is currently the Permanent Honorary President of Friends of Hong Kong Association Ltd., the Honorary President of Shun Tak Fraternal Association, a member of Senior Police Call Central Advisory Board and was awarded the Honorary Citizen of the City of Guangzhou and the Honorary Citizen of the City of Foshan.

Mr. Tang Che Yin (鄧自然), aged 63, was appointed as a Director of the Company on 21 March 2016 and was re-designated as a non-executive Director of the Company on 19 September 2016. Mr. Tang is primarily responsible for assisting the chairman in the overall management of the strategic planning of the Group and overseeing the human resource and operation of the Group's China manufacturing operation. Mr. Tang is also a director of Guangdong PFC Device Limited.

Mr. Tang obtained his Master degree of Computer Science from the University of Manchester of the United Kingdom, United Kingdom, in December 1980 and his Master degree of Business Administration from the Chinese University of Hong Kong, Hong Kong, in December 1987. He obtained the qualification of a Chartered Engineer and also membership of the Council of Engineer in the United Kingdom in February 1987. He also obtained the qualification of a Chartered Electrical Engineer in March 1991 and the membership of the Institution of Electrical Engineers in April 1986.

Independent non-executive Directors

Mr. Lam, Peter (林晉光), aged 66, was appointed as an independent non-executive Director of the Company on 19 September 2016. He is also a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Lam received a Bachelor degree in Civil Engineering from Lehigh University and a Master degree in Construction Management from Stanford University. He is the President of Lam Construction Group Limited. He has over 30 years of experience in construction, project management and real estate development.

翁先生取得美國華盛頓大學電機工程學士學位和美國史丹福大學工業工程碩士學位。翁先生在中國、香港及美國的製造、零售、運輸、半導體及電腦軟硬件業務擁有40年以上的管理經驗。於創辦本集團前，翁先生在一九七三年至二零一零年曾任蜆壳電器工業(集團)有限公司(現稱中國海外宏洋集團有限公司(股份代號：0081))的執行董事，該公司股份在聯交所主板上市，翁先生自二零一零年二月二十七日起成為該公司非執行董事兼董事局副主席。翁先生自二零零九年起擔任蜆壳電器控股有限公司主席兼行政總裁。翁先生現為香港友好協會有限公司永遠名譽會長、順德聯誼總會榮譽會長、香港警察耆樂警訊中央諮詢委員會委員，並榮獲廣州市榮譽市民及佛山市榮譽市民稱號。

鄧自然先生，六十三歲，於二零一六年三月二十一日獲委任為本公司董事並於二零一六年九月十九日調任為本公司非執行董事。鄧先生主要負責協助主席進行本集團策略規劃的整體管理，並監督本集團人力資源及中國製造業務的營運。鄧先生亦任廣東普福斯節能元件有限公司董事。

鄧先生於一九八零年十二月自英國曼徹斯特大學取得電腦科學碩士學位，並於一九八七年十二月自香港中文大學取得工商管理碩士學位。彼於一九八七年二月取得特許工程師資格，亦取得英國工程師學會會員。彼亦於一九九一年三月取得特許機電工程師資格，並於一九八六年四月成為英國電氣工程師學會會員。

獨立非執行董事

林晉光先生，六十六歲，於二零一六年九月十九日獲委任為本公司獨立非執行董事。彼亦為本公司薪酬委員會及提名委員會之成員。林先生取得美國理海大學土木工程學士學位和美國史丹福大學建築管理碩士學位。彼為華益(林氏)建築有限公司總裁。林先生在建築、項目管理及房地產開發有超過30年經驗。

Mr. Leung Man Chiu, Lawrence (梁文釗), aged 70, was appointed as an independent non-executive Director of the Company on 19 September 2016. He is also the chairman of the Audit Committee of the Company. He is a fellow member of The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants. He has been in public practice for over 46 years and is now a partner of Tang and Fok, certified public accountants. He is also an independent non-executive director of Safety Godown Company Limited (stock number 237) and Pak Fah Yeow International Limited (stock number 239), both listed in the Hong Kong Stock Exchange Limited.

Mr. Fan Yan Hok, Philip (范仁鶴), aged 69, was appointed as an independent non-executive Director of the Company on 19 September 2016. He is also the chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. Mr. Fan is also an independent non-executive director of the following Hong Kong listed public companies, namely China Everbright International Ltd., Hysan Development Company Limited, First Pacific Company Limited, China Aircraft Leasing Group Holdings Limited. He was formerly an independent non-executive director of Guolian Securities Co., Ltd, a Hong Kong listed company until July 2016, and an independent director of Goodman, an Australian listed company, until November 2017.

Senior management

Mr. Liu, Hsin-Hsien (劉信賢), aged 49, is the sales vice president of PFC Device Corporation (Taiwan Branch) (the "PFC Device (TW)"). He joined the Group on 2 November 2014 and he is primarily responsible for the customer development and sales management.

Mr. Liu obtained a Bachelor degree of Material Engineering from National Taipei University of Technology, Taiwan. Mr. Liu has over 21 years of experience in the semiconductor industry. Mr. Liu previously worked in Avnet Asia Pte Ltd Taiwan Branch (Singapore), Arrow Electronics, KC Uppertech Co., Ltd., Immense Advance Technology Corp., Diodes Incorporated., and Chip Integration Technology Corporation.

梁文釗先生，七十歲，於二零一六年九月十九日獲委任為本公司獨立非執行董事。彼亦為本公司審核委員會之主席。梁先生為特許公認會計師公會資深會員和香港會計師公會資深會員。彼從事執業會計師超過46年，現為鄧榮祖霍熙元會計師事務所合夥人。梁先生現時亦為安全貨倉有限公司(股份代號：237)及白花油國際有限公司(股份代號：239)獨立非執行董事，兩間公司均為香港聯合交易所有限公司上市公司。

范仁鶴先生，六十九歲，於二零一六年九月十九日獲委任為本公司獨立非執行董事。彼亦為本公司薪酬委員會主席以及審核委員會及提名委員會之成員。范先生亦為以下香港上市公司之獨立非執行董事：中國光大國際有限公司、希慎興業有限公司、第一太平有限公司及中國飛機租賃集團控股有限公司。彼曾任國聯證券有限公司(一間香港上市公司)之獨立非執行董事直至二零一六年七月止，以及澳大利亞上市公司Goodman之獨立董事直至二零一七年十一月止。

高級管理人員

劉信賢先生，四十九歲，為PFC Device Corporation(台灣分公司)「節能元件(台灣)」銷售副總裁。彼於二零一四年十一月二日加入本集團，並主要負責執行本集團之開拓客戶群及銷售管理工作。

劉先生自台灣國立臺北科技大學取得材料工程學士學位。劉先生於半導體行業的經驗逾21年。劉先生曾受聘於新加坡商安富力台灣分公司、艾睿電子股份有限公司、堃昶股份有限公司、艾特先進半導體股份有限公司、達爾科技股份有限公司及竹懋科技股份有限公司。

Pursuant to Rule 18.44(2) of the GEM Listing Rules, the Board is pleased to present hereby the corporate governance report of the Company for the year ended 31 December 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance. The Directors of the Company believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising shareholders' interests.

Throughout the year ended 31 December 2018, the Company had complied with the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules.

BOARD OF DIRECTORS

The key responsibilities of the Board include formulation of the Group's overall strategies, the setting of management targets and supervision of management performance. The management is delegated with the authority and responsibility by the Board for the management and administration of the Group. In addition, the Board has also delegated various responsibilities to the board committees of the Company (the "Board Committees"). Further details of the Board Committees are set out below in this annual report.

The Board is responsible for performing the corporate governance duties set out in code provision D.3.1 of the CG Code and the duties of the Board in respect of the corporate governance are as follows:

1. to develop and review the policies and practices on corporate governance of the Group and make recommendations;
2. to review and monitor the training and continuous professional development of the Directors and senior management;
3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
5. to review the Company's compliance with the Code and disclosure in the corporate governance report of the Company.

The Board has performed the above duties during the year ended 31 December 2018.

根據GEM上市規則第18.44(2)條規定，董事會欣然呈報本公司於截至二零一八年十二月三十一日止年度的企業管治報告。

遵守企業管治守則

本公司謹守高水準的企業管治規範。本公司董事認為良好及合理的企業管治常規乃本集團發展的重要元素，並可保障及盡量提高股東之權益。

於截至二零一八年十二月三十一日止年度，本公司一直遵守GEM上市規則附錄十五所載企業管治守則（「企業管治守則」）的適用守則條文。

董事會

董事會的主要職責包括制訂本集團的整體策略、訂立管理目標，以及監察管理層的表現。管理層獲董事會轉授有關本集團管理及行政的授權及責任。此外，董事會亦已將各職責轉授予本公司董事委員會（「董事委員會」）。有關董事委員會的進一步詳情載於本年報下文。

董事會負責執行企業管治守則第D.3.1條所載的企業管治職責，董事會在企業管治職責如下：

1. 制定及檢討本集團的企業管治政策及常規、並提出建議；
2. 檢討及監察董事及高級管理人員的培訓及持續專業發展；
3. 檢討及監察本集團在遵守法律及監管規定方面的政策及常規；
4. 制定、檢討及監察適用於董事及僱員的行為守則及合規手冊（如有）；及
5. 檢討本公司遵守守則的情況及在本公司企業管治報告內的披露。

董事會已於截至二零一八年十二月三十一日止年度履行上述職責。

Composition of the Board

During the year ended 31 December 2018 and up to the date of this annual report, the Board comprises of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors (the “INED”). In particular, the composition of the Board is set out as follows:

Executive Directors

Mr. Chow Kai Chiu, David

Mr. Hong James Man-fai (*Chief Executive Officer*)

Non-executive Directors

Mr. Yung Kwok Kee, Billy (*Chairman*)

Mr. Tang Che Yin

Independent non-executive Directors

Mr. Lam, Peter

Mr. Leung Man Chiu, Lawrence

Mr. Fan Yan Hok, Philip

In compliance with rules 5.05(1) and 5.05A of the GEM Listing Rules, the Board consisted of three INEDs during the reporting period, with at least one INED possessing appropriate professional qualifications or accounting or related financial management expertise. During the reporting period, the number of INEDs represents more than one-third of the Board as required under the GEM Listing Rules. As such, there is a strong independent element in the Board to provide independent judgement.

In accordance with code provision A.4.1 of the Code, the Company has entered into a letter of appointment with each of the non-executive Directors and the INEDs under which each INED is appointed for a specific term. The commencement date of the appointment is 19 September 2016 and each of the letter of appointment carries a fixed term of three years initially commencing from 7 October 2016 (the “Listing Date”) unless terminated by either party in accordance with the terms thereof.

Pursuant to Article 108 of the Articles of Association of the Company (the “Articles”), one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every three years. However, a retiring Director shall be eligible for re-election.

Specific enquiry has been made by the Company to each of the INEDs to confirm their independence pursuant to rule 5.09 of the GEM Listing Rules. In this connection, the Company has received positive confirmations from all of the three INEDs. Based on the confirmations received, the Company considers all the INEDs to be independent under the GEM Listing Rules.

董事會組成

於截至二零一八年十二月三十一日止年度及截至本年度報告日期為止，董事會由七名董事組成，包括兩名執行董事、兩名非執行董事及三名獨立非執行董事（「獨立非執行董事」）。具體而言，董事會組成載列如下：

執行董事

周啟超先生

洪文輝先生 (*行政總裁*)

非執行董事

翁國基先生 (*主席*)

鄧自然先生

獨立非執行董事

林晉光先生

梁文釗先生

范仁鶴先生

按照GEM上市規則第5.05(1)及5.05A條，於報告期間，董事會包括三名獨立非執行董事，至少一名獨立非執行董事擁有適當專業資格或會計或相關財務管理專業知識。如GEM上市規則所規定，於報告期間，獨立非執行董事人數佔董事會人數三分之一以上。因此，董事會具備強大的獨立元素，可提供獨立的判斷。

根據守則條文第A.4.1條，本公司已與各非執行董事及獨立非執行董事訂立委任書，據此，各董事獲委任具有特定任期。各委任書初始期為二零一六年九月十九日及初步固定自二零一六年十月七日（「上市日期」）起為期三年，除非任何一方根據協議條款予以終止。

根據本公司組織章程細則（「細則」）第108條，於每屆股東週年大會上，三分之一的董事須輪值退任，惟每名董事須最少每三年輪值退任一次。然而，退任董事符合資格膺選連任。

根據GEM上市規則第5.09條，本公司已向各獨立非執行董事作出具體查詢，以確認彼等之獨立性。就此而言，本公司已接獲全部三名獨立非執行董事的正面確認。根據所獲確認，本公司認為全體獨立非執行董事乃根據GEM上市規則均屬獨立人士。

Saved as disclosed in the section “Biographical Details of Directors and Senior Management” in this annual report, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is Mr. Yung Kwok Kee, Billy and the chief executive officer (the “CEO”) is Mr. Hong James Man-fai. The roles of the Chairman and the CEO are clearly defined and segregated to ensure independence and proper checks and balances. The Chairman focuses on formulating business strategies and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company’s strategies and the co-ordination of overall business operations.

BOARD AND GENERAL MEETINGS

For the year ended 31 December 2018, a total of eighteen (including four regular) board meetings and one annual general meeting (the “AGM”) of the Company were held. The attendance record of each Director at the board meeting is set out in the table below:

Name of Director	董事姓名	Number of Attendance/ number of board meetings	Attendance of the AGM held on 14 May 2018 於二零一八年 五月十四日 舉行之股東 週年大會 之出席率
<i>Executive Directors</i>			
Mr. Chow Kai Chiu, David	周啟超先生	18/18	1/1
Mr. Hong James Man-fai	洪文輝先生	13/18	1/1
<i>Non-executive Directors</i>			
Mr. Yung Kwok Kee, Billy	翁國基先生	16/18	1/1
Mr. Tang Che Yin	鄧自然先生	10/18	1/1
<i>Independent non-executive Directors</i>			
Mr. Lam, Peter	林晉光先生	9/18	1/1
Mr. Leung Man Chiu, Lawrence	梁文釗先生	11/18	1/1
Mr. Fan Yan Hok, Philip	范仁鶴先生	9/18	1/1

除載於本年報「董事及高級管理人員履歷詳情」一節所披露者外，董事會成員及高級管理人員之間概無財務、業務、親屬或其他重大或相關關係。

主席及行政總裁

翁國基先生為主席及洪文輝先生為行政總裁（「行政總裁」）。主席及行政總裁的職責乃明確界定及區分，以確保獨立性，而且是互相制衡的。主席致力於制定本公司的業務策略和方向，並有執行責任為董事會提供領導，並確保董事會在履行其職責時適當有效地運作。行政總裁應向董事會負責，以全面實施本公司的策略和協調整體業務營運。

董事會及股東大會

於截至二零一八年十二月三十一日止年度，共舉行十八次（包括四次常規）董事會會議及一次本公司股東週年大會（「股東週年大會」）。各董事出席董事會會議的記錄載於下表：

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “Code of Conduct”). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct from throughout the year ended 31 December 2018.

DIRECTORS’ CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

Pursuant to the Code Provision A.6.5 under Appendix 15 of the GEM Listing Rules, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

During the year, all Directors have participated in continuous professional development including attending seminars, conferences or reading updates on relevant topics and had provided the Company with records on their participation.

BOARD DIVERSITY POLICY

Pursuant to the Code, the Board has adopted a board diversity policy (the “Policy”). The Company recognises and embraces the benefits of having a diverse Board. All Board appointments are made on merits and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of aspects, including (but not limited to) gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Board will consider to set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

董事進行證券交易的行為守則

本公司已採納GEM上市規則第5.48至5.67條所載的規定準則，作為有關董事就本公司股份進行證券交易的行為守則（「行為守則」）。本公司已向全體董事作出具體查詢，而全體董事均已確認彼等於截至二零一八年十二月三十一日止年度，一直遵守行為守則載列的交易規定準則。

董事的持續專業發展計劃

根據GEM上市規則附錄十五所載守則條文第A.6.5條規定，全體董事均應參與持續專業發展，以發展及更新其知識和技能，從而確保其在具備全面資訊及切合所需的情況下對董事會作出貢獻。

於本年，全體董事已參與持續專業發展（包括出席講座、研討會或閱讀相關課題的最新資訊），並已向本公司提供參與記錄。

董事會成員多元化政策

根據守則，董事會已採納董事會成員多元化政策（「政策」）。本公司承認並擁護董事會成員多元化政策所帶來的得益。董事會成員的所有委任均以用人唯才為原則，並在考慮人選時以客觀條件充分顧及董事會成員多元化的裨益。

根據政策，本公司通過考慮若干方面，包括（但不限於）性別、年齡、文化和教育背景、種族、專業經驗、技能、知識和服務時間，尋求實現董事會的多元化。

董事會將考慮制定可衡量的目標來實施政策，並不時審查這些目標，以確保其適當性，並確定在實現這些目標方面取得的進展。

NOMINATION POLICY

The nomination policy was approved and adopted by the board of directors of the Company by resolution passed on 13 November 2018. It sets out the criteria and procedures to be adopted when considering candidates to be appointed or re-appointed as directors of the Company.

The primary function of the Nomination Committee is to, inter alia, make recommendations to the Board for the appointment or re-appointment of directors of the Company. The Nomination Committee may also put forward candidates who are not nominated by Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for Director include, inter alia, reputation for integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, as well as nomination by shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee particular aspects of the Company's affairs. All committees have been provided with sufficient resources and support from the Group to discharge their duties. The relevant terms of reference of each of the three committees can be found on the Group's website (www.pfc-device.com) and the website of the Stock Exchange.

提名政策

提名政策已於二零一八年十一月十三日獲本公司董事會透過決議案批准及採納。提名政策載列準則及程序，供考慮委任或重選本公司董事的候選人時採用。

提名委員會之主要職責為(其中包括)就委任或重新委任本公司之董事向董事會提供推薦意見。提名委員會亦可提名並非由董事會成員提名之候選人。提名委員會於評估建議董事候選人之適合性時，用作參考之因素包括(其中包括)誠信聲譽、專業資格、技術、與本公司業務及公司策略相關之知識及經驗、願意投入充足時間履行作為董事會成員職責、董事會成員多元性以及對本公司業務而言屬適當之其他因素。提名委員會須作出推薦建議供董事會考慮及批准。

提名委員會採用多種方法確定董事人選，包括來自董事會成員、管理層的推薦意見及股東提名。全部董事候選人乃由提名委員會根據董事資格進行評估。而董事候選人將按相同標準，通過複審履歷、面試及背景調查接受評估。提名委員會保留自行建立有關標準相對比重的酌情權，可能涉及集體董事會的組成、技能、年齡、性別及經驗，而並非基於為適應本公司業務的需求從不同角度甄別個別候選人。

董事委員會

董事會已設立三個委員會，分別為審核委員會、薪酬委員會及提名委員會，以監察本公司之若干事務範疇。本集團已向所有委員會提供充足資源及支援，以履行委員會職責。三個委員會各自的相關職權範圍可於本集團網站(www.pfc-device.com)及聯交所網站查閱。

AUDIT COMMITTEE

The Audit Committee was established on 19 September 2016 with written terms of reference in compliance with the Corporate Governance Code. It consists of two INEDs and one non-executive Director, namely Mr. Leung Man Chiu, Lawrence, Mr. Fan Yan Hok, Philip and Mr. Yung Kwok Kee, Billy. Mr. Leung Man Chiu, Lawrence currently serves as the chairman of the Audit Committee. He has appropriate professional qualifications and experience in accounting matters. The members of the Audit Committee shall be appointed or removed by the Board. If any member of the Audit Committee ceases to be a Director, he will cease to be a member of the Audit Committee automatically.

The Audit Committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 5.28 of the GEM Listing Rules. In addition, the majority of the Audit Committee members shall be INEDs.

With reference to the terms of reference, the primary responsibilities of the Audit Committee are, among others, the following (for complete terms of reference, please refer to the Group's website at www.pfc-device.com or the website of the Stock Exchange):

1. to make recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditor, and approve the remuneration and terms of engagement of the Company's external auditor;
2. to review and monitor the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
3. to monitor integrity of the Company's financial statements, annual report and accounts, half-year report and quarterly report and review significant financial reporting judgements contained in them;
4. to discuss the risk management and internal control and systems with the Company's management to ensure that management has performed its duty to maintain the effectiveness of risk management and internal control systems;
5. to review the financial and accounting policies and practices of the Group;

審核委員會

審核委員會於二零一六年九月十九日成立，並根據企業管治守則制定其書面職權範圍。當中包括兩名獨立非執行董事及一名非執行董事，即梁文釗先生、范仁鶴先生及翁國基先生。梁文釗先生為審核委員會主席，彼擁有適當的專業資格及會計事務經驗。審核委員會成員應由董事會任命或罷免。倘審核委員會任何成員不再為董事，彼將自動不再為審核委員會的成員。

審核委員會須包括最少三名成員，其中至少一名為獨立非執行董事，具有GEM上市規則第5.28條所規定的適當專業資格或會計或相關財務管理專長。此外，審核委員會大部分成員須為獨立非執行董事。

根據職權範圍，審核委員會的職責，其中包括以下(有關完整的職權範圍，請參閱本集團網站 www.pfc-device.com 或聯交所網站)：

1. 就本公司外聘核數師的委聘、續聘及罷免，向董事會作出推薦建議，並批准本公司外聘核數師的酬金及委聘條款；
2. 按照適用準則檢討及監察本公司外聘核數師是否獨立客觀及審核程序是否有效；
3. 監察本公司財務報表及年報與賬目、半年度報告及季度報告的完整性，並審閱報告及賬目所載的重大財務申報判斷；
4. 與本公司管理層討論風險管理及內部監控制度，確保管理層已履行其職責維持有效的風險管理及內部監控制度；
5. 審閱本集團的財務及會計政策與慣例；

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| <p>6. to review the external auditor's management letter, any material queries raised by the auditor to the management in respect of accounting records, financial accounts or systems of control and management's response;</p> <p>7. to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and</p> <p>8. to report to the Board on that matters pursuant to the terms of reference of the Audit Committee and consider other topics as defined by the Board.</p> | <p>6. 審閱外聘核數師致管理層的審核情況說明函件，核數師就會計記錄、財務賬目或監控制度向管理層提出的任何重大查詢及管理層的回應；</p> <p>7. 確保董事會將及時回應外聘核數師致管理層的審核情況說明函件中提出的問題；及</p> <p>8. 就審核委員會職權範圍內的事宜向董事會匯報及審議董事會界定的其他課題。</p> |
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The Board is of the view that the Audit Committee has properly discharged its duties and responsibilities during the reporting period and up to the date of this report.

董事會認為，於報告期內及截至本報告日期止，審核委員會已妥善履行其職務及職責。

The members of the Audit Committee should meet at least four times a year. During the year ended 31 December 2018, the Audit Committee meetings held four meetings and performed duties including reviewing the Group's annual report for the year ended 31 December 2017, the unaudited quarterly results for the three months ended 31 March 2018 and nine months ended 30 September 2018 and the interim report for the six months ended 30 June 2018.

審核委員會成員須每年至少開會四次。截至二零一八年十二月三十一日止年度，審核委員會已舉行四次會議並履行職務，包括審閱本集團截至二零一七年十二月三十一日止年度的年報、截至二零一八年三月三十一日止三個月及截至二零一八年九月三十日止九個月的未經審核季度業績，以及截至二零一八年六月三十日止六個月的中期報告。

The attendance records of the members of the Audit Committee are summarized below:

審核委員會成員的出席記錄概述如下：

		Number of Attendance/ number of meetings 出席次數/ 會議次數
Mr. Leung Man Chiu, Lawrence (<i>Chairman</i>)	梁文釗先生(主席)	4/4
Mr. Yung Kwok Kee, Billy	翁國基先生	4/4
Mr. Fan Yan Hok, Philip	范仁鶴先生	4/4

The Audit Committee held a meeting on 25 March 2019 and reviewed with the management the Group's financial statements for the year ended 31 December 2018. It also reviewed the internal control and risk management system and all connected transactions entered into by the Company and its subsidiaries during the financial year. The Audit Committee is of the opinion that the financial statements of the Group for the year ended 31 December 2018 comply with the applicable accounting standards and the GEM Listing Rules. The Audit Committee recommended to the Board for its consideration the same and the re-appointment of BDO Limited as the Company's external independent auditor at the forthcoming AGM to be held on 9 May 2019.

審核委員會於二零一九年三月二十五日舉行會議，並已與管理層審閱本集團截至二零一八年十二月三十一日止年度之財務報表，並審閱了本財政年度之內部監控及風險管理制度，以及本公司及其附屬公司訂立之所有關連交易。審核委員會認為，本集團截至二零一八年十二月三十一日止年度的財務報表符合適用會計準則及GEM上市規則。審核委員會建議董事會考慮，將於二零一九年五月九日舉行之股東週年大會上續聘香港立信德豪會計師事務所有限公司為本公司的外部獨立核數師。

REMUNERATION COMMITTEE

The Remuneration Committee was established on 19 September 2016 with written terms of reference in compliance with the Corporate Governance Code. It consists of two INEDs and one non-executive Director, namely Mr. Fan Yan Hok, Philip, Mr. Lam, Peter and Mr. Yung Kwok Kee, Billy. Mr. Fan Yan Hok, Philip currently serves as the chairman of the Remuneration Committee.

With reference to the terms of reference of the Remuneration Committee, the primary responsibilities of the Remuneration Committee include, among other things, the following (for the complete terms of references, please refer to the Group's website at www.pfc-device.com or the website of the Stock Exchange):

1. to consult the chairman of the Board and/of chief executive about their remuneration proposals for other executive Directors;
2. to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
3. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
4. to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
5. to make recommendations to the Board on the remuneration of non-executive Directors;
6. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
7. to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
8. to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
9. to ensure that no Director or any of their associates is involved in deciding their own remuneration.

薪酬委員會

薪酬委員會於二零一六年九月十九日成立，並根據企業管治守則制定其書面職權範圍。當中包括兩名獨立非執行董事及一名非執行董事，即范仁鶴先生、林晉光先生及翁國基先生。范仁鶴先生為薪酬委員會主席。

根據薪酬委員會的職權範圍，薪酬委員會的主要職責，其中包括以下(有關完整的職權範圍，請參閱本集團網站www.pfc-device.com或聯交所網站)：

1. 就其他執行董事的薪酬建議諮詢董事會主席及／或行政總裁；
2. 就本公司有關全體董事及高級管理人員的薪酬政策及架構，以及就設立制訂薪酬政策的正規透明程序，向董事會作出推薦建議；
3. 因應董事會所訂立企業方針及目標而檢討及批准管理層的薪酬建議；
4. 就個別執行董事及高級管理人員的薪酬待遇向董事會作出推薦建議；
5. 就非執行董事的薪酬向董事會作出推薦建議；
6. 考慮同類公司支付的薪酬、付出的時間及職務以及本集團內其他職位的僱用條件；
7. 審閱及批准應向執行董事及高級管理人員支付與任何失去職位或終止委任有關的補償，以確保該等補償與合約條款一致，如不一致，補償亦須公平及不致過多；
8. 審閱及批准與董事行為不當而將其辭退或罷免有關的補償安排，以確保該等安排與合約條款一致，如不一致，安排亦須合理適當；及
9. 確保董事或其任何聯繫人概不涉及決定其本身的薪酬。

The members of the Remuneration Committee should meet at least once a year. During the year ended 31 December 2018, a meeting of the Remuneration Committee was held and has, inter alia, reviewed the remuneration packages for individual executive Directors and senior management and made recommendations to the Board.

The emoluments payable to the Directors depend on their respective contractual terms under the service contracts or the appointment letters (as the case may be), and as recommended by the Remuneration Committee. Details of the Directors' emoluments and remuneration payable to senior management are set out in note 14 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established on 19 September 2016 with written terms of reference in compliance with the Corporate Governance Code. It consists of one non-executive Director and two INEDs, namely Mr. Yung Kwok Kee, Billy, Mr. Lam, Peter, Mr. Fan Yan Hok, Philip. Mr. Yung Kwok Kee, Billy currently serves as the chairman of the Nomination Committee.

With reference to the terms of reference of the Nomination Committee, the primary responsibilities of the Nomination Committee include, among other things, the following (for the complete terms of reference, please refer to the Group's website at www.pfc-device.com or the website of the Stock Exchange):

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on proposed changes, if any, to the Board to complement the Company's corporate strategy;
2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
3. to assess the independence of INEDs; and
4. to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for the Directors, in particular the Chairman and the chief executive.

The members of the Nomination Committee should meet at least once a year. During the year ended 31 December 2018, a meeting of the Nomination Committee was held and has, inter alia, reviewed the structure, size and composition of the Board, assessed the independence of the INEDs and considered the Directors to retire and re-appoint at the forthcoming annual general meeting.

薪酬委員會成員須每年至少開會一次。截至二零一八年十二月三十一日止年度，薪酬委員會已舉行一次會議並已(其中包括)審閱個別執行董事及高級管理人員的薪酬待遇及向董事作出推薦建議。

應付董事的酬金乃根據其各自的服務合約或委任書(視情況而定)所載相關合約條款，並經薪酬委員會推薦釐定。董事酬金及應付予高級管理人員之薪酬，詳情載於綜合財務報表附註14。

提名委員會

提名委員會於二零一六年九月十九日成立，並根據企業管治守則制定其書面職權範圍。當中包括一名非執行董事及兩名獨立非執行董事，即翁國基先生、林晉光先生及范仁鶴先生。翁國基先生為提名委員會主席。

根據提名委員會的職權範圍，提名委員會的主要職責，其中包括以下(有關完整的職權範圍，請參閱本集團網站www.pfc-device.com或聯交所網站)：

1. 至少每年檢討董事會的架構、規模及組成(包括技能、知識及經驗方面)，並就為配合本公司的企業策略而建議對董事會作出的任何變動作出推薦建議；
2. 物色具備合適資格可擔任董事會成員的個別人士，並甄選個別人士提名其擔任董事或就甄選向董事會作出推薦建議；
3. 評估獨立非執行董事的獨立性；及
4. 就委聘或續聘董事及董事(特別是主席及行政總裁)的繼任計劃向董事會作出推薦建議。

提名委員會成員須每年至少開會一次。截至二零一八年十二月三十一日止年度，提名委員會已舉行一次會議並已(其中包括)審閱董事會架構、規模及組成、評估獨立非執行董事的獨立性及於應屆股東週年大會上考慮董事的退任及重選。

AUDITORS' REMUNERATION

The amount of fees charged by the external auditor generally depends on the scope and volume of the external auditor's work performed.

For the year ended 31 December 2018, the remuneration paid or payable to the external auditors of the Company in respect to the audit services and non-audit services for the Group are as follows:

		Fees paid/payable for the services rendered	
		已付／須支付 服務費用	
		2018	2017
		二零一八年	二零一七年
		US\$'000	US\$'000
		千美元	千美元
Annual audit	年度審計	97	82
Non-audit services	非審計服務	19	43
		116	125

COMPANY SECRETARY

The Company engages an external service provider to provide secretarial services and has appointed Ms. Lee Ka Man as the company secretary of the Company on 9 November 2016. Ms. Lee is not an employee of our Group and Mr. Chow Kai Chiu, David, an executive Director, is the person whom Ms. Lee can contact for the purpose of code provision F.1.1 of the Code.

During the year ended 31 December 2018, Ms. Lee has undertaken not less than 15 hours of relevant professional training in accordance with Rule 5.15 of the GEM Listing Rules.

COMPLIANCE OFFICER

Mr. Chow Kai Chiu, David, an executive Director, is the compliance officer of the Group. Please refer to the section "Biographical Details of Directors and Senior Management" for his biographical information.

核數師酬金

外聘核數師費用一般取決於核數師的工作範圍和工作量。

截至二零一八年十二月三十一日止年度，本公司按審計服務及非審計服務已付或須支付予本公司外聘核數師的酬金如下：

公司秘書

本公司委任外聘服務供應商提供秘書服務，並於二零一六年十一月九日委任李嘉文小姐為本公司之公司秘書。李小姐並非本集團僱員，而執行董事周啟超先生為李小姐能就守則之守則條文第F.1.1條而言的聯絡之人士。

於截至二零一八年十二月三十一日止年度，李小姐已根據GEM上市規則第5.15條進行不少於15小時的相關專業培訓。

合規主任

執行董事周啟超先生為本集團合規主任。有關其履歷資料，請參閱「董事及高級管理人員履歷詳情」一節。

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard the assets of the Group and shareholder investments. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimizes the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has periodically conducted a review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management functions. The Directors consider that the Group has implemented appropriate procedures for safeguarding the Group's assets against unauthorized use or misappropriation, maintaining proper accounting records, segregation of duties and putting plans and routines into execution with appropriate authority and in compliance with the relevant laws and regulations.

For the year under review, the Company's internal auditor is responsible for identifying and monitoring the Group's risks and internal control issues. Results of audit work, together with an assessment of the overall internal control framework are reported to the Audit Committee as appropriate.

The Group adopts a risk management framework which comprises the following processes:

- Identify significant risk in the Group's operation environment and evaluate the impacts of those risks on the Group's business;
- Develop necessary measures to manage those risks; and
- Monitor and review the effectiveness of such measures.

The Group formulated the policies and procedures of risk management and internal control as follows:

- The Group established an organizational structure with clear operating and reporting procedures, lines of responsibility and delegated authority;
- Each operating subsidiary maintains internal controls and procedures appropriate to its structure whilst complying with the Group's policies, standards and guidelines;

風險管理及內部監控

董事會對建立、維護及檢討本集團的內部監控系統負有全面責任，以保障本集團資產及股東投資的安全。本集團的內部監控系統旨在促進有效及高效地進行經營，從而降低本集團面臨的風險。系統僅可就不存在失實陳述或損失提供合理而非絕對保證。

董事會已定期檢討實行中的系統及程序，包括財務、經營及法律合規控制以及風險管理職能。董事認為，本集團已實施適當的程序保障本集團資產不會於未經授權的情況下被使用或挪用、存置適當的會計記錄、職責區分及在適當的授權下實施計劃及日常經營且遵守相關法律及法規。

於回顧年度，本公司的內部審計員負責識別及監察本集團的風險及內部監控事宜。審計工作的結果連同整體內部監控框架的評估乃於適當時向審核委員會匯報。

本集團已採納風險管理框架，當中包括以下流程：

- 識別本集團經營環境的重大風險，評估上述風險對本集團業務的影響；
- 制定必要的措施，管理該等風險；及
- 監控及檢討上述措施是否有效。

下文載列本集團制定的風險管理及內部監控政策及程序：

- 本集團已設立具備清晰經營及申報程序以及責任及授權明確的組織架構；
- 各經營附屬公司實施切合其架構的內部監控及程序，同時遵守本集團的政策、標準及指引；

- Relevant executive Directors and senior management have been delegated with specific accountability for monitoring the performance of designated business operating units;
- A systematic review of the financial and business processes in order to provide management assurance on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the system of internal controls, management will evaluate and take necessary measures to ensure that improvements are implemented; and
- A Code of ethics is established and adhered to by all employees to ensure high standards of conduct and ethical values in all business practices.

The Board will continue to monitor and remedial measures will be taken, if any, to strength the risk management and internal control systems of the Group.

DISSEMINATION OF INSIDE INFORMATION

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted a Policy on Disclosure of Inside Information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

DIRECTORS' AND AUDITOR'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group for the year ended 31 December 2018, which give a true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required by the GEM Listing Rules.

The Directors are of the view that the consolidated financial statements of the Group for the year ended 31 December 2018 have been prepared on this basis.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's and the Group's ability to continue as a going concern.

- 相關的執行董事及高級管理層已獲授權，對監控經營單位指定業務的表現負有明確的責任；
- 對財務及業務流程進行系統性的檢討，以在內部監控充分有效的基礎上提供管理保證。若發現內部監控系統存在缺陷，管理層將進行評估，並實施必要的措施，確保作出改善；及
- 制定要求所有僱員遵守的道德規範，確保在所有業務操作中採納高標準的行為及道德價值觀。

董事會將繼續監管及將採取補救措施(如有)，以加強本集團的風險管理及內部監控系統。

內幕消息發放

本公司致力於持續、及時、準確和充分詳細地披露有關本集團的重要信息。本公司已採納「內幕消息披露政策」，載列內幕消息處理及發放的義務、指引及程序。根據這些指引和程序，本集團已實施管理控制，以確保可迅速識別、評估及上報潛在的內幕消息，以便董事會決定是否需要披露。

董事及核數師就綜合財務報表須承擔的責任

董事確認彼等須負責編製截至二零一八年十二月三十一日止年度之綜合財務報表，確保本集團編製的綜合財務報表真實而公平地反映本集團的狀況、業績及現金流量，且符合相關會計準則及原則、適用法例以及GEM上市規則規定的披露條文。

董事認為，本集團截至二零一八年十二月三十一日止年度之綜合財務報表已按有關基準編製。

據董事所知，並無重大不明朗因素涉及可能對本公司及本集團的持續經營能力構成重大疑問的事件或情況。

Statement of Company's external auditor's responsibilities in respect of the consolidated financial statements is set out in the independent auditor's report.

GENERAL MEETINGS WITH SHAREHOLDERS

The annual general meeting ("AGM") is a forum in which the Board and the shareholders communicate directly and exchange views concerning the affairs and overall performance of the Group, and its future developments, etc.

At the AGM, the Directors (including INEDs) are available to attend to questions raised by the shareholders. The external auditor of the Company is also invited to be present at the AGM to address the queries of the shareholders concerning the audit procedures and the independent auditor's report.

The forthcoming AGM of the Company will be held on 9 May 2019, the notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meeting on Requisition by Shareholders

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting ("EGM"). EGMs shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within 2 months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) themselves may convene a meeting in accordance with the Articles and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

有關本公司外聘核數師對於綜合財務報表須承擔的責任的聲明載於獨立核數師報告。

股東大會

股東週年大會(「股東週年大會」)為董事會與股東可就本集團事務、整體表現及未來發展等直接溝通及交換意見的平台。

董事(包括獨立非執行董事)會出席股東週年大會回答股東提問。本公司外聘核數師亦會獲邀出席股東週年大會,以回答股東有關審核程序及獨立核數師報告的提問。

本公司應屆股東週年大會將於二零一九年五月九日舉行,大會通告將根據細則、GEM上市規則及其他適用法律及法規寄發予本公司股東。

股東權利

應股東要求召開股東特別大會

根據細則第64條,董事會可酌情召開股東特別大會(「股東特別大會」)。股東特別大會亦須應一名或多名於遞呈要求日期持有不少於本公司有權於股東大會上投票的實繳股本十分之一的股東要求而予以召開。該項要求須以書面向董事會或本公司的公司秘書提呈,以要求董事會召開股東特別大會處理任何要求中所列明的任何事項,且有關大會須於遞呈要求後兩個月內舉行。倘董事會於要求遞呈後21日內未能召開該大會,則提出請求人士可根據細則自行召開大會。而本公司則須向提出要求人士償付因董事會未能召開大會而產生的所有合理開支。

Procedures for Putting Forward Proposals at General Meetings by Shareholders

There are no provisions in the Articles or the Companies Law (2015 Revision) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an EGM for any business specified in such written requisition.

Procedures for Shareholders to Propose a Person for Election as a Director

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director, notice in writing by that person of his willingness to be elected and the biographical details of that person as required under Rule 17.50(2) of the GEM Listing Rules for publication by the Company shall have been lodged at the head office and principal place of business in Hong Kong or at the registered office of the Company. The period for lodgment of the notices required under this Article will commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Detailed procedures for shareholders to propose a person for election as a Director are available on the Company's website at www.pfc-device.com.

Procedures for directing shareholders' enquiries to the Board

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's Hong Kong share registrar (details of which are set out in the section headed "Corporate Information" of this annual report).

Should there be any enquiries and concerns from shareholders, they may send in written enquiries addressed to the head office and principal place of business of the Company in Hong Kong at 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong by post for the attention of the Board and/or the Company Secretary.

股東於股東大會提呈提案的程序

根據細則或開曼群島公司法(二零一五年修訂版),除提議一名人士競選董事的提案外,並無條文有關股東於股東大會上提呈提案的程序。股東可根據上文所載的程序召開股東特別大會,以商議書面請求指明的任何事項。

股東提議一名人士競選董事的程序

根據細則第113條,除非一項有意提名選舉該位人士為董事的書面通知、一項該位獲推選人士簽發表明其願意選舉之書面通知以及該人士根據GEM上市規則第17.50(2)條供本公司披露的履歷資料已呈交至本公司總公司及香港主要營業地點或註冊辦事處,否則概無人士(退任董事除外)有權在任何股東大會上選舉出任董事職位(除非由董事會推選)。根據章程細則,提交該等通知之期間須由不早於指定進行該推選之股東大會通告寄發翌日起計,及不遲於該股東大會舉行日期前七日結束,而向本公司發出該等通知之最短期間須為最少七日。

股東提議一名人士競選董事的程序詳情載於本公司網站www.pfc-device.com。

股東向董事會提問的程序

股東有關其持股架構、股份轉讓、股息登記及派付的問題應向本公司之香港股份過戶登記處(詳情載於本年報「公司資料」一節)提出。

若股東有任何疑問及關注,可將書面問題郵寄至本公司之總辦事處及香港主要營業地點(地址為香港柴灣利眾街12號蜆壳工業大廈1樓),註明董事會及/或公司秘書收。

Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Investor Relations

The Company has established a range of communication channels between itself and its shareholders, and investors. These include answering questions through the annual general meeting, the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.pfc-device.com and meetings with shareholders. New update of the Group's business development and operation are also available on the Company's website.

Constitutional Documents

During the year ended 31 December 2018, there was no change in the Company's constitutional documents. The Company's Memorandum and Articles of Association are available on both the Company's and the Stock Exchange's websites.

股東務請將問題連同詳細聯絡資料一併寄發，本公司將於其認為適當時及時回覆。

投資者關係

本公司已設立多個與其股東及投資者溝通的渠道，包括於股東週年大會回答問題、公佈年度、中期及季度報告、通告、公告及通函、本公司網站www.pfc-device.com以及與股東的會面。本集團業務發展及經營的最新消息亦將於本公司網站上發佈。

憲章文件

於截至二零一八年十二月三十一日止年度，本公司之憲章文件並無更改。本公司之組織章程大綱及細則已登載於本公司及聯交所之網站。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告

The Board of Directors of PFC Device Inc. (the “Company”) present the Environmental, Social and Governance Report (the “ESG Report”) of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2018.

This ESG Report has complied with the “Comply or Explain” provisions set out in the “Environmental, Social and Governance Reporting Guide” contained in Appendix 20 of the GEM Listing Rules.

OUR VISION, MISSION AND VALUES

The Company believes that technology should make life better for everyone, everywhere – and in so doing make a better world. Sustainability inspires us to reinvent and build the future while delivering value for our customers and company. This philosophy shall apply to all our manufacturing sites, regional sales and marketing offices worldwide, including:

- PFC Device (HK) Limited
- PFC Device Corporation, Taiwan Branch
- Guangdong PFC Device Limited
- Guangdong PFC Device Limited (Shenzhen Branch)

To continue its success in attracting successful capital, the Group retains a loyal workforce and sustainable customer base to protect and enhance its reputation as an ethical, profitable and responsible brand.

Respect to stakeholders, employees and the environment is a non-negotiable business principle of the Group and the management is confident that the Group has appropriate systems in place, not only to protect the brand and its businesses, but also to provide long-term benefits to various stakeholders.

We provide high quality and safe products to our customers around the world. Our Policies include:

- Achieve customer satisfaction by improving product quality;
- Operate our system to fulfill customer requirements, international laws and regulations as well as following directives from management; and
- Comply with all relevant legislative requirements on environmental and occupational health and safety.

Product quality and safety are ensured by accurate manufacturing process and process controls. Regular product inspections by both internal and external professional parties also constitute an important part of the safety program. Reliability tests are conducted to evaluate product risks. Our quality system complies with the OHSAS18001:2008 and IATF 16949:2016 International Standards.

節能元件有限公司(「本公司」)董事會謹此提呈本公司及其附屬公司(「本集團」)截至二零一八年十二月三十一日止年度的環境、社會及管治報告(「環境、社會及管治報告」)。

本環境、社會及管治報告符合GEM上市規則附錄20「環境、社會及管治報告指引」所載的「不遵守就解釋」條文。

我們的願景、使命和價值觀

本公司相信，科技可讓全球各地的每個人擁抱更美好的生活—從而創造更美好的世界。可持續發展激勵我們重塑及建設未來，同時為客戶和公司創造價值。此理念適用於我們所有的生產基地、全球各地的區域銷售和市場推廣辦事處，包括：

- 節能元件(香港)有限公司
- 英屬維京群島商節能元件股份有限公司台灣分公司
- 廣東普福斯節能元件有限公司
- 廣東普福斯節能元件有限公司深圳分公司

為繼續成功吸引創造輝煌成績所需的資本，本集團獲忠誠的僱員團隊留效及得到可持續的客戶基礎鼎力支持，以保障及提升其作為堅守道德、可獲利和克盡己責的品牌聲譽。

尊重持份者、僱員和環境是本集團絕不妥協的營商原則，管理層有信心本集團已備有適當系統，不僅可以保護品牌及旗下業務，更可以為不同持份者創造長遠得益。

我們為世界各地的客戶提供優質和安全的產品。我們的政策包括：

- 提高產品品質讓客戶稱心滿意；
- 旗下系統的運行符合客戶要求、國際法律和法規以及遵循管理層的指示；及
- 遵守有關環境和職安健的所有相關法例要求。

精確的製造過程和過程控制確保產品品質和安全。內部和外部專業人員定期進行產品檢查亦是安全計劃的重要一環。進行可靠性測試以評估產品風險。我們的品質體系符合OHSAS18001:2008和IATF 16949:2016國際標準。

ENVIRONMENT POLICY AND SUSTAINING EFFORTS

Stakeholder Engagement and Materiality

We value the opinions of our internal and external stakeholders on ESG-related matters. In 2018, we conducted a comprehensive materiality assessment exercise that included focus groups, interviews and surveys. This exercise identified material areas for our Group to manage and report on.

In 2018, we engaged with external stakeholders – including representatives from suppliers, business partners, academic institutions and non-governmental organizations (NGOs) – through two focus groups to gather feedback on our ESG Report 2018 and help review and validate our material areas.

A) Emissions

Climate change has become a challenging problem for the world. As a responsible member of the planet, we are committed to protect the environment, and contribute to a better living community by developing appropriate emission reduction targets and corresponding measures. The goal is to mitigate greenhouse gas emissions and other environmental impacts by keeping strict supervision and control to achieve the desirable results.

The Group pledged to make continuous improvement on managing and monitoring waste gas, waste water, solid waste and noise. Every year, through engaging external licensed testing laboratories, we conduct testing on environmental parameters to evaluate the capability of existing facilities on meeting regulatory and environmental requirements and national standards.

Moreover, across the Group's major operation units we have an environmental management system. This system provides a mechanism for us to deal with emergencies on an effective and timely manner in case of severe environmental pollution accidents, as well as keeping track of the Group's energy efficiency and emission reduction targets.

B) Wastewater Management

The Group ensured the normal operation of wastewater treatment and purification facilities to control the effluent not exceeding the national limit, as well as enhancement of water recyclability and reduction of wastewater discharge.

環境政策和堅持不懈的環保工作

持份者的參與及重要性

我們重視內部與外部持份者對環境、社會及管治相關事宜的意見。於二零一八年，我們進行了一項全面的重要性評估，包括聚焦小組、面談以及調查，以識別本集團須處理及報告的重要議題。

於二零一八年，我們與外部持份者（包括來自供應商、業務夥伴、學術機構及非政府組織的代表）接觸，收集對我們的二零一八年環境、社會及管治報告議題上的反饋意見，協助檢討及識別我們的重要性議題。

A) 排放物

氣候變化已成為極具挑戰的全球問題。作為地球的一份子，我們亦須盡本份保護環境，並通過制定適當的減排目標和相應措施，為更好的社區生活作出貢獻。本集團的目標是通過嚴格的監督和控制來減少溫室氣體排放和其他環境影響，以達到理想成果。

本集團承諾不斷改進對廢氣、廢水、固體廢物和噪音的管理和監測。我們每年通過聘請獲認證的外部測試實驗室，對環境參數進行測試，以評估現有設施在符合法規和環境規定以及國家標準的能力。

此外，我們對本集團的主要經營單位設有環境管理體系。此體系為我們在發生嚴重環境污染事故時制訂及時和有效的應急機制以及跟進本集團的能源效益和減排目標。

B) 廢水管理

本集團確保廢水處理和淨化設施正常運作，以控制廢水不超出國家限制，並提高水回收率和減少廢水排放。

C) Solid Waste Management

We complied with the requirements as set out in the local environmental protection laws and regulations in the PRC, including, but not limited to, the “The Environmental Protection Law of the People’s Republic of China”, the “Water Pollution Prevention and Control Law of the People’s Republic of China”, the “Atmospheric Pollution Prevention and Control Law of the People’s Republic of China”, “Regulations of Guangdong Province on the Prevention and Control of Environmental Pollution by Solid Waste”. Our other regional sites in Hong Kong and Taiwan were in compliance to their own local laws and regulations.

To prevent potential harm to human health through the contamination of soil, air and water resources, the Group commits to ensure proper and immediate treatment of hazardous waste and waste that requires strict control by engaging capable and qualified companies to collect and go for further handling. Centralized waste collection, storage, transfer facilities are available for on-site solid waste in accordance to national standards, and to maximize recycling rate.

Licensed companies are engaged to collect waste for recycling purposes and proper disposal to landfills.

D) Exhaust Air Management

The Group managed the emissions of air pollutants in accordance with regulations and prohibited employees from burning within the premises those wastes such as plastics, which might generate toxic and hazardous gases.

E) Reduction of Greenhouse Gas (“GHG”) Emission

The Group understood that business trips would increase energy consumption and hence the increase of GHG emissions. Therefore, the Group is striving to reduce the number of business trips or number of persons on trip, and to replace business trips in form of phone or video conferences for reduction of GHG emission.

We also set an aim to maintain a zero hazardous emission environment and to mitigate all unnecessary hazardous emissions at a minimal level. The Group strictly complied with the above said standards, rules, regulations and internal policies throughout the year and our aim was successfully achieved. We will continue to do so in the future.

C) 固體廢物管理

我們遵守中國當地環境保護法律法規的規定，包括但不限於《中華人民共和國環境保護法》、《中華人民共和國水污染防治法》、《中華人民共和國大氣污染防治法》及《廣東省固體廢物污染環境防治條例》。我們在香港和台灣的其他地區工作場地已遵守當地法律及法規。

為防止因污染土壤、空氣和水資源而對民眾健康造成的潛在危害，本集團致力確保妥善及即時處理有害廢棄物以及需要嚴格控制的廢棄物，方法為聘請具相關能力和資格的公司收集和進一步處理。集團已根據國家標準就場所的固體廢物提供集中的收集、儲存、轉運設施，並盡量提高回收率。

集團委聘持有相關許可的公司收集廢棄物作回收用途以及妥善運往堆填區。

D) 廢氣管理

本集團按照規定管理大氣污染物排放，並禁止僱員在旗下處所內燃燒可能產生有毒及有害氣體的廢物（如塑料）。

E) 減少溫室氣體（「溫室氣體」）排放

本集團明白，出差將增加能源消耗，從而增加溫室氣體排放量。因此，本集團致力減少出差次數或出差人數，並以電話或視像會議代替出差，以減少溫室氣體排放。

我們亦設定了維持零危險排放環境的目標，並盡可能減少不必要的有害排放。本集團於年內一直嚴守上述標準、規則、規例和內部政策，成功實現目標。我們將會繼續以上工作。

There were no cases of non-compliance with laws and regulations relating to air pollution and emission during the year ended 31 December 2018.

於截至二零一八年十二月三十一日止年度並無發現不遵守有關大氣污染排放的法律法規的情況。

CO ₂ -e (carbon dioxide equivalent)	CO ₂ -e (二氧化碳當量)	2018 二零一八年	2018 Emissions 二零一八年 排放量	2017 二零一七年	2017 Emissions 二零一七年 排放量
Scope 1 (land transportation)	範圍1(陸路運輸)	67.14 tonnes噸	0.60 kg CO ₂ -e/km 千克二氧化碳 當量/公里	46.65 tonnes噸	0.64 kg CO ₂ -e/km 千克二氧化碳 當量/公里
Scope 2 (operations)	範圍2(營運)	2,974.89 tonnes噸	19.48 Tonnes per million quantities shipped 噸/每百萬件 裝運數量	2,416.11 tonnes噸	13.45 Tonnes per million quantities shipped 噸/每百萬件 裝運數量
Scope 3 (business flights)	範圍3(商務飛行)	15.53 tonnes噸	0.10 kg CO ₂ -e/km 千克二氧化碳 當量/公里	17.72 tonnes噸	0.08 kg CO ₂ -e/km 千克二氧化碳 當量/公里

Explanation:

說明：

Scope 1: Emission from land transport from Shunde factory to plating house in Shenzhen, and sending finished goods to Hong Kong warehouse.

範圍1：順德工廠陸路運輸至深圳電鍍廠，並將製成品過往香港倉庫的排放量。

Scope 2: Emission from electricity usage in Shunde Factory, and regionally offices in Taiwan, Shenzhen and Hong Kong.

範圍2：順德工廠，以及台灣、深圳及香港的地區辦事處的用電排放情況。

Scope 3: Emission from taking flights for business trips.

範圍3：乘坐商務飛行航班的排放量。

Environmental Key Performance Indicators

環境關鍵績效指標

Air emission	廢氣排放	2018 二零一八年	2018 Emissions 二零一八年 排放量	2017 二零一七年	2017 Emissions 二零一七年 排放量
No _x	氮氧化物	485.34 tonnes噸	4.31 kg CO ₂ -e/km 千克二氧化碳 當量/公里	242.17 tonnes噸	3.32 kg CO ₂ -e/km 千克二氧化碳 當量/公里
SO _x	硫氧化物	0.51 tonnes噸	0.0045 kg CO ₂ -e/km 千克二氧化碳 當量/公里	0.29 tonnes噸	0.003 kg CO ₂ -e/km 千克二氧化碳 當量/公里
PM	顆粒物	35.58 tonnes噸	0.32 kg CO ₂ -e/km 千克二氧化碳 當量/公里	18.03 tonnes噸	0.25 kg CO ₂ -e/km 千克二氧化碳 當量/公里

F) Energy Conservation

We implemented the following energy-saving and energy efficiency measures at various office locations to reduce energy usage:

- Installed high-performance electrical equipment. Replaced the traditional air compressors by variable frequency compressors reducing electricity usage by 50%;
- Used automatic lighting control system;
- Installed LED lighting on office floors to reduce electricity usage and motion sensors are also used in the lobbies;
- Employees must turn off lights and unnecessary energy devices to reduce energy consumption and avoid unnecessary use of energy; and
- We have increased the height of the ceiling in the molding area to improve ventilation. Besides, the air cooling system was changed to water cooling system to improve energy efficiency.

G) Paper Usage

We have implemented the following measures to reduce paper usage:

- Implemented electronic approval system;
- Double-sided printing; writing on both sides of papers;
- No paper cup is provided and glasses are used when serving external visitors;
- Reused stationeries such as file folders and envelopes;
- Placed recycling bins around the office to collect used paper products; and
- Placed waste paper recycling bins next to the printers so that employees can deposit and reuse recycled papers conveniently.

F) 節能

我們在各辦事處推行以下節能和能源效益措施，務求減少能源用量：

- 安裝高性能電氣設備。以變頻壓縮機取代傳統空氣壓縮機，用電量因而減少50%；
- 使用自動照明控制系統；
- 在辦公樓層安裝LED照明以減少用電量，大堂亦使用運動傳感器；
- 僱員必須關閉燈光和不必要的能源設備，以減少能源消耗並避免不必要的能源使用；及
- 我們增加了製模區域的天花板高度以改善空氣流通。此外，改用水冷系統取代空氣冷卻系統，以提高能源效益。

G) 用紙量

我們制訂以下減少用紙量措施：

- 實施電子審批制度；
- 雙面打印；善用紙張的兩面作書寫；
- 以玻璃杯為來賓提供飲品而不使用紙杯；
- 重複使用文儀用品，如文件夾和信封；
- 在辦公室四周放置回收箱以收集廢紙產品；及
- 在打印機旁放置廢紙回收箱，方便僱員存放和重用回收紙。

H) Water consumption

We have implemented the following to conserve water usage:

- Checked water consumption regularly;
- Repaired dripping faucets or hoses in a timely manner; and
- Minimized water pressure.

I) Green Procurement

To conserve our environment, besides quality, cost and delivery time, we also give priority to those suppliers providing environmentally friendly and energy-saving products and implement the following measures:

- Informed suppliers our requirements over environmental protection and energy saving;
- Gave priority to high energy-efficient products;
- We required suppliers to reduce packaging materials or use recyclable materials; and
- Green Manufacturing.

Whenever there is a significant change in equipment setting or production scale in the factories, internal environmental assessment will be performed. In addition, the Group conducted regular external environment assessments on boundary noise level, wastewater discharge, etc. These assessments evaluated the impact of our operations on the environment, and assisted us to determine the appropriate remedial actions in a timely manner.

H) 用水量

我們已實施以下節約用水措施：

- 定期檢查用水量；
- 及時修理滴水龍頭或軟管；及
- 盡量調低水壓。

I) 綠色採購

為了保護環境，除了品質、成本和交付時間外，我們亦優先考慮提供環保節能產品的供應商並實施以下措施：

- 將我們對環保和節能的要求告知供應商；
- 優先選購高能源效益產品；
- 要求供應商減少包裝材料或使用可回收材料；及
- 綠色製造。

每當工廠內的設備設置或生產規模發生重大變化時，集團進行內部環境評估。此外，本集團定期對廠址範圍的噪音水平、污水排放等進行外部環境評估。此等評估工作評估旗下營運對環境的影響，並協助我們適時釐定合適的補救措施。

Electricity, Water and Packaging Materials consumption is as follows:

電力、水和包裝材料的用量如下：

Consumption of	用量	2018 二零一八年	2017 二零一七年
Electricity	電力	4,722,049.92 KWh千瓦時	3,835,100.00 KWh千瓦時
Water	水	26,648.00 Tonnes噸	38,863.00 Tonnes噸
Packaging Materials	包裝材料	29.17 Tonnes噸	20.31 Tonnes噸

Unit per million finished goods quantities shipped:

每百萬件製成品裝運數量：

Consumption of	用量	2018 二零一八年	2017 二零一七年
Electricity	電力	30,915.67 KWh千瓦時	21,356.00 KWh千瓦時
Water	水	174.47 Tonnes噸	216.41 Tonnes噸
Packaging Materials	包裝材料	0.19 Tonnes噸	0.11 Tonnes噸

J) Energy Saving Project

To achieve the energy saving motive, we have substituted the hydraulic machinery by frequency conversion machinery during the year so as to upgrade the encapsulation facilities. Through advancement to frequency conversion mode, the cooling wafer circulation system is removed and thus no more water is used in this machinery for cooling. Moreover, when the motor is installed with frequency conversion, its operating efficiency is improved and thus about 14,000 KWh electricity could be reduced annually.

J) 節能項目

為實現節能之目標，我們在年內以變頻電機取代油壓電機，藉此提升塑封設備。通過提升至變頻模式，現已移除冷卻水循環系統，因此該機械再毋須以水作冷卻之用。此外，當馬達安裝了變頻電機時，其運行效率得到提升，因此每年可減少約14,000千瓦時的電力。

SOCIAL ACCOUNTABILITY POLICY AND SUSTAINING EFFORTS

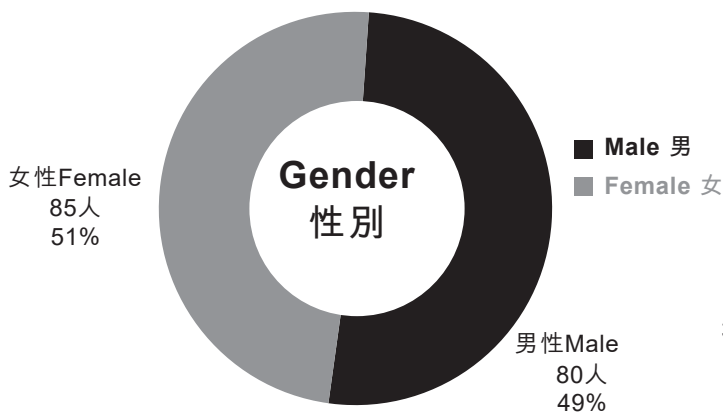
A) Employment

Our remuneration and benefits are reviewed on a yearly basis through performance assessment and market practice. Employees are entitled to mandatory provident fund, medical insurance and a variety of paid holidays including annual leave, sick leave and maternity leave.

Employees are important assets of the Group, we care about their well-being, respect their personal traits, make sure that all employees are subject to legislative protection and have equal opportunity in their career path. Also, we strive to increase their sense of belonging.

As at 31 December 2018, we had 165 (2017: 184) staff. Our staff demography is shown in the 2 charts below.

2018:



社會責任政策和堅持不懈的社會責任工作

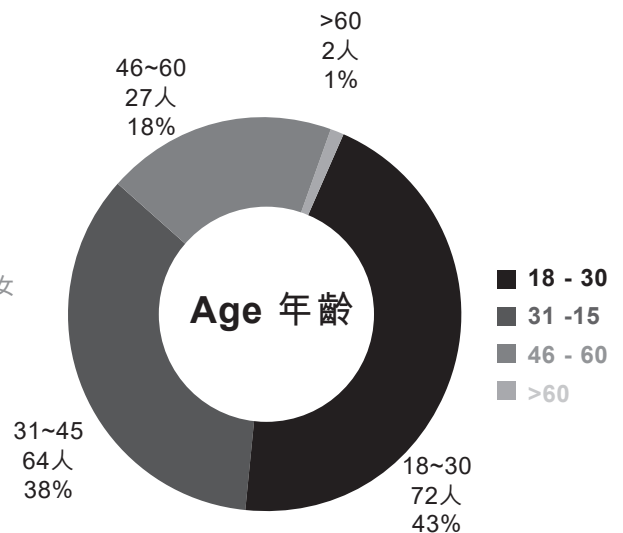
A) 僱傭

我們通過績效評估和參考市場慣例每年檢討提供的薪酬和福利。僱員享有強制性公積金、醫療保險和各種帶薪年假，包括年假、病假和產假。

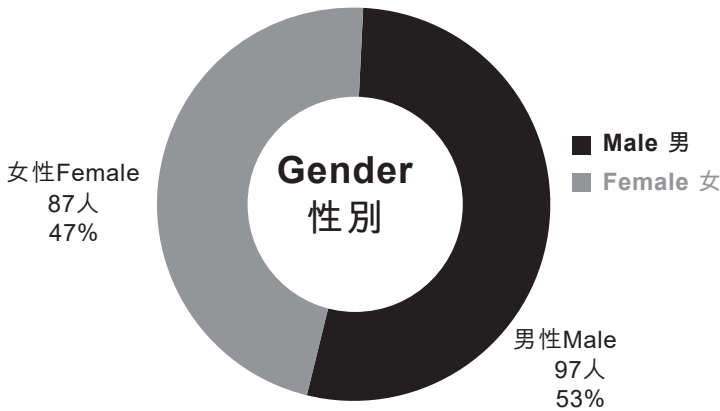
僱員是集團的寶貴資產，我們心繫僱員福祉，尊重每個人獨有的特質，確保所有僱員均依法受到保障，在青雲路上享有平等機會。此外，我們致力提高僱員對公司的歸屬感。

截至二零一八年十二月三十一日，我們有165名僱員（二零一七年：184名）。我們的僱員統計載於以下兩個圖表。

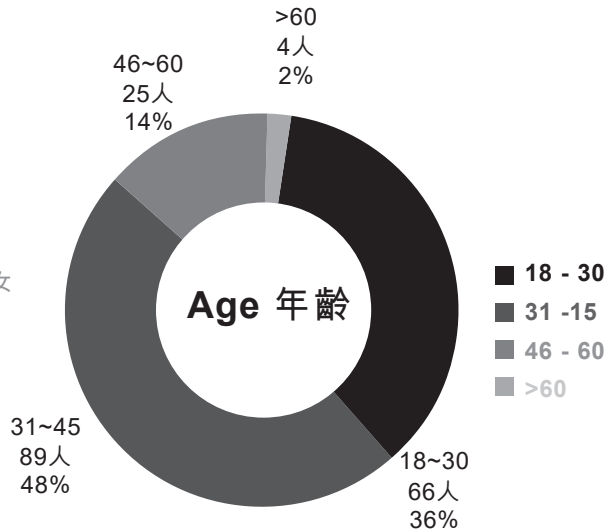
二零一八年：



2017:



二零一七年：



B) Employee Welfare

We value our employees, share great interests in their well-beings, especially better living standards, more comfortable working environment. We upgraded our dormitories' supplies and equipment, and hence improved our employees' living conditions.

In 2018, we improved the living conditions of our factory employees in Shunde, China, as follows:

- The number of occupants per room is reduced from 8 to 4. Not only with more space and better privacy, each employee can have longer time in using the common facilities inside the room;
- Air conditioners are installed in each room to ensure comfortable temperature during the hot season; and
- Centralized hot water system is replaced by water heater inside each room, so that employees can adjust the water heater according to their needs.

C) Discrimination

We are committed to maintain our workplace free from discrimination and harassment of any form and provide equal opportunities for all our employees at different aspects, including recruitment, compensations and benefits, training, promotions, and transfers. All employees are assessed periodically based on their ability, performance and contribution, irrespective of their nationalities, races, religious, genders, ages, nationality status, disabilities or any other forms of discrimination.

B) 僱員福利

我們重視僱員，關心僱員的身心健康，冀僱員的生活水平不斷提升，處於更舒適的工作環境。我們已提升宿舍的用品和設備，從而改善僱員的生活環境。

於二零一八年，我們提升中國順德廠房的僱員的起居生活環境，詳情如下：

- 每個房間的入住人數從八人減至四人。各僱員不僅擁有更多空間、更佳的私隱保障，亦可享有更長的時間使用房間內的共用設施；
- 每個房間均已安裝空調，在暑天時亦可寫意涼快；及
- 在每個房間安裝熱水器代替中央熱水系統，僱員可因應需要調較水溫。

C) 歧視

我們致力保持旗下工作場所不存在任何形式的歧視和騷擾，並在不同方面為全體僱員提供平等機會，包括招聘、薪酬和福利、培訓、晉升和調任。本集團根據僱員的能力、表現和貢獻對全體僱員進行定期評估，當中不會考慮僱員的國籍、種族、宗教、性別、年齡、國籍狀況、殘疾，亦無任何其他形式的歧視。

The Group has zero tolerance in any form of discrimination or sexual harassment in our workplace. During the year, we have no incident of violation and abuse reported from our employees. There are also no complaints of any discrimination or sexual harassment.

D) Health and Safety

We are committed to protect the health and safety of our employees and the community and require our employees to comply with all relevant occupational health and safety regulation. We have implemented the following policies to provide our employees with a safe and healthy working environment:

- Established emergency measures in case of fire or explosion;
- Regular rescue, fire and evacuation drills;
- Actively promoted environmental protection, health and safety awareness of employees, and supported development of environmental protection, health and safety in the industry; and
- Ensure appropriate training is provided to all operating and administrative staff on health and safety matters.

E) Development and Training

We continued to provide comprehensive training to our employees based on our “Training Policy” and other related internal policies to promote learning culture inside the Group. We provided diversified on-the-job training to employees including holding orientation training, skills and attitude trainings for new employees.

Orientation training allows new employees to familiarize themselves with the corporate culture and the background of the Company. Continual assessment is conducted to keep track on the performance of employees. We also encourage and subsidize our management staff and professional personnel to attend external training.

本集團絕不姑息工作場所內任何形式的歧視或性騷擾。年內，我們並無僱員報告違規和濫用職權的事件。亦無任何歧視或性騷擾的投訴。

D) 健康與安全

我們致力保護僱員和社區的健康和安全，並要求僱員遵守所有相關的職安健法規。我們已實施以下政策，為僱員打造安全健康的工作環境：

- 火災或爆炸的應急措施；
- 定期進行救援、消防和疏散演習；
- 積極提高僱員的環保、健康和 safety 意識，支持行業的環保、健康和安全的發展；及
- 確保為所有營運和管理人員提供有關健康和 safety 事宜的適當培訓。

E) 開發和培訓

我們繼續根據本身的《培訓政策》及其他相關內部政策向僱員提供全面培訓，以在集團內部培育學習文化。我們為僱員提供多元化的在職培訓，包括為新僱員舉辦入職培訓、技能和工作態度培訓。

入職培訓讓新僱員熟習企業文化和本公司的背景。集團進行持續評估以跟進僱員的表現。我們亦鼓勵和資助管理人員和專業人員參加外部培訓。

During 2018, the total number of the Group's employees participating in training and the total number of training hours completed by the Group's employees are summarized as follows:

於二零一八年，參加培訓的本集團總僱員人數及本集團僱員完成的培訓總時數概列如下：

		No. of participants 參與者數目	Total no. of hours 總時數
Male	男性	60	4,650
Female	女性	75	7,890
		135	12,540

F) Labor Standards

We respect human rights of our employees, especially gender equality, and are strongly against the employment of child labor and forced labor as stipulated in the Group's "Prohibition of Child Labor Recruitment and Remedies Procedures". The Group strictly complies with the PRC Labor Law, "Provisions on the Prohibition of Using Child Labor" and other relevant laws and regulations. Recruitment guideline clearly stated that a person under 16 is not allowed to work in the Group and zero tolerance to child labor and forced labor. During 2018, the Group did not identify any child labor and forced labor or violations against the labor law.

F) 勞工準則

我們尊重僱員的人權，特別是性別平等，並如本集團的《禁止聘用童工和補救程序》所訂明，嚴禁聘用童工和強迫勞動。本集團嚴守《中華人民共和國勞動法》、《禁止使用童工規定》及其他相關法律法規。招聘指引訂明，未滿16歲的人士不得在本集團工作，本集團絕不允許聘用童工和強迫勞動。於二零一八年，本集團並無發現任何童工、強迫勞動或違反勞動法的行為。

G) Supply Chain Management

A supplier management system is established for selecting suppliers to ensure the quality of purchased materials complies with the relevant laws and regulations. During the qualification process, suppliers are subject to assessment, on-site audits on product quality and capabilities and quality consistency tests made by our quality department. The Group only made purchases from suppliers listed on the approved vendor list. Suppliers have to sign the "Supplier General Rules of Conduct" to confirm their compliance with business ethics, health & safety environment and public responsibilities rules.

G) 供應鏈管理

本集團已建立供應商管理體系以挑選供應商，確保所採購的材料之品質符合相關法律法規。在資格審查過程中，供應商需要接受集團品質部門的評估以及對產品品質及供應商的能力進行實地審核，以及接受品質一致性測試。本集團僅向核准供應商名單上所列的供應商進行採購。供應商必須簽署《供應商總體行為規範》以確認本身在商業道德、健康與安全環境以及公共責任規則方面的合規。

H) Reliable products

The Group is committed to ensure product safety and to guarantee product quality. The Group adheres to strict product quality control in the production quality control. We carry out the production process according to the requirements of the relevant quality management system.

H) 產品責任

本集團致力於確保產品安全，保證產品質量。在生產過程中，本集團堅持嚴格的產品質量控制，我們根據相關的質量管理體系的要求執行。

I) Anti-Corruption

The Group pursues stringent anti-corruption policy and safeguards interests of the Group and all stakeholders; we require all stakeholders to comply with the Hong Kong Prevention of Bribery Ordinance, and other applicable anti-bribery laws in their workplace, if appropriate.

The Group has formed a clear set of supervision and reporting guides, under which all units or individuals have the rights to report any violations of the Company or its departments. All information concerning the informer is kept in strict confidence.

Our Chairman, Mr. Yung Kwok Kee, Billy is responsible to monitor the reporting system, conduct investigation as well as report to the board of directors, and Audit Committee for all irregularities and violations of laws and regulations.

The Group will also review our anti-corruption policies to ensure its effectiveness.

There is no lawsuit regarding corruption within the Group or its employees during 2018.

J) Community Investment

As a socially responsible member, the Group is committed to cater for the needs of the communities where we operate. The Group strives to contribute to society by focusing on two areas: poverty alleviation and care for people who are under-privileged.

In 2018, the Group participated in a fund raising event to support the poverty alleviation work in Sichuan. The objective of the fund-raising event is to improve the living standards of farmers in Sichuan, who are living in poverty, by buying their agricultural products. Also, we encouraged the employees to participate in the event. The agricultural products bought would then be donated to the nursing home of elderly.

In addition, we provided employment opportunities to the disadvantaged and create a win-win situation. The Group hires disabled people who have completed retraining courses, and give priority to those suppliers who hire disabled people or participate in a variety of mentorship programs. The Group hired three disabled persons during the year.

I) 反貪污

本集團奉行嚴格的反貪污政策及保障本集團及全體持份者的利益；我們要求全體持份者在其工作場所遵守《香港防止賄賂條例》和其他適用的反賄賂法（如適用）。

本集團已制訂一套明確的監督和舉報指引，據此，所有單位或個人均有權舉報本公司或其部門的任何違規行為。關於舉報人的所有信息均嚴格保密。

我們的主席翁國基先生負責監督舉報制度，對所有違規和違法行為進行調查並向董事會以及審核委員會報告。

本集團亦會檢討本身的反貪污政策以確保其行之有效。

於二零一八年，並無有關本集團內部及其僱員的貪污訴訟。

J) 社區投資

既為社區的一份子，本集團力盡社會責任，關顧所在社區的需要。透過專注於扶貧和關顧弱勢社體兩個方面，本集團致力貢獻社會。

於二零一八年，本集團參與一項籌款活動，以支持四川的扶貧工作。該籌款活動旨在通過購買農產品來提高四川貧農的生活水平。此外，我們鼓勵員工參與此項活動。購入的農產品已繼而捐贈予老人院舍。

此外，我們為弱勢社群提供就業機會，創造雙贏局面。本集團聘請已完成再培訓課程的殘疾人士，而聘用殘疾人士或參與各種師友計劃的供應商將獲優先選用。本集團於年內聘請三名殘疾人士。

DIRECTORS' REPORT

董事報告書

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

During the current year, the principal activities of the Group are the design, manufacturing and sales of its own branded power discrete semiconductors namely Schottky and MOSFET. Details of the activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements. There are no significant changes in the nature of the Group's principal activities during the year.

Business review of the Group for the year ended 31 December 2018 as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of the likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 5 to 11 of this annual report which forms part of this directors' report.

For the key performance indicators of the Group, please refer to the section of "Financial Review" in this annual report.

An analysis of the Group's performance for the year by operating and geographical segments is set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2018 are set out in the consolidated statement of comprehensive income.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018. During the year, no interim dividend was paid.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements during the year in the share capital of the Company and outstanding share options of the Company are set out in notes 26 and 28 to the consolidated financial statements respectively.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 27 to the consolidated financial statements respectively.

董事謹此提呈截至二零一八年十二月三十一日止年度之董事報告書及經審核綜合財務報表。

主要業務及業務回顧

於年度內，本集團之主要業務為設計、生產及銷售自家品牌離散式功率半導體，即蕭基二極管及 MOSFET。其主要附屬公司之業務已載於綜合財務報表附註第1項。於本年度內，本集團之主要業務並無重大轉變。

根據香港公司條例附表5的規定，本集團截至二零一八年十二月三十一日止年度的業務回顧（包括本集團面對的主要風險及不明朗因素及本集團業務未來發展之揭示）載於在本年報第5至11頁管理層討論及分析，其為本董事報告書的一部分。

有關本集團的關鍵績效指標，請參閱本年報「財務回顧」一節。

本年度內，本集團業績按業務及區域市場之分析載於綜合財務報告附註第6項。

業績及分配

本集團截至二零一八年十二月三十一日止年度之業績載於綜合全面收益表內。

董事會建議不派發截至二零一八年十二月三十一日止年度末期股息。於本年度內，概無派付中期股息。

股本及購股權

本公司之股本及未行使之本公司購股權於本年度內之變動分別載於綜合財務報表內附註第26項及第28項。

儲備

本集團及本公司之儲備於本年度內之變動分別載於綜合財務報表內之綜合權益變動表及綜合財務報表附註第27項。

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 156.

ENVIRONMENTAL POLICY

The Group is committed to fulfilling its corporate social responsibility in community affairs, environmental protection and corporate governance during its business operation in order to achieve its sustainable development. The Company's Environment, Social and Governance Report is set out on pages 30 to 41 of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company during the year ended 31 December 2018.

DIRECTORS

The Directors during the year and up to date of this report are as follows:

Executive Directors

Mr. Chow Kai Chiu, David
Mr. Hong James Man-fai

Non-Executive Directors

Mr. Yung Kwok Kee, Billy
Mr. Tang Che Yin

優先購買權

細則及開曼群島的法例概無載列有關優先購買權之規定，本公司無須按此規定而按現有股東之持股比例發行新股。

物業、廠房及設備

本集團之物業、廠房及設備之變動載於綜合財務報表附註第17項。

財務摘要

本集團過去五個財政年度的業績及資產及負債摘要載於第156頁。

環保政策

本集團在業務營運中，致力履行在社區事務、環境保護及企業管治方面之企業社會責任，以實現可持續發展。本公司的環境、社會及管治報告載於本年報第30至41頁。

購買、出售或贖回本公司證券

於截至二零一八年十二月三十一日止年度，本公司及其任何附屬公司概無購買、出售或贖回任何本公司的上市股份。

董事

於年內及截至本報告刊發之日，董事如下：

執行董事

周啟超先生
洪文輝先生

非執行董事

翁國基先生
鄧自然先生

Independent Non-Executive Directors

Mr. Lam, Peter
Mr. Leung Man Chiu, Lawrence
Mr. Fan Yan Hok, Philip

In accordance with the Articles 108 of the Articles, Mr. Chow Kai Chiu, David, Mr. Yung Kwok Kee, Billy and Mr. Fan Yan Hok, Philip shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers such Directors to be independent.

DIVIDEND POLICY

The Company has adopted a dividend policy ("Dividend Policy") on 21 September 2016. In deciding whether to propose a dividend and in determining the dividend amount, the Board will take into account the results of operations, working capital, financial position, future prospects and capital requirements, as well as any other factors which the Directors may consider relevant. The payment of dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the articles of association of the Company.

EMOLUMENT POLICY

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience). The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are recommended by the Remuneration Committee of the Company, having regard to the Group's operating results, market competitiveness, individual performance and achievement, to the Board for determination.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in notes 14 to the consolidated financial statements.

獨立非執行董事

林晉光先生
梁文釗先生
范仁鶴先生

根據細則第108條，周啟超先生、翁國基先生及范仁鶴先生於即將舉行股東週年大會上將輪值告退，彼等合資格並願意膺選連任。

本公司已根據GEM上市規則第5.09條的規定，向各獨立非執行董事收取其獨立性的年度確認書，本公司仍認為該等董事為獨立董事。

股息政策

本公司已於二零一六年九月二十一日採納股息政策（「股息政策」）。決定是否提呈股息及釐定股息金額時，董事會將考慮經營業績、營運資金、財務狀況、未來前景及資本需求，以及董事可能認為相關的任何其他因素。本公司派付股息亦須受開曼群島公司法及本公司組織章程細則所規限。

薪酬政策

為了吸引和保留優秀員工以及推動本集團內部順利運作，本集團提供有競爭力的薪酬待遇（參考市場狀況及員工個人資格及經驗）。薪酬待遇須定期審閱。

董事酬金由本公司薪酬委員會根據本集團的經營業績、市場競爭力、個人表現及業績推薦予董事會釐定。

董事酬金及五名最高薪酬人士

董事酬金及五名最高薪酬人士之詳情載列於綜合財務報表附註第14項。

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors have entered into a service contract with the Company for an initial term of three years, commencing from the Listing Date. The appointment of the executive Directors may be terminated by either party by giving a least three months' written notice to the other.

Each of the INEDs have enter into a letter of appointment with the Company for an initial term of three years, commencing from the Listing Date. The appointment of each of the INEDs may be terminated by either party by giving at least one month's written notice to the other.

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2018, none of the directors of the Company are considered to be in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANIES AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2018, the Directors and chief executives of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (which has the same meaning as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules:

董事之服務合約

各執行董事及非執行董事與本公司訂立服務合約，自上市日起計，初步期限三年。執行董事的委任，可由任何一方向另一方發出最少三個月的書面通知提早終止。

各獨立非執行董事均與本公司訂立委任函，自上市日起計，初步期限為三年。每名獨立非執行董事的委任，均可由任何一方向另一方發出最少一個月的書面通知提早終止。

擬於應屆股東週年大會膺選連任之董事概無與本公司訂立不可於一年內終止而毋須支付賠償(法定賠償除外)之服務合約。

管理合約

本年度概無簽訂或存在有關本公司業務的全部或主要部分的管理及行政合約。

董事於競爭業務中的權益

於二零一八年十二月三十一日，概無本公司董事擁有與本集團業務直接或間接競爭或可能競爭的業務權益。

董事及最高行政人員於本公司及其相關公司之股份、相關股份及債權證的權益及淡倉

於二零一八年十二月三十一日，本公司董事及最高行政人員及／或彼等各自之聯繫人士於本公司及／或其任何相關公司(與證券及期貨條例(香港法例第571章)(「證券及期貨條例」)第XV部所界定者具有相同涵義)的股份、相關股份及債權證中擁有以下權益及淡倉須記錄於本公司根據證券及期貨條例第352條須予備存的登記冊內或根據證券及期貨條例第XV部或GEM上市規則另行通知本公司及聯交所：

I. Long Positions in the shares of the Company: I. 於本公司股份的好倉：

Name of Director	董事姓名	Capacity/ Nature of interest	Number of Shares held/ interested in the Company 所持有/ 擁有權益的 本公司股份數目	Percentage of shareholding as at 31 December 2018 截至二零一八年 十二月三十一日 止的持股百分比
Mr. Yung Kwok Kee, Billy ("Mr. Yung")	翁國基先生(「翁先生」)	Interest in a controlled corporation (<i>notes 1 and 2</i>) 受控制法團權益(附註1及2)	944,621,528	58.38%
Mr. Hong James Man-fai ("Mr. Hong")	洪文輝先生(「洪先生」)	Beneficial interest 實益擁有人	9,071,657	0.56%
Mr. Chow Kai Chiu, David ("Mr. Chow")	周啟超先生(「周先生」)	Beneficial interest 實益擁有人	2,703,838	0.17%

Notes:

- Mr. Yung is interested in 100% of the issued share capital of Red Dynasty Investments Limited ("Red Dynasty"). Red Dynasty holds 80.5% interest in Shell Electric Holdings Limited ("Shell Electric"). Lotus Atlantic Limited ("Lotus Atlantic") is wholly and beneficially owned by Sybond Venture Limited ("Sybond Venture"), and Sybond Venture is wholly and beneficially owned by Shell Electric. Mr. Yung is therefore deemed to be interested in 937,103,327 Shares held by Lotus Atlantic which is an indirect wholly-owned subsidiary of Shell Electric for the purpose of SFO.
- 7,518,201 Shares that are charged by a shareholder to Lotus Atlantic pursuant to the share charges.

附註：

- 翁先生擁有Red Dynasty Investments Limited(「Red Dynasty」)已發行股本的100%權益。Red Dynasty持有蜆壳電器控股有限公司(「蜆壳電器」)80.5%權益。Lotus Atlantic Limited(「Lotus Atlantic」)由盈邦創業有限公司(「盈邦創業」)全資實益擁有，而盈邦創業則由蜆壳電器全資實益擁有。翁先生因此被視為擁有Lotus Atlantic所持有的937,103,327股股份的權益，就《證券及期貨條例》而言，該公司為蜆壳電器的間接全資附屬公司。
- 一名股東根據股份押記將7,518,201股股份押予Lotus Atlantic。

II. Long Positions in the underlying Shares

Name of Director	Capacity	Number of underlying Shares held	Percentage of shareholding as at 31 December 2018
董事姓名	身份	所持有相關股份數目	截至二零一八年十二月三十一日止的持股百分比
Mr. Hong 洪先生	Beneficial interest 實益擁有人	5,408,343 (Note 1) (附註 1)	0.33%
Mr. Tang Che Yin ("Mr. Tang") 鄧自然先生(「鄧先生」)	Beneficial interest 實益擁有人	2,800,000 (Note 2) (附註 2)	0.17%

Notes:

- These underlying Shares represent 5,408,343 Shares to be issued upon exercise of the unlisted physically settled share options granted to Mr. Hong on 22 March 2017 pursuant to the share option scheme of the Company adopted on 19 September 2016 under which the said options can be exercised by Mr. Hong from 1 April 2017 to 31 March 2027 (both days inclusive) at the exercise price of HK\$0.165 per Share.
- These underlying Shares represent 2,800,000 Shares to be issued upon exercise of the unlisted physically settled share options granted to Mr. Tang on 22 March 2017 pursuant to the share option scheme of the Company adopted on 19 September 2016 under which the said options can be exercised by Mr. Tang from 1 April 2017 to 31 March 2027 (both days inclusive) at the exercise price of HK\$0.165 per Share.

Save as disclosed above, as at 31 December 2018, none of Directors nor chief executive of the Company and/or any of their respective associates has registered an interest or short positions in the Shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

II. 於相關股份的好倉

Name of Director	Capacity	Number of underlying Shares held	Percentage of shareholding as at 31 December 2018
董事姓名	身份	所持有相關股份數目	截至二零一八年十二月三十一日止的持股百分比
Mr. Hong 洪先生	Beneficial interest 實益擁有人	5,408,343 (Note 1) (附註 1)	0.33%
Mr. Tang Che Yin ("Mr. Tang") 鄧自然先生(「鄧先生」)	Beneficial interest 實益擁有人	2,800,000 (Note 2) (附註 2)	0.17%

附註：

- 該等相關股份指根據本公司於二零一六年九月十九日採納之購股權計劃而於二零一七年三月二十二日授予洪先生以非上市實物結算的購股權行使後將予發行之5,408,343股股份，根據購股權計劃，洪先生可於二零一七年四月一日至二零一七年三月三十一日(包括首尾兩日)期間行使上述購股權，行使價為每股0.165港元。
- 該等相關股份指根據本公司於二零一六年九月十九日採納之購股權計劃而於二零一七年三月二十二日授予鄧先生以非上市實物結算的購股權行使後將予發行之2,800,000股股份，根據購股權計劃，鄧先生可於二零一七年四月一日至二零一七年三月三十一日(包括首尾兩日)期間行使上述購股權，行使價為每股0.165港元。

除上文所披露者外，於二零一八年十二月三十一日，董事或本公司最高行政人員及／或彼等各自之聯繫人士概無於本公司及／或其任何相關公司(根據證券及期貨條例第XV部的涵義)的股份、相關股份或債權證中擁有權益或淡倉為已記錄於本公司根據證券及期貨條例第352條須備存的登記冊，或根據證券及期貨條例第XV部或GEM上市規則通知本公司及聯交所。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2018, the interest and short positions of the person (other than the interest of the Directors or chief executive of the Company as disclosed above) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

主要股東於股份、相關股份及債權證的權益及淡倉

於二零一八年十二月三十一日，按本公司根據證券及期貨條例第336條須存置的登記冊所記錄的人士(董事或本公司最高行政人員除外)或公司的權益及淡倉如下：

Name of Shareholder	股東名稱	Capacity/nature of interest	Number of Shares held/ interested in	Long/short position	Percentage of shareholding as at 31 December 2018
		身份/權益性質	所持有/ 擁有權益的 股份數目	好/淡倉	截至二零一八年 十二月三十一日 止的持股百分比
Lotus Atlantic	Lotus Atlantic	Beneficial owner 實益擁有人	944,621,528 (Notes 1 and 2) (附註1及2)	Long 好倉	58.38%
Sybond Venture	盈邦創業	Interest in a controlled corporation 受控制法團權益	944,621,528 (Notes 1 and 2) (附註1及2)	Long 好倉	58.38%
Shell Electric	蜆壳電器	Interest in a controlled corporation 受控制法團權益	944,621,528 (Notes 1 and 2) (附註1及2)	Long 好倉	58.38%
Red Dynasty	Red Dynasty	Interest in a controlled corporation 受控制法團權益	944,621,528 (Notes 1 and 2) (附註1及2)	Long 好倉	58.38%
Ms. Vivian Hsu	徐芝潔女士	Family interest 家族權益	944,621,528 (Note 3) (附註3)	Long 好倉	58.38%

Notes:

- Red Dynasty holds 80.5% interest in Shell Electric. Lotus Atlantic is wholly and beneficially owned by Sybond Venture, and Sybond Venture is wholly and beneficially owned by Shell Electric. Each of these companies is therefore deemed to be interested in 937,103,327 Shares owned and held by Lotus Atlantic which is an indirect wholly-owned subsidiary of Shell Electric for the purpose of the SFO.
- 7,518,201 Shares are charged by a shareholder to Lotus Atlantic pursuant to the share charges.
- These Shares represent the interest held by Lotus Atlantic which is a controlled corporation of Mr. Yung. Ms. Vivian Hsu ("Mrs. Yung") is the spouse of Mr. Yung. Under SFO, Mr. Yung is deemed to be interested in all of the Shares owned by Lotus Atlantic and Mrs. Yung is deemed to be interested in all the Shares in which Mr. Yung is interested.

附註：

- Red Dynasty持有蜆壳電器的80.5%權益。Lotus Atlantic由盈邦創業全資實益擁有，而盈邦創業則由蜆壳電器全資實益擁有。上述各公司因此被視為擁有Lotus Atlantic所持有的937,103,327股股份的權益。就證券及期貨條例而言，該公司為蜆壳電器的間接全資附屬公司。
- 一名股東根據股份押記將7,518,201股股份押予Lotus Atlantic。
- 該等股份指Lotus Atlantic所持有之權益，該公司為翁先生的受控制法團。徐芝潔女士(「翁太太」)為翁先生配偶。根據證券及期貨條例，翁先生被視為擁有Lotus Atlantic所擁有的所有股份權益，而翁太太被視為擁有翁先生所擁有的所有股份權益。

Save as disclosed above, as at 31 December 2018 and so far as known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares and Debentures of the Companies and its Associated Corporations” above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the “Share Option Scheme”) which was approved and adopted pursuant to the written resolutions on 19 September 2016. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is, among others, to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Group.

2. Who may join

The Board may, at its discretion, offer to grant an option to any person belonging to any of the following classes of participants, to take up options to subscribe for the Shares:

- (a) any full-time or part-time employees, executives or officers of the Group;
- (b) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) of the Group; and
- (c) any suppliers, customers, consultants, agents, advisers and related entities to the Group.

除上文所披露外，於二零一八年十二月三十一日及據董事所知，除於「董事及最高行政人員於本公司及其相關公司之股份、相關股份及債權證的權益及淡倉」一節所述董事及本公司最高行政人員之權益外，概無人士已知會本公司其於本公司股份或相關股份中擁有須登記於本公司根據證券及期貨條例第336條須存置的登記冊的權益或淡倉。

購股權計劃

本公司之購股權計劃(「購股權計劃」)已根據於二零一六年九月十九日通過之書面決議案獲批准及採納。購股權計劃條款乃遵循GEM上市規則第23章的條文規定。以下為購股權計劃主要條款之概要：

1. 購股權計劃目的

購股權計劃旨在(其中包括)讓本公司向選定參與者授出購股權，作為其對本集團貢獻的激勵或獎勵。

2. 可參與人士

凡任何人士屬於任何以下類別參與者，董事會均可酌情向其要約授出購股權，以接納可認購股份的購股權：

- (a) 本集團任何全職或兼職僱員、行政人員或高級職員；
- (b) 本集團任何董事(包括執行董事、非執行董事及獨立非執行董事)；及
- (c) 本集團任何供應商、客戶、顧問、代理、諮詢人及相關實體。

3. Maximum number of Shares

- (a) The maximum number of the Shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the Company's issued share capital from time to time. No options may be granted under any schemes of the Company or the subsidiary if such grant will result in the maximum number being exceeded.
- (b) The total number of Shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Company) must not in aggregate exceed 10% of the total number of Shares in issue at the time dealings in the Shares first commence on the Stock Exchange which amounts to 160,000,000 Shares (the "General Mandate Limit").

As at the date of this report, the total number of shares of the Company available for issue under the Share Option Scheme is 141,967,723 shares, representing approximately 8.8% of the Company's issued share capital as at the same date.

4. Maximum entitlement of each participant and connected persons

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all outstanding options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each participant in any 12-month period must not exceed 1% of the Shares in issue (the "Individual Limit").

5. Minimum period of holding an option and performance target

The Directors may fix any minimum period for which an option must be held, any performance targets that must be achieved and any other conditions that must be fulfilled before the options can be exercised upon the grant of an option to a participant, provided that such terms and conditions are fair and reasonable in the opinion of the Directors and not being inconsistent with the Share Option Scheme and the GEM Listing Rules.

3. 股份數目上限

- (a) 行使根據購股權計劃以及本公司任何其他購股權計劃已授出而有待行使的所有尚未行使購股權時將發行的股份數目上限，合計不得超過本公司不時已發行股本的30%。倘若有關授出將導致超逾上限數目的，本公司或附屬公司任何計劃項下概不得授出任何購股權。
- (b) 行使所有購股權時可予發行的股份總數(就此而言，不包括根據購股權計劃以及本公司任何其他購股權計劃條款已告失效的購股權)合計不得超過股份首次開始在聯交所買賣時已發行股份總數的10%，即為數160,000,000股股份(「一般授權限額」)。

於本報告日期，根據購股權計劃可供發行的本公司股份總數為141,967,723股，相當於本公司於同日的已發行股本約8.8%。

4. 每名參與者及關連人士上限

任何12個月期間內，除非獲股東批准，否則每名參與者行使根據購股權計劃及本公司任何其他購股權計劃獲授出的所有尚未行使購股權(包括已行使及尚未行使購股權)時已發行及將發行的股份總數，不得超過已發行股份的1%(「個人上限」)。

5. 持有購股權下限期間及績效目標

向參與者授出購股權時，董事可釐定購股權可行使前必須持有購股權的任何下限期間、必須達成的任何績效目標以及必須達成的任何其他條件，惟該等條款及條件須為董事認為公平合理，且並無與購股權計劃及《GEM上市規則》不一致之處。

6. Time of acceptance of option

An option may be accepted by a participant within 30 days from the date of the offer of grant of the option with a payment of HK\$1.00 to the Company by way of consideration to the grant.

7. Subscription Price of Shares

The subscription price of a Share in respect of any option granted under the Share Option Scheme, subject to any adjustments made in accordance with the Share Option Scheme, shall be such price as the Board in its absolute discretion shall determine, provided that such price will not be less than the highest of:

- (a) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (b) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a Share.

8. Time for exercising option

An option may be exercised in accordance with the terms of Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

9. Period of the Share Option Scheme

Unless terminated by the Company by resolution in general meeting, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme becomes unconditional.

Details of the share option granted and summary of movements of the outstanding share options for the year ended 31 December 2018 under the Share Option Scheme are set out in note 28 to the consolidated financial statements.

6. 接納購股權時間

參與者必須於要約授出購股權日期起計30日內連同以授予代價形式向本公司支付的1.00港元付款接納購股權。

7. 股份認購價

有關根據購股權計劃授出的任何購股權的股份認購價(根據購股權計劃所作任何調整可予修訂),應為董事會全權酌情釐定的有關價格,惟該價格將不會低於以下各項中最高者:

- (a) 授出日期(必須為聯交所開放經營證券買賣業務之日)聯交所每日報價表所載的股份正式收市價;
- (b) 緊接授出日期前五個營業日,聯交所每日報價表所載的股份平均正式收市價;及
- (c) 股份面值。

8. 行使購股權的時限

承授人可於董事會可能釐定的期間,隨時根據購股權計劃的條款行使購股權,惟有關期間不得超過由授出日期起計10年,並受有關提前終止條文所規限。

9. 購股權計劃期間

除非本公司以決議案在股東大會終止,否則購股權計劃須自購股權計劃成為無條件日期起計10年期間內有效及有作用。

根據購股權計劃授出的購股權詳情及截至二零一八年十二月三十一日止年度的尚未行使購股權的變動概況載於綜合財務報表附註28。

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for the related party transactions disclosed in note 33 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries a party to any arrangement which enable the Directors and chief executives of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2018, the five largest customers of the Group accounted for approximately 57% (2017: approximately 59%) of the total sales of the Group's turnover, of which 14% (2017: 15%) was attributable to the largest customer.

During the year, the five largest suppliers of the Group accounted for approximately 81% (2017: approximately 78%) of the total purchases of the Group, of which 26% (2017: 25%) was attributable to the largest supplier.

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has an interest in the Group's five largest customers or suppliers.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available and within the knowledge of the Directors, at least 25% of the Company's issued share capital were held by the public as at the date of this report.

董事在重大交易、安排及合約中的利益

除綜合財務報表附註33披露之關聯方交易外，本公司或其任何附屬公司，同系附屬公司或其母公司概無簽訂董事或其關連實體於其中擁有直接或間接重大權益，並且於本年度期間或本年度任何時間仍然生效之重大交易、安排或合約。

董事購買股份或債券之權利

於本年度任何時間，本公司或其任何附屬公司概無訂立任何安排而令任何董事及本公司最高行政人員(包括其配偶及年齡在18歲以下子女)可藉購入本公司或其任何相關公司之股份或相關股份或債權證而獲益。

主要客戶及供應商

於截至二零一八年十二月三十一日止年度內，本集團向五大客戶銷貨之總值佔本集團收入約57% (二零一七年：約59%)，其中向最大客戶之銷貨佔本集團營業額的14% (二零一七年：15%)。

於本年度內，本集團向五大供應商之購貨約佔本集團購貨額約81% (二零一七年：約78%)，其中向最大供應商之購貨佔本集團購貨額的26% (二零一七年：25%)。

概無任何董事、其聯繫人士或任何股東(據董事所知擁有本公司已發行股本5%以上者)在本集團五大客戶或供應商中擁有任何權益。

公眾持股量

根據本公司公開所得的資料及據董事所知，於本報告日期，本公司已發行股本至少25%由公眾持有。

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into certain transactions in the ordinary course of business and on normal commercial terms which were “related party transactions”, details of which are set out in note 33 to the consolidated financial statements. These transactions also constitute “Continuing Connected Transactions” (the “CCTs”) under Chapter 20 of the GEM Listing Rules and the CCTs are fully exempted from the reporting, annual review, announcement, circular and independent shareholder’s approval.

INTEREST OF COMPLIANCE ADVISOR

As at 31 December 2018, as notified by the Company’s compliance advisor, Messis Capital Limited (the “Compliance Advisor”), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated 29 September 2016, neither the Compliance Advisor nor any of its directors, employees or close associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIES

The Directors recognise that employees, customers and business partners are the keys to the sustainable development of the Group. The Group is committed to building a close and caring relationship with its employees and business partners, and improving the quality of services and products to its customers. Employees are regarded as the most important and valuable assets of the Group. The Group ensures all staff is reasonably remunerated and regular training is provided for its workers for the operation of different types of machinery, as well as work safety. The Group strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. The Group also stays connected with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels to obtain their feedback and suggestions.

持續關連交易

本集團於日常業務範圍內按一般商務條款訂立若干屬於「關聯方交易」的交易，詳情載於綜合財務報表附註33。根據GEM上市規則第20章，此等交易亦構成「持續關連交易」(「持續關連交易」)，而持續關連交易獲全面豁免遵守申報、年度審閱、公告、通函及獨立股東批准之規定。

合規顧問的權益

在二零一八年十二月三十一日，如本公司的合規顧問大有融資有限公司(「合規顧問」)所告知，除本公司與合規顧問於二零一六年九月二十九日訂立的合規顧問協議外，合規顧問或其任何董事、僱員或緊密聯繫人無於本公司或本集團任何成員的股本中擁有任何權益(包括可認購該等證券的期權或權利)，或擁有與本公司有關且根據GEM上市規則第6A.32條須知會本公司的其他權益。

與僱員、客戶及供應商的主要關係

董事深知僱員、客戶及業務夥伴為本集團可持續發展的關鍵。本集團致力於與其僱員及業務夥伴之間建立緊密及關懷關係，以及改善提供予客戶的服務及產品質素。僱員被視為本集團最重要及最寶貴的資產。本集團確保所有員工獲得合理薪酬及向其員工就不同種類機械的操作以及工作安全提供定期培訓課程。本集團致力透過提升及改善僱員的技術之清晰的職業道路及機會來激勵彼等。本集團亦與客戶及供應商保持聯繫以及透過各種渠道與客戶及供應商持續交流，例如電話、電郵及舉行現場會議以獲得彼等的反饋及建議。

COMPLIANCE OF NON-COMPETITION UNDERTAKING

All the INEDs were delegated with the authority to review on an annual basis the compliance with the non-competition undertaking given by each of Lotus Atlantic, Sybond Venture, Shell Electric, Red Dynasty and Mr. Yung, the controlling shareholders of the Company (collectively, the "Covenantors") in favour of the Company dated 19 September 2016 (the "Non-Competition Deed"). The Covenantors have provided to the Company all information necessary for the annual review by the INEDs and the Covenantors have confirmed to the Company that each of the Covenantors and his/its associates have not breached the terms of the undertakings contained in the Non-Competition Deed. All INEDs confirmed that they are not aware of any non-compliance with the Non-Competition Deed by the Covenantors since the effective date of the Non-Competition Deed and up to the date of this report, including a transaction approved by them as set out below:

On 30 August 2018, SMC Multi-Media Products Company Limited ("MM Products") (a wholly-owned subsidiary of Shell Electric and a company controlled by Mr Yung, notified the Company ("Notice") that MM Products was approached by a potential customer which expressed interest in placing order with MM Products for the production of a semi-conductor product, MOSFET, for automobile industrial use. The production of MOSFET was considered to constitute competition with the business of the Company and accordingly was regarded as a Competing Business Opportunity and the Company shall be provided with information for its INED for consideration to come to an informed assessment of such Competing Business Opportunity. The Notice further suggested that MM Products and the Company to form a joint venture to capture the Competing Business Opportunity as MM Products own certain idle machinery that could contribute towards producing such products while the Company has other necessary machinery, manpower and other resources to contribute in the production. In accordance with the terms of the non-compliance deed, Mr. Yung provided necessary information on the Competing Business Opportunity, including without limitation, the customer information, the type of MOSFET parts, the estimated business turnover opportunity, the requirements to develop and produce such MOSFET parts which are new for the Company to the Board of Directors, including the INEDs. A meeting of the Board of Directors was held on 5 September 2018 where having taken into account the information provided by Mr Yung and considering that (1) the customer has requested the controlling shareholder of the joint venture to be a Mr Yung's company, (2) the Company does not need to buy certain additional machineries for the production of the required MOSFET parts since MM Products already has idle machinery that could contribute towards producing the products, and (3) the relevant machinery of the Company and that of MM

遵守避免同業競爭承諾

所有獨立非執行董事每年均獲授權對Lotus Atlantic、盈邦創業、蜆壳電器、Red Dynasty及翁先生(本公司控股股東(統稱「承諾人」))於二零一六年九月十九日為本公司作出的不競爭契據(「不競爭契據」)之遵守情況進行審核。承諾人須向本公司提供所需的所有資料予獨立非執行董事進行年度審核，而承諾人亦已向本公司確認，各承諾人及其聯繫人並無違反不競爭契據所載承諾的條款。所有獨立非執行董事均確認，彼等並不知悉自不競爭契據生效日期起至本報告日期曾有承諾人未遵守不競爭契據之任何情況，包括一項獲彼等批准的交易，其載於下文：

於二零一八年八月三十日，蜆壳多媒體科技有限公司(「多媒體科技」)(蜆壳電器的全資附屬公司，並為翁先生所控制的公司)通知本公司(「該通知」)，指一名潛在客戶已接觸多媒體科技，該客戶表示有意向多媒體科技下訂生產汽車工業用半導體產品MOSFET。生產MOSFET被視為構成與本公司之業務競爭，因此被當作一項競爭商機，而本公司須獲得資料以供獨立非執行董事考慮並對有關競爭商機進行知情評估。該通知進一步指，由於多媒體科技擁有若干閒置機器，可投放於生產有關產品，而本公司則可於生產中投放其他所需機器、人力及其他資源，因此多媒體科技與本公司將成立合營公司以把握競爭商機。翁先生已遵照不競爭契據的條文向董事會(包括獨立非執行董事)提供有關競爭商機的必要資料，包括但不限於客戶資料、MOSFET零件的類型、業務的估計營業額商機、開發及生產該等MOSFET零件(其對本公司而言屬新產品)的需求。於二零一八年九月五日，董事會舉行會議，經計及翁先生所提供的資料，並考慮到(1)客戶已要求合營公司的控股股東為翁先生的公司；(2)由於多媒體科技已擁有可投放於製造產品的閒置機器，本公司無需購買若干額外機器以生產所需MOSFET零件；及(3)本公司與多媒體科技的相關機器位於中國順德同一所生產廠房，全體獨立非執行董事已批准成立建議合營公司以把握競爭商機。此外，已批

Products are located in the same production plant in Shunde, China, all the INEDs approved the set up of the proposed joint venture to capture the Competing Business Opportunity. Also a shareholder agreement was approved to be entered into between PFC Device Holdings Limited (a wholly-owned subsidiary of the Company) and MM Products for the setting up of a joint venture under the name of SMC Micro-Tech (BVI) Limited, with capital of HK\$1,000,000 which is to be contributed and owned as to 49% and 51% by the Group and MM Products, respectively. The joint venture will engage in the manufacturing, researching, developing and marketing of industrial use semi-conductor products under its own brand.

Details of the Non-Competition Deed have been set out in the section headed "Relationship with Controlling Shareholders" of the prospectus of the Company.

PERMITTED INDEMNITY PROVISION

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in place and was in force throughout the year.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, the Group was in compliance with all the laws and regulations applicable to the business operations of the Group.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, no equity-linked agreements were entered into during the year or subsisted at the end of the year.

AUDITORS

The consolidated financial statements for the year ended 31 December 2018 have been audited by BDO Limited. A resolution will be submitted to the forthcoming annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Mr. Yung Kwok Kee, Billy
Chairman

Hong Kong, 25 March 2019

准節能元件控股有限公司(本公司之全資附屬公司)與多媒體科技訂立股東協議,以SMC Micro-Tech (BVI) Limited名義成立合營公司,其資本為1,000,000港元,將由本集團及多媒體科技分別出資及擁有其49%及51%權益。合營公司將以自身品牌從事製造、研發及營銷工業用半導體產品。

不競爭契據之詳情已載述於本公司之招股章程「與控股股東的關係」一節。

允許彌償條文

本公司已維持適當的董事及高級人員責任保險,而為董事利益而訂立之該等允許彌償條文現已到位,並於年內一直有效。

遵守法律法規

於年內,本集團遵守適用於本集團業務營運的所有法律及法規。

股權掛鈎協議

除購股權計劃外,本年度內或於年度終結時未簽訂任何股權掛鈎協議。

核數師

截至二零一八年十二月三十一日止年度的綜合財務報表由香港立信德豪會計師事務所有限公司審計。續聘香港立信德豪會計師事務所有限公司為本公司核數師之決議案將於本公司應屆股東週年大會上提呈。

代表董事會

主席
翁國基先生

香港,二零一九年三月二十五日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



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To the shareholders of PFC Device Inc.
(incorporated in the Cayman Islands with limited liability)

致：節能元件有限公司全體股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of PFC Device Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 62 to 155, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

意見

我們已審核第62至155頁所載節能元件有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一八年十二月三十一日的綜合財務狀況表及於截至該日止年度綜合全面收益表、綜合權益變動表及綜合現金流量表，以及包括主要會計政策概要在內的綜合財務報表附註。

吾等認為，綜合財務報表已根據香港會計師(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於二零一八年十二月三十一日的綜合財務狀況及截至該日止年度 貴集團的綜合財務表現及其綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

意見基礎

吾等已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核。根據該等準則，吾等的責任於本報告「核數師就審計綜合財務表的責任」一節中詳述。根據香港會計師公會「職業會計師道德守則」(「守則」)，吾等獨立於 貴集團，並已遵循守則履行其他道德責任。吾等相信，吾等所獲得的審核憑證足夠及能適當地為吾等的意見提供基礎。

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of goodwill and property, plant and equipment

(Refer to notes 5.1(b), 17 and 18 in the consolidated financial statements)

The Group had goodwill of US\$563,000 as at 31 December 2018 relating to acquisition of a subsidiary, PFC Device Corporation in 2010. Goodwill is subject to impairment assessment at least annually. For the purpose of impairment testing, goodwill is allocated to the related cash-generating unit and tested for impairment together with other assets that form the cash-generating unit, mainly the property, plant and equipment. Management has performed an impairment assessment in accordance with the Group's accounting policies. The recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less costs of disposal and its value-in-use.

Based on the value-in-use calculation, impairment loss of US\$563,000 and US\$442,000 were recognised during the year for goodwill and property, plant and equipment respectively.

We have identified the impairment assessment of goodwill and property, plant and equipment as a key audit matter due to the value-in-use calculation requires significant estimation and judgment by the management with respect to the key assumptions underlying the cash flow projection including future revenue growth and gross profit margin, as well as the adoption of discount rate.

關鍵審核事項

關鍵審核事項為吾等的專業判斷中，審核本期綜合財務報表中最重要的事項。吾等於審核整體綜合財務報表處理此等事項及就此形成意見，而不會就此等事項單獨發表意見。

商譽以及物業、廠房及設備之減值評估

(請參閱綜合財務報表附註5.1(b)、17及18)

截至二零一八年十二月三十一日止，貴集團之商譽款項為563,000美元，此乃於二零一零年收購附屬公司PFC Device Corporation所產生。商譽至少要每年進行減值評估。就減值測試而言，商譽已分配至相關現金產生單位，並與構成該現金產生單位之其他資產（主要為物業、廠房及設備）一併進行減值測試。管理層已根據本集團之會計政策進行減值評估。現金產生單位之可收回金額為現金產生單位之公平值減出售成本與其使用價值兩者之較高者。

根據使用價值計算，商譽以及物業、廠房及設備於本年度內已分別確認減值虧損563,000美元及442,000美元。

吾等將商譽以及物業、廠房及設備之減值評估列為關鍵審核事項，這是由於在計算使用價值時管理層對於現金流量預測作出的假設涉及大量的判斷及估計，包括未來收入之增長、毛利率以及所採用之貼現率。

Our response:

Our procedures in relation to management's impairment assessment on goodwill and property, plant and equipment included:

- Checking the mathematical accuracy of the value-in-use calculation;
- Challenging the reasonableness of key assumptions of the cash flow projection including revenue growth, gross profit margin and discount rate based on our knowledge of the business and industry;
- Comparing current year's actual results with the figures included in the prior year's cash flow projection to consider whether the key assumptions used by the management had been over-optimistic;
- Reconciling input data to supporting evidence, such as approved budget and annual sales plan of customers, and considering the reasonableness of this evidence; and
- Assessing reasonableness of the fair value less costs of disposal of the property, plant and equipment determined by the management.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

吾等之回應：

吾等就管理層對商譽以及物業、廠房及設備的減值評估所進行的程序包括：

- 檢查計算使用價值時的準確性；
- 按吾等對行業及業務的了解質疑有關現金流量預測的關鍵假設的合理性，包括收入增長、毛利率及貼現率；
- 將本年度的實際業績與上一年度的現金流量預測的數字進行比較，以考慮管理層使用的關鍵假設是否過於樂觀；
- 將輸入數據與相關憑證（如已批准的預算數字及客戶按年之銷售計劃）進行協調，並考慮此證據的合理性；及
- 評估由管理層所釐定之物業、廠房及設備之公平值減出售成本之合理性。

年報的其他資料

董事負責其他資料。其他資料包括 貴公司年報所載資料，但不包括綜合財務報表及相關核數師報告。

吾等對綜合財務報表的意見並不涵蓋其他資料，吾等亦不對其他資料發表任何形式的鑒證結論。

審核綜合財務報表時，吾等的責任為閱讀其他資料，於此過程中，考慮其他資料是否與綜合財務報表或吾等於審計過程中所瞭解的情況有重大抵觸，或者似乎有重大錯誤陳述。基於吾等已執行的工作，倘吾等認為其他資料有重大錯誤陳述，吾等須報告事實。於此方面，吾等沒有任何報告。

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

董事對綜合財務報表的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製真實而中肯的綜合財務報表，並為其認為必須為使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳列的內部監控負責。

編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

貴公司董事負責履行監督 貴集團財務報告過程。審核委員會協助 貴公司董事履行該等責任。

核數師就審計綜合財務報表的責任

吾等的目標為合理確定整體綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述，並發出載有吾等意見的核數師報告。吾等僅向 閣下(作為整體)按照委任條款報告，除此之外本報告別無其他目的。吾等不會就本報告內容向任何其他人士負上或承擔任何責任。

合理確定屬高層次核證，但不能擔保根據香港審計準則進行的審核工作總能發現所有存在的重大錯誤陳述。錯誤陳述可源於欺詐或錯誤，倘個別或整體於合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

根據香港審計準則進行審核時，吾等運用專業判斷，於整個審核過程中抱持專業懷疑態度。吾等亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯誤陳述風險，因應此等風險設計及執行審核程序，獲得充足及適當審核憑證為吾等的意見提供基礎。由於欺詐涉及合謀、偽造、故意遺漏、誤導性陳述或凌駕內部控制，因此未能發現由此造成的重大錯誤陳述風險較未能發現由於錯誤而導致的重大錯誤陳述風險更高。
- 瞭解與審核有關的內部控制，以設計恰當的審核程序，但並非旨在對 貴集團內部控制的有效程度發表意見。
- 評估所用會計政策是否恰當，以及董事所作會計估算及相關披露是否合理。
- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審核憑證，總結是否有對 貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘吾等總結認為存在重大不確定因素，吾等需於核數師報告中提請注意綜合財務報表內的相關資料披露，或如果相關披露不足，則修訂吾等的意見。吾等的結論以截至核數師報告日期所獲得的審核憑證為基礎，惟未來事件或情況可能導致 貴集團不再具有持續經營的能力。
- 評估綜合財務報表(包括資料披露)的整體列報、架構及內容，以及綜合財務報表是否已中肯反映及列報相關交易及事項。
- 就 貴集團內各實體或業務活動的財務資料獲得充足的審核憑證，以就綜合財務報表發表意見。吾等須負責指導、監督及執行集團的審核工作。吾等須為吾等的審核意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Lee Ming Wai
Practising Certificate no. P05682

Hong Kong, 25 March 2019

除其他事項外，吾等與審核委員會溝通了審核工作的計劃範圍、時間安排、重大審核發現等，包括吾等於審核期間識別出內部監控的任何重大缺陷溝通。

吾等亦向審核委員會提交聲明，說明吾等已遵守有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響吾等的獨立性的關係及其他事宜，以及在適用的情況下，相關的防範措施。

從與董事溝通的事項中，吾等決定哪些事項對本期綜合財務報表的審核工作最為重要，因而構成關鍵審核事項。吾等在核數師報告中描述這些事項，除非法律或法規不容許公開披露此等事項，或於極罕有的情況下，吾等認為披露此等事項可合理預期的不良後果將超越公眾知悉此等事項的利益，我們決定不應在報告中溝通該事項。

香港立信德豪會計師事務所有限公司
執業會計師
利明慧
執業證書編號：P05682

香港，二零一九年三月二十五日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Revenue	收入	7	23,354	27,617
Cost of sales	銷售成本		(19,098)	(21,495)
Gross profit	毛利		4,256	6,122
Other income	其他收入	8	277	560
Distribution and selling expenses	分銷及銷售開支		(132)	(136)
Administrative expenses	行政開支		(4,392)	(5,026)
Other operating expenses	其他經營開支		(181)	(346)
Impairment loss on goodwill	商譽之減值虧損	18	(563)	–
Impairment loss on property, plant and equipment	物業、廠房及設備 之減值虧損	17	(442)	–
Finance costs	財務成本	10	(3)	(14)
Other gains/(losses)	其他收益/(虧損)	9	113	(294)
(Loss)/Profit before income tax	所得稅前(虧損)/溢利	11	(1,067)	866
Income tax expense	所得稅開支	12	(23)	(306)
(Loss)/Profit for the year attributable to owners of the Company	本公司擁有人應佔本年度 (虧損)/溢利		(1,090)	560
Other comprehensive income Item that may be reclassified subsequently to profit or loss	其他全面收益 其後可能重新分類至損益 的項目			
Exchange difference arising from translation of overseas operations	換算海外業務產生的 匯兌差額		(923)	1,396
Other comprehensive income for the year	本年度其他全面收益		(923)	1,396
Total comprehensive income for the year	本年度全面收益總額		(2,013)	1,956
			US Cents 美仙	US Cents 美仙
(Loss)/Earnings per share	每股(虧損)/盈利	16		
– Basic	– 基本		(0.068)	0.035
– Diluted	– 攤薄		(0.068)	0.035

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2018
於二零一八年十二月三十一日

			2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
ASSETS AND LIABILITIES	資產及負債			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	8,136	9,001
Goodwill	商譽	18	-	563
Prepayments for acquisition of property, plant and equipment	收購物業、廠房及設備預付款項		2,060	954
Deferred tax assets	遞延稅項資產	25	213	122
			10,409	10,640
Current assets	流動資產			
Inventories	存貨	19	6,881	5,819
Trade and other receivables, deposits and prepayments	應收貿易及其他應收款項、按金及預付款項	20	4,240	7,022
Amount due from a fellow subsidiary	應收一間同系附屬公司款項	23	2	4
Tax prepaid	預付稅項		14	16
Cash and bank balances	現金及銀行結餘	21	4,305	5,573
			15,442	18,434
Current liabilities	流動負債			
Trade and other payables	應付貿易及其他應付款項	22	2,151	3,459
Amounts due to fellow subsidiaries	應付同系附屬公司款項	23	170	56
Bank borrowings	銀行借款	24	600	858
Tax payable	應付稅項		8	21
			2,929	4,394
Net current assets	流動資產淨值		12,513	14,040
Total assets less current liabilities/Net assets	總資產減流動負債/ 資產淨值		22,922	24,680
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	26	2,085	2,073
Reserves	儲備	27	20,837	22,607
Total equity	權益總額		22,922	24,680

On behalf of the directors

代表董事

Chow Kai Chiu, David
周啟超
Director
董事

Hong James Man-Fai
洪文輝
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		Share capital	Share premium*	Share option reserve* 購股權儲備*	Merger reserve*	Capital contribution*	Translation reserve*	Accumulated losses*	Total equity
		股本	股本溢價*	儲備*	合併儲備*	出資*	匯兌儲備*	累計虧損*	權益總額
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元
			note 27(a) 附註27(a)	note 27(b) 附註27(b)	note 27(c) 附註27(c)	note 27(d) 附註27(d)	note 27(e) 附註27(e)	note 27(f) 附註27(f)	
At 1 January 2017	於二零一七年一月一日	2,062	20,536	-	905	1,247	(1,026)	(1,504)	22,220
Profit for the year	本年度溢利	-	-	-	-	-	-	560	560
Other comprehensive income for the year	本年度其他全面收益								
- Exchange difference arising from translation of overseas operations	- 換算海外業務產生的匯兌差額	-	-	-	-	-	1,396	-	1,396
Total comprehensive income for the year	本年度全面收益總額	-	-	-	-	-	1,396	560	1,956
Vested share options forfeited (note 28)	沒收已歸屬的購股權(附註28)	-	-	(9)	-	-	-	9	-
Transactions with owner :	與擁有人交易 :								
Shares issued upon exercise of options granted by the Company (note 26(ii))	本公司授出的購股權獲行使而發行股份(附註26(ii))	11	248	(81)	-	-	-	-	178
Share-based payment expense of options granted by the Company in 2017 (note 28)	本公司於二零一七年授出的購股權的股份支付開支(附註28)	-	-	326	-	-	-	-	326
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	2,073	20,784	236	905	1,247	370	(935)	24,680
Loss for the year	本年度虧損	-	-	-	-	-	-	(1,090)	(1,090)
Other comprehensive income for the year	本年度其他全面收益								
- Exchange difference arising from translation of overseas operations	- 換算海外業務產生的匯兌差額	-	-	-	-	-	(923)	-	(923)
Total comprehensive income for the year	本年度全面收益總額	-	-	-	-	-	(923)	(1,090)	(2,013)
Vested share options forfeited (note 28)	沒收已歸屬的購股權(附註28)	-	-	(2)	-	-	-	2	-
Transactions with owner :	與擁有人交易 :								
Shares issued upon exercise of options granted by the Company (note 26(ii))	本公司授出的購股權獲行使而發行股份(附註26(ii))	12	283	(93)	-	-	-	-	202
Share-based payment expense of options granted by the Company in 2017 (note 28)	本公司於二零一七年授出的購股權的股份支付開支(附註28)	-	-	53	-	-	-	-	53
At 31 December 2018	於二零一八年十二月三十一日	2,085	21,067	194	905	1,247	(553)	(2,023)	22,922

* The total of these equity accounts at the end of the reporting period represents "Reserves" in the consolidated statement of financial position.

* 於報告期末此等權益賬的總額為綜合財務狀況表內的「儲備」。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Cash flow from operating activities	經營活動產生現金流量		
(Loss)/Profit before income tax	所得稅前(虧損)/溢利	(1,067)	866
Adjustments for:	就以下各項調整：		
Interest income	利息收入	(4)	(3)
Interest expenses	利息開支	3	14
Depreciation on property, plant and equipment	物業、廠房及設備折舊	1,692	1,614
Write down of inventories to net realisable value	存貨減值至可變現淨值	298	161
Write-off of property, plant and equipment	撇銷物業、廠房及設備	-	4
Impairment loss on goodwill	商譽之減值虧損	563	-
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	442	-
Share-based payment expense	股份支付開支	53	326
Exchange difference	匯兌差額	(145)	542
Operating profit before working capital changes	營運資金變動前經營利潤	1,835	3,524
Increase in inventories	存貨增加	(1,640)	(1,413)
Decrease/(Increase) in trade and other receivables, deposits and prepayments	應收貿易及其他應收款項、按金及預付款項減少/(增加)	2,686	(370)
Decrease/(Increase) in amount due from a fellow subsidiary	應收一間同系附屬公司款項減少/(增加)	2	(2)
Increase/(Decrease) in amounts due to fellow subsidiaries	應付同系附屬公司款項增加/(減少)	114	(4)
Decrease in trade and other payables	應付貿易及其他應付款項減少	(1,189)	(771)
Cash generated from operations	營運所得現金	1,808	964
Income tax paid	已付所得稅	(125)	(725)
Net cash from operating activities	經營活動所得現金淨額	1,683	239
Cash flow from investing activities	投資活動產生現金流量		
Interest received	已收利息	4	3
Purchase of property, plant and equipment	購買物業、廠房及設備	(2,845)	(1,901)
Net cash used in investing activities	投資活動所用現金淨額	(2,841)	(1,898)
Cash flows from financing activities	融資活動產生現金流量		
Interest paid	已付利息	(3)	(14)
Proceeds from bank borrowings (note 32)	銀行借款所得款項(附註32)	1,274	8,016
Repayment of bank borrowings (note 32)	償還銀行借款(附註32)	(1,532)	(12,158)
Proceeds from issue of shares upon exercise of the Company's share options (note 26(i) & (ii))	行使本公司購股權時發行股份所得款項(附註26(i)及(ii))	202	178
Net cash used in financing activities	融資活動所用現金淨額	(59)	(3,978)
Net decrease in cash and cash equivalents	現金及現金等值減少淨額	(1,217)	(5,637)
Cash and cash equivalents at beginning of year	年初現金及現金等值	5,573	11,170
Effect of foreign exchange rate change	匯率變動的影響	(51)	40
Cash and cash equivalents at end of year	年終現金及現金等值	4,305	5,573
Analysis of the balances of cash and cash equivalents	現金及現金等值結餘分析		
Cash and bank balances	現金及銀行結餘	4,305	5,573

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2018
截至2018年12月31日止年度

1. GENERAL INFORMATION

PFC Device Inc. (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 7 October 2016.

The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 1/F, Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in the manufacturing and sales of power discrete semiconductors (the "Semiconductor Business").

The Company's holding company is Lotus Atlantic Limited, a company incorporated in the British Virgin Islands ("BVI") and the directors of the Company consider its ultimate holding company is Shell Electric Holdings Limited ("Shell Electric"), a company incorporated in Bermuda.

Particulars of the Company's subsidiaries as at 31 December 2018 are as follows:

1. 一般資料

節能元件有限公司(「本公司」)於開曼群島註冊成立之獲豁免有限公司。本公司股份於二零一六年十月七日於香港聯合交易所有限公司(「聯交所」)GEM上市。

註冊辦事處地址為P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands。本公司的主要營業地點為香港柴灣利眾街12號蜆壳工業大廈1樓。

本集團包括本公司及其附屬公司，主要從事產銷離散式功率半導體業務(「半導體業務」)。

Lotus Atlantic Limited為本公司之控股公司，其為一間於英屬處女群島(「英屬處女群島」)註冊成立的公司，本公司董事認為其最終控股公司為蜆壳電器控股有限公司(「蜆壳電器」)，其為一間於百慕達註冊成立的公司。

於二零一八年十二月三十一日，本公司附屬公司的詳情如下：

Name of subsidiaries 附屬公司名稱	Place of incorporation/ operation 註冊成立地點/ 經營地點	Issued and paid up capital 已發行及繳足股本	Effective interest held by the Company 本公司所持實際權益		Principal activities 主要業務
			Directly 直接	Indirectly 間接	
PFC Device Holdings Limited ("PFC Device Holdings") 節能元件控股有限公司 (「節能元件控股」)	BVI/Hong Kong 英屬處女群島/香港	12,656,153 preference shares of United States Dollars ("US\$")13,222,820 12,656,153股優先股總面值 為13,222,820美元(「美元」)	100%	-	Investment and trade-mark holding 投資控股及持有商標
		658,255 common shares of US\$658,255 658,255股普通股總面 值為658,255美元			
PFC Device Corporation (note (i)) PFC Device Corporation (附註(i))	BVI/Taiwan 英屬處女群島/台灣	4,956,153 preference shares of US\$5,522,820 4,956,153股優先股總面 值為5,522,820美元	-	100%	Research and development and sales of power discrete semiconductors 研發及銷售離散式功率 半導體
		105,000 common shares of US\$105,000 105,000股普通股總面 值為105,000美元			
PFC Device (HK) Limited 節能元件(香港)有限公司	Hong Kong 香港	Hong Kong dollars ("HK\$")1 1港元(「港元」)	-	100%	Sales of power discrete semiconductors 銷售離散式功率半導體
Guangdong PFC Device Limited ("PFC Device (GD)") (note (ii)) 廣東普福斯節能元件有限公司 (「廣東普福斯」) (附註(ii))	The People's Republic of China ("PRC") 中華人民共和國 (「中國」)	US\$13,000,000 13,000,000美元	-	100%	Manufacturing and sales of power discrete semiconductors 製造及銷售離散式 功率半導體

For the year ended 31 December 2018
截至2018年12月31日止年度

1. GENERAL INFORMATION (Continued)

Notes:

- (i) PFC Device Corporation has set up a branch in Taiwan which is principally engaged in research and development, sales and marketing of the Group's products.
- (ii) PFC Device (GD) was established in the PRC as a wholly-foreign-owned enterprise and has set up a branch in the PRC for provision of sales support services.

The financial statements for the year ended 31 December 2018 were approved and authorised for issue by the directors of the Company on 25 March 2019.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The financial statements have been prepared under the historical cost basis.

The financial statements are presented in US\$, which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates and assumptions are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates and assumptions are significant to the financial statements, are disclosed in note 5.

1. 一般資料(續)

附註：

- (i) PFC Device Corporation在臺灣設立了一家分公司，主要從事本集團產品的研發，銷售和營銷。
- (ii) 廣東普福斯在中國成立為外商獨資企業，並在中國設立了分支機構以提供銷售支持服務。

截至二零一八年十二月三十一日止年度之財務報表已於二零一九年三月二十五日獲本公司董事批准及授權刊發。

2. 編製基準

本財務報表已按照香港會計師公會(「香港會計師公會」)頒佈的所有適用香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋(下文統稱為「香港財務報告準則」)以及香港公司條例之披露規定而編製。此外，財務報表亦載列聯交所GEM證券上市規則所規定之適用披露事項。

本財務報表已按歷史成本的基準編製。

本財務報表以本公司之功能貨幣美元呈列，除另有指明外，所有價值均四捨五入至最接近之千美元。

務請注意，在編製該等財務報表時已使用會計估計及假設。儘管該等估計及假設是基於管理層對現有事項及行為之最佳認知及判斷而作出，但實際結果最終可能與該等估計及假設存在差異。有關範圍涉及較高程度判斷或複雜性，或對賬目而言屬重大範疇之假設及估計，於附註5披露。

For the year ended 31 December 2018

截至2018年12月31日止年度

3. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or revised HKFRSs – effective 1 January 2018

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

HKFRS 9 Financial Instruments (“HKFRS 9”)

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (i) classification and measurement; (ii) impairment and (iii) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

3. 採納新訂或經修訂香港財務報告準則

(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效

於本年度，本集團首次應用由下列香港會計師公會頒佈的新增準則、修訂及詮釋，該等規定與二零一八年一月一日開始之年度期間的本集團財務報表相關並對其生效：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收入
香港財務報告準則第15號之修訂	客戶合約收入(香港財務報告準則第15號之澄清)
香港財務報告準則第2號之修訂	以股份支付之交易之分類及計量
香港(國際財務報告詮釋委員會)—詮釋第22號	外幣交易及預付代價

香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)

(i) 金融工具之分類及計量

香港財務報告準則第9號就二零一八年一月一日或之後開始之年度期間取代香港會計準則第39號 *金融工具：確認及計量*，並匯集金融工具會計之全部三方面：(i) 分類及計量；(ii) 減值及(iii) 對沖會計。自二零一八年一月一日起採納香港財務報告準則第9號已引致本集團之會計政策及於綜合財務報表確認之金額出現變動。

For the year ended 31 December 2018

截至2018年12月31日止年度

3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(i) Classification and measurement of financial instruments (Continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group’s accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group’s classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial assets not at fair value through profit or loss (“FVTPL”), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost; (ii) financial assets at fair value through other comprehensive income (“FVOCI”); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed; and (ii) its contractual cash flow characteristics (the “solely payments of principal and interest” criterion, also known as “SPPI criterion”). Under HKFRS 9, embedded derivatives are no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

3. 採納新訂或經修訂香港財務報告準則(續)

(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效(續)

香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)(續)

(i) 金融工具之分類及計量(續)

香港財務報告準則第9號遵照香港會計準則第39號項下金融負債的確認、分類及計量規定，惟指定按公平值計入損益的金融負債除外，其信貸風險變動引致的公平值變動金額於其他全面收益確認，除非會產生或擴大會計錯配風險則作別論。此外，香港財務報告準則第9號保留香港會計準則第39號終止確認金融資產及金融負債的規定。然而，其取消過往香港會計準則第39號有關持有至到期金融資產、貸款及應收款項及可供出售金融資產的分類類別。採納香港財務報告準則第9號對本集團有關金融負債及衍生金融工具之會計政策並無重大影響。香港財務報告準則第9號對本集團金融資產分類及計量之影響載列如下。

根據香港財務報告準則第9號，除特定應收貿易款項(應收貿易款項不包括根據香港財務報告準則第15號之重大融資部份)外，實體於首次確認時須按公平值加上(倘為並非按公平值計入損益(「按公平值計入損益」)的金融資產)交易成本計量金融資產。金融資產分類為：(i)按攤銷成本計量之金融資產；(ii)按公平值計入其他全面收益(「按公平值計入其他全面收益」)之金融資產；或(iii)按公平值計入損益(定義見上文)。根據香港財務報告準則第9號分類金融資產一般基於兩個標準：(i)管理金融資產之業務模式及(ii)其合約現金流量特徵(「僅為本金及利息付款」標準，亦稱為「SPPI標準」)。根據香港財務報告準則第9號，嵌入式衍生工具不再需要與主體金融資產分拆。相反，混合式金融工具按整體進行分類評估。

For the year ended 31 December 2018

截至2018年12月31日止年度

3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(i) Classification and measurement of financial instruments (Continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On the initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3. 採納新訂或經修訂香港財務報告準則(續)

(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效(續)

香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)(續)

(i) 金融工具之分類及計量(續)

倘金融資產同時符合以下條件，且並無被指定為按公平值計入損益，則該金融資產按攤銷成本計量：

- 於目的為持有金融資產以收取合約現金流量之業務模式中持有；及
- 該金融資產之合約條款規定於特定日期產生符合SPPI標準的現金流量。

倘債務投資同時符合以下條件，且並無被指定為按公平值計入損益，則該債務投資按公平值計入其他全面收益之方式計量：

- 於透過同時收取合約現金流量及出售金融資產達致目的之業務模式中持有；及
- 該金融資產之合約條款規定於特定日期產生符合SPPI標準之現金流量。

首次確認並非持作買賣之權益工具時，本集團可不可撤銷地選擇透過其他全面收益呈列該投資之其後公平值變動。此選擇乃根據個別投資之情況作出。並非如上文所述般分類為按攤銷成本計量或按公平值計入其他全面收益之所有其他金融資產分類為按公平值計入損益。此包括所有衍生金融資產。首次確認時，本集團可不可撤銷地指定於其他方面符合按攤銷成本計量或按公平值計入其他全面收益之金融資產為按公平值計入損益，前提是該方式可消除或大幅減少會計錯配發生。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)**(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)****HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)****(i) Classification and measurement of financial instruments (Continued)**

The Group's financial assets as at 1 January 2018 composed of trade and other receivables, deposits, amount due from a fellow subsidiary and cash and bank balances, which were previously classified as loans and receivables and measured at amortised cost under HKAS 39. These financial assets meet the “SPPI criterion” and it is the Group's business model to hold these financial assets to collect their contractual cash flows. Accordingly, they are classified as financial assets at amortised cost and will continue to be subsequently measured at amortised cost upon the adoption of HKFRS 9.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 January 2018 under HKAS 39 根據香港會計準則第39號 於二零一八年一月一日 之賬面值 US\$'000 千美元	Carrying amount as at 1 January 2018 under HKFRS 9 根據香港財務報告準則第9號 於二零一八年一月一日 之賬面值 US\$'000 千美元
Trade and other receivables and deposits 應收貿易及其他應收款項及按金	Loans and receivables 貸款及應收款項	Financial assets at amortised cost 按攤銷成本計量之金融資產	6,247	6,247
Amount due from a fellow subsidiary 應收一間同系附屬公司款項	Loans and receivables 貸款及應收款項	Financial assets at amortised cost 按攤銷成本計量之金融資產	4	4
Cash and bank balances 現金及銀行結餘	Loans and receivables 貸款及應收款項	Financial assets at amortised cost 按攤銷成本計量之金融資產	5,573	5,573

3. 採納新訂或經修訂香港財務報告準則(續)**(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效(續)****香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)(續)****(i) 金融工具之分類及計量(續)**

本集團於二零一八年一月一日之金融資產包括應收貿易及其他應收款項、按金、應收一間同系附屬公司款項以及現金及銀行結餘，過去乃根據香港會計準則第39號分類為貸款及應收款項以及按攤銷成本計量。此等金融資產符合「SPPI標準」而本集團之業務模式是持有此等金融資產以收取其合約現金流量。因此，有關資產乃分類為按攤銷成本計量之金融資產並將於採納香港財務報告準則第9號後在其後繼續按攤銷成本計量。

下表概列本集團各級金融資產於二零一八年一月一日根據香港會計準則第39號之原有計量類別以及根據香港財務報告準則第9號之新計量類別：

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)**(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)****HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)****(ii) Impairment of financial assets**

The adoption of HKFRS 9 has changed the Group’s impairment model by replacing the HKAS 39 “incurred loss model” to the “expected credit losses (“ECL”) model”. HKFRS 9 requires the Group to recognise loss allowance for ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39. Cash and bank balances are also subject to ECL model but the impairment is immaterial for the current period as the counterparties are reputable banks.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (i) 12-month ECL, these are the ECL that result from possible default events within the 12 months after the reporting date; and (ii) lifetime ECL. (these are ECL that result from all possible default events over the expected life of a financial instrument).

Measurement of ECL

ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group measures loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

3. 採納新訂或經修訂香港財務報告準則(續)**(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效(續)**

香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)(續)

(ii) 金融資產的減值

採納香港財務報告準則第9號更改了本集團的減值模式，將由香港會計準則第39號「已產生虧損模式」更改為「預期信貸虧損(「預期信貸虧損」)模式」。香港財務報告準則第9號規定本集團以較香港會計準則第39號為先就應收貿易款項及按攤銷成本計量的金融資產的預期信貸虧損確認虧損撥備。現金及銀行結餘須受預期信貸虧損模式所限，惟本期間的減值並不重大，原因為交易對方是享譽銀行。

根據香港財務報告準則第9號，虧損撥備按以下其中一項基準計量：(i)12個月預期信貸虧損(其為於報告日期後12個月內發生的潛在違約事件導致的預期信貸虧損；及(ii)全期預期信貸虧損：此乃於金融工具預計年期內所有可能的違約事件產生的預期信貸虧損(此乃於金融工具預計年期內所有可能的違約事件產生的預期信貸虧損)。

預期信貸虧損的計量

預期信貸虧損乃基於根據合約應付的合約現金流量與本集團預期收取的所有現金流量之間的差額。該差額其後按資產原有實際利率相近的差額貼現。

本集團已採納香港財務報告準則第9號簡化法計量應收貿易賬款的虧損撥備，並根據全期預期信貸虧損計算預期信貸虧損。本集團已設立根據本集團過往信貸虧損經驗計算的撥備矩陣，並按債務人特定的前瞻性因素及經濟環境作出調整。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)**(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)****HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)****(ii) Impairment of financial assets (Continued)****Measurement of ECL (Continued)**

For other debt financial assets, the ECL are based on the 12-month ECL. The 12-month ECL is the portion of the lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise. The Group considers a financial asset to be in default when: (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECL

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

3. 採納新訂或經修訂香港財務報告準則(續)**(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效(續)****香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)(續)****(ii) 金融資產的減值(續)****預期信貸虧損的計量(續)**

就其他債務金融資產而言，預期信貸虧損以12個月的預期信貸虧損而釐定。12個月的預期信貸虧損為全期預期信貸虧損的一部份，其源自可能在報告期末後的12個月內發生的金融工具違約事件。然而，自初始確認以來信貸風險顯著增加時，虧損撥備將以全期預期信貸虧損為基準。當釐定金融資產的信貸風險是否自首次確認後大幅增加，並於估計預期信貸虧損時，本集團考慮到相關及毋須付出過多成本或努力後即可獲得的合理及可靠資料。此包括根據本集團的過往經驗及已知信貸評估得出定量及定性之資料及分析，並包括前瞻性資料。

本集團假設，金融資產倘逾期超過30天則信貸風險會大幅增加，除非本集團有合理及可靠的資料顯示情況並非如此。本集團認為金融資產於下列情況下為違約：(i) 借款人不可能在本集團無追索權(例如：變現擔保)(如持有)下向本集團悉數支付其信貸義務；或(ii) 該金融資產逾期超過90日，除非本集團有合理及可靠的資料證明更為滯後的違約標準更適用。

於估計預期信貸虧損時所考慮的最長期間為本集團面對信貸風險的最長合約期間。

預期信貸虧損的呈列

以攤銷成本計量的金融資產的虧損撥備從資產的賬面總額中扣除。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

HKFRS 9 Financial Instruments (“HKFRS 9”) (Continued)

(ii) Impairment of financial assets (Continued)

Impact of the ECL model

As mentioned above, the Group applies the simplified approach to measure ECL which recognises lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. In addition, the Group applies the 12-month ECL for other financial assets at amortised cost including other receivables, deposits and amount due from a fellow subsidiary. No additional impairment for these receivables as at 1 January 2018 and during the year ended 31 December 2018 is recognised as the amount of additional impairment measured under ECL model is insignificant.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECL requirement, if any, are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the consolidated statement of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9, if any, are recognised in accumulated losses and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39 and thus, certain comparative information may not be comparable to the current period.

The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9. If an investment in a debt investment had low credit risk at the date of initial application, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

3. 採納新訂或經修訂香港財務報告準則(續)

(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效(續)

香港財務報告準則第9號金融工具(「香港財務報告準則第9號」)(續)

(ii) 金融資產的減值(續)

預期信貸虧損模式的影響

誠如上文所述，本集團應用簡化法計量預期信貸虧損，其對所有應收貿易款項確認全期預期信貸虧損。此外，本集團就其他按攤銷成本計量之金融資產(包括其他應收款項、按金及應收一間同系附屬公司款項)應用12個月預期信貸虧損。於二零一八年一月一日及於截至二零一八年十二月三十一日止年度內並無對此等應收款項確認額外減值，原因為根據預期信貸虧損模式計量之額外減值之金額並非重大。

(iii) 過渡安排

本集團已應用香港財務報告準則第9號的過渡性條文，以使香港財務報告準則第9號全面獲採納而毋須重列可資比較資料。因此，新預期信貸虧損規定產生的重新分類及調整(如有)並無於二零一七年十二月三十一日的綜合財務狀況表中反映，惟於二零一八年一月一日的綜合財務狀況表中確認。其指於二零一八年一月一日採納香港財務報告準則第9號確認累計虧損及儲備產生的金融資產與金融負債的賬面金額的差異(如有)。因此，就二零一七年呈列的資料並不反映香港財務報告準則第9號的規定，惟反映香港會計準則第39號的規定，因此若干比較資料可能無法與本期間比較。

持有金融資產之業務模式是根據香港財務報告準則第9號首次應用日期存在的事實及情況而釐定。倘若債務投資在首次應用日期具有較低的信貸風險，則本集團假設資產的信貸風險自其首次確認以來並未顯著增加。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)**(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)****HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”)**

HKFRS 15 supersedes HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

(i) Timing of revenue recognition

Previously, revenue arising from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- When the customer simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;
- When the entity’s performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- When the entity’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity’s activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

3. 採納新訂或經修訂香港財務報告準則(續)**(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效(續)**

香港財務報告準則第15號客戶合約收入(「香港財務報告準則第15號」)

香港財務報告準則第15號取代香港會計準則第11號*建築合約*、香港會計準則第18號*收入*及相關詮釋。香港財務報告準則第15號已建立一個五步模式，以計算客戶合約收入。根據香港財務報告準則第15號，收入確認的金額乃反映實體預期獲得以換取向顧客轉移商品或服務。

(i) 收入確認之時間

先前，銷售貨品產生的收入通常在貨品擁有權風險及回報轉移至客戶之時間點確認。根據香港財務報告準則第15號，收入於客戶獲得合約中所承諾之商品或服務之控制權時確認。其可能於某個時間點或於一段時間。香港財務報告準則第15號確定了承諾商品或服務之控制權被視為隨時間轉移的下列三種情況：

- 當客戶同時取得及消耗實體履約所提供之利益時；
- 實體之履約行為創造或改良了客戶在資產被創造或改良時已控制的資產(如在建工程)；
- 實體之履約行為並未創造一項可被實體用於替代用途之資產，且實體具有就迄今為止已完成之履約部份獲得客戶付款之可執行權利。

倘合約條款及實體之活動並不屬於上述三種情況下的任何情況，則根據香港財務報告準則第15號，實體於某一時間點(即控制權轉移時)就銷售該商品或服務確認收入。擁有權風險及回報之轉移僅為釐定控制權轉移發生時考慮的其中一項指標。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)

3. 採納新訂或經修訂香港財務報告準則(續)

(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)

(a) 採納新訂或經修訂香港財務報告準則—由二零一八年一月一日起生效(續)

HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”) (Continued)

香港財務報告準則第15號客戶合約收入(「香港財務報告準則第15號」)(續)

(i) Timing of revenue recognition (Continued)

(i) 收入確認之時間(續)

The Group’s contracts with customers for the sales of power discrete semiconductors generally include one performance obligation, which is satisfied at a point of time when goods are delivered to and accepted by customers. The adoption of HKFRS 15 does not have a significant impact on the timing and amounts of revenue recognised by the Group from sale of power discrete semiconductors.

本集團與客戶有關銷售離散式功率半導體的合約一般包括一項履約責任，該責任於貨品交付予客戶及獲接納的時間點達成。採納香港財務報告準則第15號對本集團確認離散式功率半導體銷售收益的時間點及金額並無重大影響。

(ii) Presentation and disclosure requirements

(ii) 呈列及披露規定

As required for the consolidated financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has also disclosed information about the relationship between the disclosures of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note 5 for the disclosure on disaggregated revenue.

按照綜合財務報表規定，本集團將已確認客戶合約收入分拆為不同類別，有關類別描述經濟因素如何影響收入及現金流量之性質、金額、時間及不確定性。本集團亦已披露經分拆收入披露與就各報告分部披露之收入資料兩者之間關係的資料。有關經分拆收入之披露，請參閱附註5。

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

香港財務報告準則第15號之修訂—客戶合約收入(香港財務報告準則第15號之澄清)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

香港財務報告準則第15號之修訂包括澄清履約責任之識別；應用委託人相對代理人之情況；知識產權許可；及過渡規定。

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

由於本集團過往並無採納香港財務報告準則第15號並於本年(其第一年)應用其澄清，故採納該等修訂對此等財務報表並無影響。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)**(a) Adoption of new or revised HKFRSs – effective 1 January 2018 (Continued)****Amendments to HKFRS 2 Classification and Measurement of Share-based Payment Transactions**

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

HK(IFRIC)-Int 22 Foreign Currency Transactions and Advance Consideration

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of HK(IFRIC)-Int 22 does not have any material impact on the consolidated statement of financial position and the financial results of the Group.

3. 採納新訂或經修訂香港財務報告準則(續)**(a) 採納新訂或經修訂香港財務報告準則 – 由二零一八年一月一日起生效(續)**

香港財務報告準則第2號之修訂以股份支付之交易之分類及計量

有關修訂規定歸屬及非歸屬條件對以現金結算以股份支付計量的會計處理；預扣稅責任具有淨額結算特徵的以股份支付之交易；以及交易類別由現金結算變更為權益結算之以股份支付之條款及條件的修訂。

由於本集團並無任何現金結算以股份支付之交易及並無就預扣稅進行具淨額結算特徵之以股份支付之交易，故採納該等修訂對此等財務報表並無影響。

香港(國際財務報告詮釋委員會) – 詮釋第22號外幣交易及預付代價

該等詮釋就以下事項提供指引，即如何為釐定用於涉及以外幣支付或收取預付代價的交易的匯率而釐定交易日期，以及如何確認非貨幣資產或非貨幣負債。該等詮釋指出，釐定首次確認相關資產、開支或收入(或當中部份)所使用之匯率之交易日期為實體首次確支付或收取預付代價產生的非貨幣資產或非貨幣負債之日。

採納香港(國際財務報告詮釋委員會) – 詮釋第22號對本集團之綜合財務狀況表及財務業績並無任何重大影響。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)**(b) New or revised HKFRSs that have been issued but are not yet effective**

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ³
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3 Business Combinations; HKFRS 11 Joint Arrangements; HKAS 12 Income Taxes; and HKAS 23 Borrowing Costs ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after 1 January 2020

⁴ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred or removed. Early application of the amendments continues to be permitted

3. 採納新訂或經修訂香港財務報告準則(續)**(b) 已頒佈但尚未生效的新訂或經修訂香港財務報告準則**

以下新訂或經修訂香港財務報告準則可能與本集團財務報表有關，乃已頒佈但未生效，及未獲本集團提早採納。本集團目前計劃於有關變動之生效日期應用有關變動。

香港財務報告準則第16號	租賃 ¹
香港(國際財務報告詮釋委員會)–詮釋第23號	所得稅處理之不確定性 ¹
香港財務報告準則第9號之修訂	負值補償之預付特點 ¹
香港財務報告準則第3號之修訂	業務之定義 ²
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴
香港會計準則第1號及香港會計準則8號之修訂	重要性之定義 ³
香港財務報告準則之年度改進(二零一五年至二零一七年週期)	香港財務報告準則第3號業務合併; 香港財務報告準則第11號合營安排; 香港會計準則第12號所得稅; 及香港會計準則第23號借貸成本之修訂 ¹

¹ 於二零一九年一月一日或其後開始之年度期間生效

² 對收購日期為於二零二零年一月一日或之後開始之首個年度期間開始時或之後之業務合併生效

³ 於二零二零年一月一日或其後開始之年度期間生效

⁴ 修訂原定於二零一六年一月一日或其後開始之期間生效。生效日期現已延後或取消。繼續允許提早應用修訂

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)**(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)**

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The directors are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. Those new or reviewed HKFRSs that may have a material impact on the Group's financial statements are set out below.

HKFRS 16 Leases ("HKFRS 16")

HKFRS 16, which upon the effective date will supersede HKAS 17 *Leases* and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

3. 採納新訂或經修訂香港財務報告準則(續)**(b) 已頒佈但尚未生效的新訂或經修訂香港財務報告準則(續)**

董事預期，本集團將於有關規定生效日期後之首個期間在會計政策中採納所有有關規定。董事現正評估此等新訂立或經修訂準則於首次應用年度對本集團業務及財務狀況可能造成之影響。可能對本集團財務報表造成重大影響之新訂立或經修訂香港財務報告準則載列如下。

香港財務報告準則第16號租賃(「香港財務報告準則第16號」)

香港財務報告準則第16號於生效日期將取代香港會計準則第17號*租賃*及相關詮釋，引入單一承租人會計模式，並規定承租人承認所有超過12個月之租賃資產及負債，除非相關資產為低價值。具體來說，根據香港財務報告準則第16號，承租人須確認使用權資產，即代表其使用相關租賃資產的權利，以及代表租賃付款義務的租賃負債。因此，承租人應確認租賃負債的使用權資產和利息的折舊，並將租賃負債的現金償還分為本金部分和利息部分，並在現金流量表中列報。此外，使用權資產和租賃負債按照現值計量。計量包括不可撤銷的租賃付款，並且還包括在承租人合理地確定行使延長租賃期權或不行使終止租賃權的期權時在任意期間進行的付款。這種會計處理方法與根據先前標準(香港會計準則第17號)歸類為經營租賃的租賃的承租人甚為不同。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)

(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)

HKFRS 16 Leases (“HKFRS 16”) (Continued)

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach with the cumulative effect of initial application recognised on 1 January 2019 and will not restate comparative amounts for the year prior to first adoption. The lease liabilities of leases previously classified as operating leases will be recognised on the date of initial application at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate at the date of initial application. The right-of-use assets will be measured on the date of initial application at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position immediately before the date of initial application.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of approximately US\$345,000 as disclosed in note 30. The Group expects to recognise a right-of-use asset of approximately US\$295,000 and a corresponding liability of approximately US\$329,000 (after adjustments for prepayment and accrued lease payment recognised as at 31 December 2018) on 1 January 2019 in respect of all these leases.

On initial application of HKFRS 16, overall net assets will decrease by approximately US\$34,000 and net current assets will decrease by approximately US\$329,000 due to the presentation of the lease liabilities as current liabilities.

3. 採納新訂或經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效的新訂或經修訂香港財務報告準則(續)

香港財務報告準則第16號租賃(「香港財務報告準則第16號」)(續)

就出租人會計而言，香港財務報告準則第16號實質上沿用香港會計準則第17號中的出租人會計規定。因此，出租人繼續將其租賃分類為經營租賃或融資租賃，並對這兩種類型的租賃作出不同的解釋。

本集團將自二零一九年一月一日此強制採納日期起應用該準則。本集團擬採用簡化過渡法，並於二零一九年一月一日確認首次應用的累計影響，並不會重列首次採納前之年度的比較金額。先前分類為經營租賃的租賃之租賃負債將於首次應用日期按剩餘租賃付款的現值確認，並使用本集團於首次應用日期的增量借款利率進行貼現。使用權資產將於首次應用日期按與租賃負債相等的金額計量，並按緊接在首次應用日期前於財務狀況表中確認的與該等租賃相關的任何預付或應計租賃付款金額進行調整。

於二零一八年十二月三十一日，本集團有不可撤銷經營租賃承擔約345,000美元(如附註30所披露)。本集團預期於二零一九年一月一日將確認使用權資產約295,000美元及有關所有該等租賃的相應負債約329,000美元(就於二零一八年十二月三十一日已確認之預付款項及應計租賃付款作出調整後)。

於首次應用香港財務報告準則第16號時，由於將租賃負債列為流動負債，整體資產淨值將減少約34,000美元，而流動資產淨值將減少約329,000美元。

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3. ADOPTION OF NEW OR REVISED HKFRSs (Continued)**(b) New or revised HKFRSs that have been issued but are not yet effective (Continued)****HKFRS 16 Leases (“HKFRS 16”) (Continued)**

The Group expects that net profit will increase by approximately US\$6,000 for the year ending 31 December 2019 as a result of adopting HKFRS 16. Operating cash flows will increase and financing cash flows will decrease by approximately US\$345,000 as repayment of the principal portion of the lease liabilities will be classified as cash flows used in financing activities.

Except for the above, other new or revised HKFRSs that have been issued but are not yet effective are unlikely to have material impact on the Group's results and financial position upon application.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (see 4.2 below). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

3. 採納新訂或經修訂香港財務報告準則(續)**(b) 已頒佈但尚未生效的新訂或經修訂香港財務報告準則(續)**

香港財務報告準則第16號租賃(「香港財務報告準則第16號」)(續)

由於採納香港財務報告準則第16號，本集團預期截至二零一九年十二月三十一日止年度純利將增加約6,000美元。經營現金流量將增加及融資現金流量將減少約345,000美元，原因為租賃負債的本金部分之償還將分類為融資活動中使用的現金流量。

除上述者外，已頒佈但尚未生效的其他新訂或經修訂香港財務報告準則不大可能在應用時對本集團的業績及財務狀況產生重大影響。

4. 重大會計政策

編製該等財務報表所採納之主要會計政策概述如下。除非另有指明，否則該等政策已於所有呈報年度貫徹使用。

4.1 業務合併及合併賬目基準

綜合財務報表包括本公司及其附屬公司(見下文附註4.2)的財務報表。集團公司之間所進行的公司間交易及結餘連同未變現溢利於編製綜合財務報表時全數抵銷。未變現虧損亦會予以抵銷，惟有關交易可提供有關已轉移資產減值的證據則除外，於該情況下，虧損將於損益確認。

年內購入或售出的附屬公司業績按自有關收購日期起或截至出售日期止(視適用情況而定)計入綜合收益表內。倘需要，則會對該等附屬公司的財務報表作出調整，令致其會計政策與本集團其他成員公司所用的會計政策相符一致。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Business combination and basis of consolidation (Continued)

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments, in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to the fair value of the contingent consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Goodwill arising on business combination is measured according to the policy in note 4.3.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4. 重大會計政策(續)

4.1 業務合併及合併賬目基準(續)

收購附屬公司或業務採用收購法入賬。收購成本按本集團所轉讓資產、所產生負債以及所發行以換取被收購方之控制權之股本權益於收購日期之公平價值總額計算。收購之可識別資產及承擔負債主要按於收購日之公平價值計算。倘若逐步達致業務合併，則本集團以往持有被收購方之股本權益按收購日之公平價值重新計算，並將因此而產生之收益或虧損於損益確認。本集團可按每宗交易為基準選擇按公平價值或按應佔被收購方之可識別淨資產之比例計量非控股權益(代表現時於附屬公司擁有之權益者)。除非香港財務報告準則規定進行另一種計量外，否則所有其他非控股權益乃按公平價值計量。收購產生之有關成本，乃列作支出，除非其於發行權益工具時產生則另作別論，在該情況下，成本乃從股本中扣除。

由收購方將予轉讓之任何或然代價按收購日之公平價值確認。其後或然代價公平價值之調整於商譽中確認，但僅以於計量期間內(最長由收購日起計12個月)獲取有關收購日之公平價值之新資訊而產生者為限。其後分類為資產或負債之或然代價之所有其他調整於損益確認。

因業務合併而產生之商譽，乃根據附註4.3所載的政策計量。

本集團在附屬公司的權益變動如不導致失去控制權，則按權益交易方式入賬。本集團之權益及非控股權益之賬面值均獲調整，以反映彼等於附屬公司之相對權益之變動。非控股權益數額之調整與已付或已收代價公平價值之間之任何差額，乃直接於權益確認，並歸屬本公司擁有人。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.1 Business combination and basis of consolidation (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present:

- power over the investee;
- exposure, or rights, to variable returns from the investee; and
- the ability to use its power to affect those variable returns.

Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

4. 重大會計政策(續)

4.1 業務合併及合併賬目基準(續)

當本集團失去對附屬公司之控制權時，出售之溢利或虧損以下列兩者之差額計算：(i)已收代價公平價值及任何保留權益公平價值的總額與(ii)該附屬公司之資產(包括商譽)及負債的之前賬面值及任何非控股權益。之前就附屬公司而於其他全面收益確認之款項按假定出售相關資產或負債時規定之相同方式入賬。

收購後，非控股權益之賬面值相當於在附屬公司之現有所有權權益，該等權益乃隨股權變動初步確認時之款額另加該非控股權益於其後變動所佔之權益。全面收益總額乃歸屬該等非控股權益，即使導致該等非控股權益出現虧絀結餘。

4.2 附屬公司

附屬公司為本公司可行使控制權的被投資方。如符名以下全部三項條件，即本公司控制該被投資方：

- 擁有對投資公司的權力；
- 承擔或享有來自被投資公司的可變回報的風險或權利；及
- 能夠行使其權力以影響該等可變回報。

若有任何事實及情況顯示任何該等控制權元素可能有所改變，控制權將會被重新評估。

於附屬公司之投資在本公司財務狀況表內按成本減減值虧損(如有)列賬。本公司乃按已收及應收股息將附屬公司之業績入賬。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Goodwill

Goodwill arising from the acquisition of subsidiaries, associates and joint ventures represents the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities as at the date of acquisition.

Goodwill arising on acquisition is initially recognised in the consolidated statement of financial position as an asset at cost and subsequently measured at cost less any accumulated impairment losses. In case of associates and joint ventures, goodwill is included in the carrying amount of the interests in associates and joint ventures, respectively, rather than recognised as a separate asset on the consolidated statement of financial position.

Goodwill is reviewed for impairment at the end of each reporting period or more frequently if events or changes in circumstances indicate that the carrying value of goodwill may be impaired (note 4.15). On the subsequent disposal of a subsidiary, associate or joint venture, the carrying amount of goodwill relating to the entity sold is included in determining the amount of gain or loss on disposal.

4.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. 重大會計政策(續)

4.3 商譽

收購附屬公司、聯營公司及合營企業產生的商譽指所轉移代價、就非控股權益所確認的金額及本集團過往持有被收購方股本權益的任何公平值的總額，超出本集團於收購日期在所收購可識別資產及所承擔負債(包括或然負債)的公平值的權益。

收購所產生之商譽初期會於綜合財務狀況表內以成本確認為一項資產，其後按成本扣除任何累計減值虧損計算。若為聯營公司及合營企業，商譽會分別計入於聯營公司及合營企業之權益的賬面值，而並非於綜合財務狀況表內確認為一項獨立資產。

商譽會於各報告期間結算日進行減值審閱，或如出現事件或情況變動顯示商譽之賬面值可能出現減值，則會更頻密地進行減值審閱(附註4.15)。當其後出售一間附屬公司、聯營公司或合營企業時，釐定出售收益或虧損金額時會包括有關出售之實體的商譽賬面值。

4.4 物業、廠房及設備

物業、廠房及設備按成本減累計折舊及累計減值虧損(如有)入賬。

物業、廠房及設備的成本包括其購入價及收購該等項目直接應佔的成本。

後續支出僅會在與項目有關之未來經濟利益很可能會流向本集團，而該項目的成本能可靠地計量之情況下，方會適當地計入資產之賬面值或確認為一項獨立資產。所有其他維修及保養費用均於發生之財務期間於綜合全面收益表列作開支。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.4 Property, plant and equipment (Continued)

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Furniture and fixtures	3–10 years
Office equipment	3–5 years
Moulds, tools and machineries	3–10 years
Leasehold improvements	3–8 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount (note 4.15).

The gain or loss on the disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4.5 Intangible assets (Other than goodwill)

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. After initial recognition, intangible assets with finite useful lives are amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are not amortised but reviewed for impairment at least annually (note 4.15) either individually or at cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

4. 重大會計政策(續)

4.4 物業、廠房及設備(續)

物業、廠房及設備以直線法計提折舊，以在估計可使用年內撇銷其成本(經扣除預期剩餘價值)。可使用年期、剩餘價值及折舊方法於各報告期末檢討，並於適當情況下作出調整。可使用年期如下：

傢俬及裝置	3–10年
辦公室設備	3–5年
機器、模具及工具	3–10年
租賃物業裝修	3–8年

倘資產的賬面值高於其估計可收回金額，則資產會即時撇減至其可收回金額(附註4.15)。

出售物業、廠房及設備項目的收益或虧損，即出售所得款項淨額與其賬面值之間的差額，並於出售時於損益內確認。

4.5 無形資產(商譽除外)

(i) 獲收購的無形資產

獨立收購的無形資產初始按成本確認。於業務合併中所收購無形資產的成本為於收購當日的公平值。於初始確認後，具有固定可使用年期的無形資產在可使用經濟年內攤銷，並且在有跡象顯示無形資產可能出現減值時評估減值。無固定可使用年期的無形資產不予攤銷，惟至少每年個別或在現金產生單位層面進行減值檢討(附註4.15)。無固定可使用年期的無形資產的可使用年期於每年作檢討，以釐定無固定可使用年期評估是否繼續成立。倘不成立，則可使用年期評估從不固定改為固定之變動按預期法計算。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Intangible assets (Other than goodwill) (Continued)

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in cost of sales.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

4. 重大會計政策(續)

4.5 無形資產(商譽除外)(續)

(ii) 內部產生的無形資產(研發成本)

若在下列情況，用於內部開發產品的開支可撥充資本：

- 開發產品以供發售在技術上可行；
- 有足夠資源完成開發；
- 有完成及出售產品的意願；
- 本集團能夠出售該產品；
- 產品銷售將會產生未來經濟利益；及
- 能夠可靠地計量項目的支出。

資本化開發成本在本集團預計可從出售所開發產品得益的期間內攤銷。攤銷費用於損益確認。

不符合上述標準的開發開支及內部項目研究階段的開支，均會於產生時在於損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee under operating lease

Rentals payable under the operating leases, net of any incentives received or receivable, are recognised to profit or loss on a straight-line basis over the lease terms.

4.7 Financial instruments

A. Accounting policies applicable from 1 January 2018

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered at their entirety when determining whether their cash flows are solely payments of principal and interest on the principal outstanding.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

4. 重大會計政策(續)

4.6 租賃

以租賃條款將所有權的絕大部分風險及回報轉移予承租人的租賃，分類為融資租賃。所有其他租賃分類為經營租賃。

本集團作為經營租賃的承租人

經營租賃應付租金(扣除任何已收或應收獎勵)於租期內以直線法於損益扣除。

4.7 金融工具

A. 自二零一八年一月一日起適用之會計政策

(i) 金融資產

金融資產(並無重大融資部份的應收貿易款項除外)首次按公平值加上與收購或發行金融資產直接應佔的交易成本計量(倘屬並非按公平值計入損益的項目)。並無重大融資部份的應收貿易款項首次按交易價格計量。

所有以常規方式購買及出售的金融資產均於交易日(即本集團承諾購買或出售資產之日)確認。以常規方式購買或出售指需在市場規例或慣例規定的期限內交付的金融資產購買或出售。

確定具有嵌入衍生工具的金融資產的現金流量是否僅為支付本金及未償還本金之利息時，應整體考慮該等金融資產。

債務工具

債務工具的后續計量取決於本集團管理該資產的業務模式以及該資產的現金流量特徵。本集團將債務工具分為以下三種計量類別：

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.7 Financial instruments (Continued)****A. Accounting policies applicable from 1 January 2018 (Continued)****(i) Financial assets (Continued)****Debt instruments (Continued)****(1) Amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(2) FVOCI

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the financial assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at fair value through other comprehensive income are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

4. 重大會計政策(續)**4.7 金融工具(續)****A. 自二零一八年一月一日起適用之會計政策(續)****(i) 金融資產(續)****債務工具(續)****(1) 攤銷成本**

對於持有作收取合約現金流量的金融資產，如果現金流量僅代表本金和利息的付款，則該資產按攤銷成本計量。按攤銷成本列賬的金融資產其後採用實際利息法計量。利息收入、匯兌收益及虧損以及減值在損益確認。終止確認的任何收益均在損益確認。

(2) 按公平值計入其他全面收益

對於持有作收取合約現金流量及出售金融資產的金融資產，如果金融資產的現金流量僅代表本金和利息的付款，則以按公平值計入其他全面收益計量。按公平值計入其他全面收益的債務投資隨後按公平值計量。利息收入乃使用實際利息法計算，而匯兌收益及虧損以及減值在損益確認。其他淨收益及虧損於其他全面收益確認。終止確認時，其他全面收益累計的收益及虧損將重新分類至損益。

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**4. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****4. 重大會計政策(續)****4.7 Financial instruments (Continued)****4.7 金融工具(續)****A. Accounting policies applicable from 1
January 2018 (Continued)****A. 自二零一八年一月一日起適用之
會計政策(續)****(i) Financial assets (Continued)****(i) 金融資產(續)****Debt instruments (Continued)****債務工具(續)****(3) FVTPL****(3) 按公平值計入損益**

FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

按公平值計入損益包括持作買賣的金融資產、於初始確認時指定按公平值計入損益的金融資產，或強制要求以公平值計量的金融資產。倘收購金融資產旨在於近期內出售或購回，則歸類為持作買賣。衍生工具(包括單獨的嵌入衍生工具)亦歸類為持作買賣，除非被指定為有效對沖工具。現金流量不僅為本金和利息付款的金融資產歸類為按公平值計入損益及計量，而不論其業務模式為何。儘管如上文所述債務工具可分類為以攤銷成本列賬或按公平值計入其他全面收益，倘能夠消除或顯著減少會計錯配，則債務工具或會於初步確認時指定為按公平值計入損益。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.7 Financial instruments (Continued)****A. Accounting policies applicable from 1 January 2018 (Continued)****(i) Financial assets (Continued)****Equity instruments**

On the initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as financial assets at FVTPL and are subsequently measure at fair value, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for ECL on trade receivables, financial assets measured at amortised cost and debt investments measured at FVOCI. ECL are measured on either of the following bases: (i) 12-month ECL: these are the ECL that result from possible default events within the 12 months after the reporting date; or (ii) lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

4. 重大會計政策(續)**4.7 金融工具(續)****A. 自二零一八年一月一日起適用之會計政策(續)****(i) 金融資產(續)****權益工具**

初步確認並非持作買賣的股本投資時，本集團可選擇不可撤銷地在其他全面收益中呈列投資公平值的其後變動。此選擇是視乎每個投資的基礎而作出。按公平值計入其他全面收益的股本投資按公平值計量。股息收入在損益中確認，除非股息收入明確代表回收部分投資成本。其他淨收益及虧損於其他全面收益確認，並不會重新分類至損益。所有其他權益工具分類為按公平值計入損益之金融資產並於其後按公平值計量，當中公平值、股息及利息收入的變動在損益中確認。

(ii) 金融資產減值虧損

本集團就應收貿易款項、按攤銷成本計量的金融資產以及按公平值計入其他全面收益之債務投資確認預期信貸虧損的虧損撥備。預期信貸虧損基於以下其中一個基礎進行計量：(i) 12個月預期信貸虧損：此等為報告日期後12個月內可能發生的違約事件引致的預期信貸虧損；或(ii)全期預期信貸虧損：此等為金融工具的預期有效期內可能發生的所有違約事件而引致的預期信貸虧損。估計預期信貸虧損時所考慮的最長期限是本集團面臨信貸風險的最長合約期。

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**4. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****4.7 Financial instruments (Continued)****A. Accounting policies applicable from 1
January 2018 (Continued)****(ii) Impairment loss on financial assets
(Continued)**

ECL are a probability-weighted estimate of credit losses. Credit losses are measured at the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the financial assets' original effective interest rate.

The Group measures loss allowances for trade receivables using simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the Group applies the general approach to measure ECL, that is to recognise a loss allowance based on 12-month ECL. However, when there has been a significant increase in credit risk since origination, the loss allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

4. 重大會計政策(續)**4.7 金融工具(續)****A. 自二零一八年一月一日起適用之
會計政策(續)****(ii) 金融資產減值虧損(續)**

預期信貸虧損是信貸虧損的概率加權估計。信貸虧損乃按本集團根據合約應收的所有合約現金流量與本集團預期收取的所有現金流量之間的差額計量。然後以與金融資產原始實際利率相近的差額貼現差額。

本集團使用簡化方式計量應收貿易款項的虧損撥備，並已根據全期預期信貸虧損計算預期信貸虧損。本集團已根據本集團的過往信貸虧損經驗建立撥備矩陣，並根據債務人及經濟環境的具體前瞻因素作出調整。

就其他債務金融資產而言，本集團應用一般方法計量預期信貸虧損，即根據12個月預期信貸虧損確認虧損撥備。然而，當信貸風險自出現之後顯著增加，虧損撥備將基於全期預期信貸虧損。

當釐定金融資產的信貸風險是否自初步確認後大幅增加，並於估計預期信貸虧損時，本集團考慮相關及毋須付出過多成本或努力後即可獲得的合理及可靠資料。此包括根據本集團的過往經驗及已知信貸評估得出定量及定性之資料及分析，並包括前瞻性資料。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

A. Accounting policies applicable from 1 January 2018 (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be in default when: (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group recognises an impairment gain or loss in profit or loss for financial instruments carried at amortised cost by adjusting their carrying amount through the use of a loss allowance account. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

For investments in debt instruments that are measured at FVOCI, impairment loss is recognised in other comprehensive income and accumulated in the fair value reserve without reducing the carrying amounts of those debt instruments.

4. 重大會計政策(續)

4.7 金融工具(續)

A. 自二零一八年一月一日起適用之會計政策(續)

(ii) 金融資產減值虧損(續)

倘金融資產已逾期超過30日，則本集團假設其信貸風險已顯著增加，除非本集團有合理及可靠的資料顯示情況並非如此。

本集團認為金融資產於下列情況下為構成違約：(i) 借款人不可能在本集團無追索權(例如：實現擔保)(如持有)下向本集團悉數支付其信貸義務；或(ii) 該金融資產逾期超過90日，則本集團視金融資產構成違約，除非本集團有合理及可靠的資料證明更為滯後的違約標準更適用。

本集團透過使用虧損撥備賬調整賬面值方式，就按攤銷成本計量的金融工具於損益確認減值收益或虧損。倘日後實際上不可收回款項，則撇銷(部分或全部)金融資產的總賬面值。此情況一般見於本集團釐定債務人並無資產或可產生足夠現金流量的收入來源以償還予以撇銷的金額。其後收回先前已撇銷的資產在收回期間於損益確認為減值撥回。

就按公平值計入其他全面收益計量的債務工具投資而言，減值虧損在其他全面收益確認，並在公平值儲備中累計，而不會減少此等債務工具的賬面值。

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**4. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****4. 重大會計政策(續)****4.7 Financial instruments (Continued)****4.7 金融工具(續)****A. Accounting policies applicable from 1
January 2018 (Continued)****A. 自二零一八年一月一日起適用之
會計政策(續)****(ii) Impairment loss on financial assets
(Continued)****(ii) 金融資產減值虧損(續)**

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

信貸減值金融資產的利息收入乃根據金融資產的攤銷成本(即總賬面值減撥備)計算。非信貸減值金融資產的利息收入則根據總賬面值計算。

(iii) Financial liabilities**(iii) 金融負債**

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

本集團視乎負債產生之目的而分類其金融負債。按公平值計入損益的金融負債於初次確認時按公平值計量，按攤銷成本計量的金融負債於初次確認時按公平值計量(扣除所產生的直接應佔成本)。

*Financial liabilities at amortised cost**按攤銷成本計量的金融負債*

Financial liabilities at amortised cost including trade and other payables, amounts due to related companies and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (note 4.16).

按攤銷成本計量的金融負債(包括貿易及其他應付款項、應付關聯公司款項及銀行借款)其後按攤銷成本計量，並使用實際利率法。相關利息開支根據本集團有關借款成本之會計政策確認(附註4.16)。

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

收益或虧損於終止確認負債時在攤銷過程中在損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

A. Accounting policies applicable from 1 January 2018 (Continued)

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 4.7A(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

4. 重大會計政策(續)

4.7 金融工具(續)

A. 自二零一八年一月一日起適用之會計政策(續)

(iv) 實際利率法

實際利率法是計算金融資產或金融負債的攤銷成本以及在相關期間分配利息收入或利息開支的方法。實際利率是於金融資產或負債的預期有效期(或在適當情況下,較短期間)準確貼現估計未來現金收入或付款的利率。

(v) 權益工具

本公司發行的權益工具按已收取的所得款項扣除直接發行成本入賬。

(vi) 財務擔保合約

財務擔保合約即由於指定債務人未能根據債務工具的原定或修訂條款在到期時作出付款,因此要求發行人償還持有人而作出特定付款的合約。

由本集團發行但未指定為按公平值計入損益的金融擔保合約於初次確認時按公平值減直接歸屬於發行財務擔保合約的交易費用確認。初步確認後,本集團按以下較高者計量財務擔保合約:(i)虧損撥備金額,即根據附註4.7A(ii)所述會計政策原則計量的預期信貸虧損撥備;及(ii)初步確認的金額減去(如適用)根據香港財務報告準則第15號原則確認的累計攤銷。

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截至2018年12月31日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**4. 重大會計政策(續)****4.7 Financial instruments (Continued)****4.7 金融工具(續)****A. Accounting policies applicable from 1 January 2018 (Continued)****A. 自二零一八年一月一日起適用之會計政策(續)****(vii) Derecognition****(vii) 終止確認**

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

當有關金融資產的未來現金流量的合約權利屆滿或金融資產已轉讓而該轉讓符合香港財務報告準則第9號的終止確認準則時，本集團終止確認金融資產。

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

當相關合約註明的義務解除、取消或屆滿時終止確認金融負債。

B. Accounting policies applied until 31 December 2017**B. 直至二零一七年十二月三十一日之前應用之會計政策**

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. Accordingly, the comparative financial information provided continues to be accounted for in accordance with the Group's previous accounting policy.

本集團已追溯應用香港財務報告準則第9號，惟已選擇不予重列比較資料。因此，所提供的比較財務資料繼續根據本集團過往的會計政策入賬。

(i) Financial assets**(i) 金融資產**

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at FVTPL are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

本集團於初步確認時視乎收購資產目的對其金融資產進行分類。按公平值計入損益的金融資產初始按公平值計量，而所有其他金融資產初始按公平值加收購該金融資產直接應佔的交易成本計量。常規金融資產買賣於交易日確認或終止確認。常規買賣指其條款規定須於一般按有關市場的規例或慣例訂立的時限內交付資產的合約項下的金融資產買賣。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)**4.7 Financial instruments (Continued)****B. Accounting policies applied until 31 December 2017 (Continued)****(i) Financial assets (Continued)****Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors) and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of the debtor's financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. 重大會計政策(續)**4.7 金融工具(續)****B. 直至二零一七年十二月三十一日之前應用之會計政策(續)****(i) 金融資產(續)****貸款及應收款項**

貸款及應收款項為並無於活躍市場報價且付款固定或可釐定之非衍生金融資產，主要透過向客戶提供貨品及服務產生(貿易應收款項)，當中亦包括其他類別合約貨幣資產。於初步確認後，會使用實際利率法按攤銷成本減任何已識別減值虧損列賬。

(ii) 金融資產的減值虧損

本集團於各報告期末評估是否有任何客觀跡象顯示金融資產出現減值。倘有客觀證據顯示因初始確認資產後發生的一項或多項事件而導致金融資產出現減值，而有關事件對金融資產估計未來現金流量之影響能夠可靠地估計，則金融資產已出現減值。減值證據可包括：

- 債務人面對重大財政困難；
- 違反合約，如違責或拖欠還本付息；
- 因債務人面對財政困難而向其作出讓步；或
- 債務人有可能破產或進行其他財務重組。

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**4. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****4.7 Financial instruments (Continued)****B. Accounting policies applied until 31
December 2017 (Continued)****(ii) Impairment loss on financial assets
(Continued)**

An impairment loss on loans and receivables is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of loans and receivables is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant loans and receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the loans and receivables exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

4. 重大會計政策(續)**4.7 金融工具(續)****B. 直至二零一七年十二月三十一日
之前應用之會計政策(續)****(ii) 金融資產的減值虧損(續)**

就貸款及應收款項而言，當有客觀證據證明資產已減值時，有關資產的減值虧損會於損益內確認，而減值虧損按該資產的賬面值與按原實際利率貼現的估計未來現金流量現值的差額計量。貸款及應收款項的賬面值透過使用備抵賬扣減。當金融資產的任何部分被釐定為不可收回時，與有關貸款及應收款項的備抵賬沖銷。

倘於其後期間，減值虧損金額減少，而有關減少客觀地關乎於確認減值後之事件，則早前確認之減值虧損將予撥回，惟於撥回減值當日貸款及應收款項之賬面值不得超逾倘無確認減值而原應釐定之攤銷成本。撥回金額於撥回產生時於期內損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

B. Accounting policies applied until 31 December 2017 (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amounts due to a related company and bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (note 4.16).

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability or, where appropriate, a shorter period.

4. 重大會計政策(續)

4.7 金融工具(續)

B. 直至二零一七年十二月三十一日之前應用之會計政策(續)

(iii) 金融負債

本集團視乎金融負債產生的目的將其金融負債分類。按公平值計入損益的金融負債初始按公平值計量，及按攤銷成本計量的金融負債初步按公平值減所產生的直接應佔成本計量。

按攤銷成本計算之金融負債

按攤銷成本計算之金融負債包括貿易及其他應付款項、應付一間關聯公司款項及銀行借款，其後使用實際利息法按攤銷成本計量。有關利息開支按本集團適用於借款成本的會計政策確認(附註4.16)。

收益或虧損於終止確認負債時透過攤銷於損益中確認。

(iv) 實際利息法

實際利息法為計算金融資產或金融負債攤銷成本及於相關期間內分配利息收入或利息開支之方法。實際利率為透過金融資產或負債預測年期或(如適用)較短期間準確折現估計未來現金收款或付款之利率。

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**4. SIGNIFICANT ACCOUNTING POLICIES
(Continued)****4. 重大會計政策(續)****4.7 Financial instruments (Continued)****4.7 金融工具(續)****B. Accounting policies applied until 31
December 2017 (Continued)****B. 直至二零一七年十二月三十一日
之前應用之會計政策(續)****(v) Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(v) 權益工具

本公司發行的權益工具按已收所得款項扣除直接發行成本記賬。

(vi) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

(vi) 財務擔保合約

財務擔保合約乃規定發行人就持有人由於指定債務人未能根據債務工具原訂或經修訂條款於到期時付款而產生的向持有人發還指定金額損失。

由本集團發出而並非指定為按公平值計入損益的財務擔保合約初步按公平值減發行財務擔保合約直接產生的交易成本予以確認。初步確認後，本集團按以下各項(以較高者為準)計量財務擔保合約：(i)根據香港會計準則第37號撥備、或然負債及或然資產釐定之金額；及(ii)根據香港會計準則第18號收入，以初步確認金額減(在適當時)所確認的累計攤銷。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.7 Financial instruments (Continued)

B. Accounting policies applied until 31 December 2017 (Continued)

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4.8 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.9 Recognition of revenue and other income

Policy applicable from 1 January 2018

Revenue from contracts with customers is recognised when control of goods and services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

4. 重大會計政策(續)

4.7 金融工具(續)

B. 直至二零一七年十二月三十一日之前應用之會計政策(續)

(vii) 終止確認

凡收取金融資產相關的未來現金流量的合約權利屆滿，或金融資產經已轉讓，而轉讓符合香港會計準則第39號規定的終止確認準則，則本集團終止確認該金融資產。

當有關合約中訂明的責任獲解除、取消或屆滿時，則會終止確認金融負債。

4.8 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、銀行活期存款及隨時可轉換為已知金額現金及價值變動風險不重大，且原到期日為三個月或以內的短期高流通性投資。

4.9 收入及其他收入確認

自二零一八年一月一日起應用之政策

客戶合約收入於貨品及服務的控制權轉移予客戶時確認，其金額反映本集團預期就該等貨品或服務有權換取的代價，不包括代表第三方收取的金額。收入不包括增值稅或其他銷售稅，並扣除任何貿易折扣。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Recognition of revenue and other income (Continued)

Policy applicable from 1 January 2018 (Continued)

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- (i) provides all the benefits received and consumed simultaneously by the customer;
- (ii) creates or enhances an asset that the customer controls as the Group performs; or
- (iii) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the control of the goods or services is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point of time when the customer obtain control of the goods or service.

When the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

4. 重大會計政策(續)

4.9 收入及其他收入確認(續)

自二零一八年一月一日起應用之政策 (續)

根據合約條款及適用於合約的法律，貨品或服務的控制權可以在一段時間或某個時間點轉移。倘本集團履行以下事項，則貨品或服務的控制權為在一段時間轉移：

- (i) 提供所有利益，而客戶亦同步收取及消費；
- (ii) 本集團履約時創造或增強客戶所控制的資產；或
- (iii) 並無創造對本集團有替代用途的資產，且本集團可強制執行其權利以收取至今已完成履約部分的款項。

倘貨品或服務的控制權在一段時間內轉移，則收入乃於整個合約期間經參考完成履約責任的進度確認。否則，收入於客戶獲得貨品或服務控制權的時間點確認。

倘合約包含融資部分，為客戶提供超過12個月之顯著融資利益，收入按應收金額的現值計量，並使用反映與客戶的單獨融資交易的貼現率貼現，而利息收入以實際利息法單獨應計。倘合約包含向本集團提供重大融資利益的融資部份，根據該合約確認的收入包括合約負債所產生以實際利率法計算的利息開支。對於付款與轉讓所承諾的貨品或服務相隔一年或更短的合約，則使用香港財務報告準則第15號的實際權宜方式，交易價格不會按重大融資成分的影響進行調整。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Recognition of revenue and other income (Continued)

Policy applicable from 1 January 2018 (Continued)

Revenue from sales of goods is recognised at a point in time when the goods are delivered to and accepted by customers, taking into account any sales returns, discounts and rebates allowed by the Group. There is generally only one performance obligation. No element of financing is deemed to be as the sales are made with credit terms of 30 to 60 days, which is consistent with the market practice.

Interest income is accrued on a time basis using the effective interest method by applying applicable interest rate on (i) the amortised cost (i.e. gross carrying amount less loss allowance for credit-impaired financial assets; or (ii) the gross carrying amount for non-credit impaired financial assets.

Policy applicable until 31 December 2017

Revenue and other income are recognised when it is probable that the economic benefits will flow to the Group and when the income can be measured reliably on the following bases:

- (i) Revenue from sales of goods is recognised when goods are delivered and title has been passed, taking into account sales returns and discounts and rebates allowed by the Group.
- (ii) Interest income is accrued on a time basis on the principal outstanding and the effective interest rate applicable.

4. 重大會計政策(續)

4.9 收入及其他收入確認(續)

自二零一八年一月一日起應用之政策(續)

銷售貨品收入於貨品交付予客戶並獲接納的時間點確認，並考慮本集團所允許的任何銷售退貨、折扣及回扣。通常只有一項履約責任。由於銷售是按30至60天之信貸期進行，與市場慣例一致，因此視為不存在任何融資元素。

利息收入使用實際利息法按時間基準應計，方式為對以下項目應用適用利率：(i)攤銷成本，即總賬面值減虧損撥備(就已信貸減值的金融資產而言)；或(ii)總賬面值(就無信貸減值的金融資產而言)。

直至二零一七年十二月三十一日止應用之政策

本集團於經濟利益有可能流入本集團及收入能可靠計量時，按下列基準確認收入及其他收入：

- (i) 銷售貨品收入於交付貨品及所有權已轉移時確認並計算本集團允許之銷貨退回、折讓及回扣。
- (ii) 利息收入以適用利率按尚未償還本金按時間基準累計。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.10 Income tax

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. 重大會計政策(續)

4.10 所得稅

年內所得稅包括即期稅項及遞延稅項。

即期稅項乃按已就毋須就所得稅課稅或不可扣減所得稅之項目作出調整之日常業務利潤或虧損，按報告期末已制訂或實際制訂之稅率計算。

遞延稅項乃就作財務報告目的之資產與負債賬面值，與就課稅目的所用相應數值間之暫時性差額確認。除不影響會計或應課稅利潤之商譽及已確認資產與負債外，所有應課稅暫時性差額均確認遞延稅項負債。遞延稅項資產以有可能有應課稅利潤可供動用可扣稅暫時性差額為限予以確認。遞延稅項乃按對資產或負債之賬面值變現或結算之預期方式屬恰當及於報告期末已制訂或大致上制訂之稅率計量。

遞延稅項負債會因源自於附屬公司投資的應課稅暫時性差額確認，惟倘本集團能夠控制該暫時性差額之撥回且該暫時性差額於可見將來很可能不會撥回則另作別論。

所得稅乃於損益中確認，惟倘所得稅與於其他全面收益確認之項目有關，在此情況下，稅項亦於其他全面收益確認，或倘所得稅與直接於權益確認之項目有關，在此情況下，稅項亦直接於權益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.11 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4.12 Foreign currencies

Foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the rates ruling at the end of the reporting period are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of initial transactions. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

The functional currencies of certain entities of the Group are currencies other than US\$. For the purpose of preparing the consolidated financial statements, assets and liabilities of these entities at the end of the reporting period are translated into US\$ at the exchange rate prevailing at the end of the reporting period. Income and expense items are translated into US\$ at the average exchange rate for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating those ruling when the transactions took place are used. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in translation reserve.

4. 重大會計政策(續)

4.11 存貨

存貨初步按成本確認，其後按成本及可變現淨值兩者中的較低者確認。成本包括所有採購成本、轉換成本及使其達至現有地點及狀況所產生的其他成本。成本採用加權平均法計算。可變現淨值指日常業務過程中的估計售價減進行銷售必要的估計成本。

4.12 外幣

外幣交易使用交易日期通行匯率換算為個別實體之功能貨幣。結算該等交易及以外幣計值之貨幣資產及負債按報告期末的通行匯率換算而產生之匯兌收益及虧損，於損益確認。按歷史成本計量並以外幣列值之非貨幣項目使用初始交易當日的通行匯率換算。按公平值列賬且以外幣列值之非貨幣項目以釐定公平值當日的通行匯率重新換算。

本集團若干實體的功能貨幣為除美元之外的貨幣。就編製合併財務資料而言，該等實體於報告期末的資產及負債按報告期末的通行匯率換算為美元。收入及開支項目按該期間的平均匯率換算為美元，惟匯率於期內大幅波動除外，在此情況下與交易進行時使用的匯率相若。所產生的匯兌差額於其他全面收益確認及於匯兌儲備個別累積。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Foreign currencies (Continued)

On the disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in the translation reserve.

4.13 Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. 重大會計政策(續)

4.12 外幣(續)

於出售海外業務時，直至出售日期為止於匯兌儲備內就該業務確認之累計匯兌差額乃作為出售損益之一部分重新分類至損益。

收購海外業務所產生的商譽及公平值調整被視為該海外業務的資產及負債，並按完成時的匯率換算。所產生的匯兌差額於匯兌儲備確認。

4.13 僱員福利

(i) 短期僱員福利

短期僱員福利是指預計在僱員提供相關服務的年度報告期末後十二個月以前將全數結付的僱員福利(離職福利除外)。短期僱員福利於僱員提供相關服務的期間確認。

病假及產假等非累計有薪缺勤不作確認，直至僱員正式休假為止。

(ii) 定額供款退休計劃

向定額供款退休計劃作出的供款於僱員提供服務時於損益確認為開支。

(iii) 離職福利

離職福利於本集團無法撤回有關福利的提供時及本集團確認重組成本(涉及支付離職福利)時(以較早者為準)確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.14 Share-based payment transactions

The Group operates equity-settled share-based compensation plans for remuneration of its employees and others providing similar services. All employee services and similar services received in exchange for the grant of financial instruments are measured at their fair values. The cost of equity-settled share-based compensation is measured by reference to the fair value of the equity instrument at the date on which they are granted. In determining the fair value, no account is taken of any non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based compensation is ultimately recognised as an expense in profit or loss unless it qualifies for recognition as asset with a corresponding increase in equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

The fair value of the share options granted by the Company is recognised in profit or loss with a corresponding increase in share option reserve. Upon exercise of the share options, the relevant amount in the share option reserve is transferred to the share premium account. In case the vested share options are forfeited, the amount in the share option reserve is released directly to retained profits.

4. 重大會計政策(續)

4.14 股份支付交易

本集團為其僱員及提供相若服務的其他人士的薪酬運作以權益結算股份為基礎的報酬計劃。提供以換取獲授金融工具之所有僱員服務及相若服務乃按照公平值計量。以權益結算股份為基礎的報酬成本乃參照權益工具於授出日期之公平值計量。釐定公平值時，不考慮任何非市場歸屬條件(例如盈利及銷售增長目標)。

所有以權益結算股份為基礎的報酬，除非合資格確認為資產並在權益相應增加，否則最終於損益確認為開支。倘歸屬期或其他歸屬條件適用，則開支會於歸屬期內按照預期歸屬權益工具數目之最佳可得估計分配。於假設預期可行使之權益工具數目時會計入非市場歸屬情況。若有可行使之權益工具數量與之前估算不同的情況出現，則估算將於其後調整。

並無實際歸屬的獎勵不予確認任何開支，惟須達成某一市場條件歸屬方可作實的獎勵在所有其他表現條件均已達成之前提下，不論是否達成該市場條件，均作歸屬論。

本公司授予之購股權之公平值於損益確認，並相應增加購股權儲備。購股權獲行使時，購股權儲備之相關金額轉撥至股份溢價賬。如已歸屬之購股權被沒收，購股權儲備之金額直接撥至保留利潤。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Impairment of non-financial assets

The Group's goodwill and property, plant and equipment are subject to impairment testing.

Goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose.

Impairment loss is recognised as an expense immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset.

Impairment loss recognised for cash-generating units to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro-rata to other assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost to sell, or value-in-use, if determinable.

4. 重大會計政策(續)

4.15 非金融資產減值

本集團的商譽以及物業、廠房及設備須進行減值測試。

商譽及無固定可使用年期或未可供使用之其他無形資產最少每年測試減值，而不論是否有任何跡象表明已出現減值。所有其他資產在有跡象顯示未必能收回有關資產賬面值之時進行減值測試。

就評估減值而言，倘資產並無產生大致上獨立於其他資產的現金流入，則可收回金額按可獨立產生現金流入的最小資產組合(即現金產生單位)釐定。因此，部分資產會個別進行減值測試，另有部分則於現金產生單位層面進行測試。商譽則具體分配至該等預期可從相關業務合併之協同效益中受益之現金產生單位，並代表本集團就內部管理目的監控商譽之最低層面。

資產或現金產生單位之賬面值超逾其可收回金額之數即時確認減值虧損為開支。可收回金額為反映市況之公平值減出售成本與使用價值兩者之較高者。於評估使用價值時，估計未來現金流量採用反映當時市場對金錢的時間價值評估及該項資產的特有風險的除稅前折現率折現至其現值。

就獲分配商譽之現金產生單位確認之減值虧損初始計入商譽賬面值。任何剩餘減值虧損乃按比例從該現金產生單位之其他資產扣除，惟資產賬面值不得減至低於其個別公平值減出售成本或使用價值(如可釐定)。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Impairment of non-financial assets (Continued)

Impairment loss on goodwill is not reversed in subsequent periods, including impairment loss recognised in an interim period. In respect of other assets, impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's or cash-generating unit's recoverable amount, but only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised. A reversal of such impairment is credited to profit or loss in the period in which it arises.

4.16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an assets, that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the assets.

Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs consist of interest charges and other costs incurred in connection with the borrowing of funds.

4. 重大會計政策(續)

4.15 非金融資產減值(續)

商譽的減值虧損不會於其後期間撥回，包括中期確認的減值虧損。就其他資產而言，倘用於釐定資產或現金產生單位之可收回金額之估計出現有利變化，減值虧損將予以撥回，惟僅限於不導致資產賬面值高於假設並無確認減值虧損時原應釐定之賬面值(扣除折舊或攤銷)。減值撥回於其產生期間在損益入賬。

4.16 借款成本

收購、建造或生產資產(即須耗用較長時間方可準備就緒作擬定用途或銷售之資產)直接應佔之借款成本均撥充資本作為有關資產成本之一部分。

當資產大致準備就緒可作擬定用途或出售時，借貸成本不再撥充資本。有待用於合資格資產之特定借款作暫時投資所賺取之投資收入，自資本化借款成本中扣除。所有其他借款成本乃於產生期間內於損益確認為開支。

借款成本包括就借入資金所產生的利息費用及其他成本。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Provisions and contingent liabilities

Provision are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation as a result of a past event which will probably result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.18 Segment reporting

The Group identifies operating segments, and prepares segment information based on the regular internal financial information reported to the executive directors of the Company for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

4.19 Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all the attaching conditions will be complied with. When the grants relate to cost items, they are recognised as income on a systematic basis over the periods that the related costs for which the grants are intended to compensate are recognised as expenses. Government grants related to income are presented under other income.

4.20 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.

4. 重大會計政策(續)

4.17 撥備及或然負債

當本集團因過往事項而產生法定或推定責任，而有關責任很可能導致可靠地估計的經濟利益流出時，則就時間或金額不確定的負債確認撥備。

如果不存在經濟利益需要外流的可能性，或不能對數額作出可靠估計，則有關責任會作為或然負債披露，惟若經濟利益外流的可能性極低則作別論。潛在責任僅以一項或數項未來事件發生或不發生來確認的，亦披露為或然負債，除非經濟利益外流的可能性極低則作別論。

4.18 分部報告

本集團識別經營分部及編製分部資料時建基於定期向本公司執行董事報告以供彼等就本集團業務組成部分的資源分配作出決定及檢討該等組成部分表現的內部財務資料。

4.19 政府補助

政府補助在合理地確定將會收到補助並將會符合所有附帶條件時予以確認。當補助與成本項目有關時，在補助擬補償的相關成本確認為開支的期間內，有關補助將系統地確認為收入。與收入相關的政府補助在其他收入下列示。

4.20 關聯方

- (a) 該方為某人士或該名人士之近親，而該名人士：
- (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本公司母公司的主要管理層成員。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) An entity is related to the Group if any of the following conditions apply:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependents of that person or that person's spouse or domestic partner.

4. 重大會計政策(續)

(b) 該方為一間實體(倘下列任何條件適用):

- (i) 該實體與本集團屬同一集團之成員公司(即指各自的母公司、附屬公司及同系附屬公司彼此間有關聯);
- (ii) 某一家實體為另一實體的聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業);
- (iii) 兩間實體均為同一第三方的合營企業;
- (iv) 某一家實體為第三方實體的合營企業,而另一實體為該第三方實體的聯營公司;
- (v) 該實體為本集團或與本集團有關連之實體為僱員利益設立的離職後福利計劃;
- (vi) 該實體受(a)所識別人士控制或受共同控制;
- (vii) (a)(i)中所識別的人士對該實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員;或
- (viii) 該實體或其所屬集團的任何成員公司向本集團或本公司的母公司提供主要管理人員服務。

某一人士的近親家屬成員指預期於該人士與實體的業務往來中影響該人士或受該人士影響的有關家屬成員,包括:

- (a) 該名人士的子女及配偶或家庭伴侶;
- (b) 該名人士的配偶或家庭伴侶的子女;及
- (c) 該名人士或該名人士的配偶或家庭伴侶的受供養人。

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5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgment, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5.1 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are as follows:

(a) Useful lives of property, plant and equipment

Management determines the estimated useful lives, and related depreciation charges for the Group's property, plant and equipment. The estimates are based on the historical experience of the actual useful lives of those assets of similar nature and functions. Management will increase the depreciation where useful lives are less than previously estimated lives. Management will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charges in future periods.

5. 重大會計判斷及估計不確定性的主要來源

於應用本集團之會計政策過程中，本公司董事需要就並非從其他來源明顯可得之資產與負債之賬面值作出判斷、估計及假設。該等估計及有關假設乃根據過往經驗及被視為相關的其他因素而作出。實際結果或會有別於估計。

本集團持續審閱估計及相關假設。如會計估計之修訂只影響當期，則於當期確認有關修訂；如會計估計之修訂對當期及未來期間均有影響，則於修訂當期及未來期間確認。

5.1 估計不確定性的主要來源

極有可能導致資產與負債的賬面值於下一個財政報告期間作出重大調整的主要估計如下：

(a) 物業、廠房及設備之可使用年期

管理層為本集團的物業、廠房及設備釐定估計可使用年期及有關折舊支出。此等估計以性質及功能類似的資產過往的實際可使用年期為基準。倘可使用年期較先前估計年期為短，則管理層將提高折舊。管理層將撇銷或撇減已棄置或已出售的技術上過時或非策略性的資產。實際經濟年期可能有別於估計可使用年期。定期檢討可能導致可折舊年期出現變動，因而影響未來期間的折舊支出。

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5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5.1 Key sources of estimation uncertainty (Continued)

(b) Impairment of non-financial assets

The Group reviews at least annually and assesses whether goodwill has suffered any impairment. Other assets including property, plant and equipment with definite useful lives are reviewed for impairment whenever events or changes in circumstance indicate that the carrying amount of the assets exceeds their recoverable amount. The recoverable amount of an asset or a cash-generating unit may be determined based on value-in-use calculation, which incorporate a number of key estimates and assumptions about future events and therefore, are subject to uncertainty and might materially differ from the actual results. In making these key estimates and judgments, the directors take into consideration assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate market and discount rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. Future changes in the events and conditions underlying the estimates and judgements would affect the estimation of recoverable amounts and result in adjustments to their carrying amounts. Based on the annual impairment assessment of goodwill, the recoverable amount of the cash-generating unit to which goodwill is allocated, which is determined on a value-in-use basis, is lower than its carrying amount and impairment loss is recognised as to US\$563,000 for goodwill and US\$442,000 for property, plant and equipment. Details about the estimates used in assessing the impairment of goodwill and property, plant and equipment are set out in note 18.

5. 重大會計判斷及估計不確定性的主要來源(續)

5.1 估計不確定性的主要來源(續)

(b) 非金融資產減值

本集團至少每年檢討並評估商譽是否蒙受減值。具有有限使用年期的其他資產(包括物業、廠房及設備)，乃於有事件或情況變化顯示資產賬面值超過其可收回金額時作減值檢討。資產或現金產生單位的可收回金額根據所計算的使用價值釐定，計算過程中涉及有關未來事件的重大估計及假設，因此存在不確定性並可能與實際結果存在重大差異。於作出該等重大估計及判斷時，董事所考慮的假設主要基於報告期末的當時市況及適當市場利率及貼現率。本集團會將此等估計與實際市場數據及本集團訂立的實際交易進行定期對比。估計及判斷相關事件及條件的未來變動將影響可回收金額的估計並導致須對其賬面值作出調整。根據商譽之年度減值評估，獲分配商譽之現金產生單位之可收回金額(按使用價值基準釐定)低於其賬面值，所確認之減值虧損為563,000美元(商譽)及442,000美元(物業、廠房及設備)。有關評估商譽以及物業、廠房及設備之減值時所採用的估計之詳情載於附註18。

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5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5. 重大會計判斷及估計不確定性的主要來源(續)

5.1 Key sources of estimation uncertainty (Continued)

5.1 估計不確定性的主要來源(續)

(c) Allowance for inventories

Management carries out an inventory review on a product-by-product basis at the end of each reporting period and provides allowance for obsolete items. A considerable amount of judgment and estimates is required in determining such allowance. If conditions which have an impact on the net realisable value of inventories deteriorate, additional allowances may be required. Management reviews the inventory ageing analysis at the end of the reporting period and identifies slow-moving inventories that are no longer suitable for consumption and saleable. Management estimates the net realisable value for such inventories based primarily on the latest invoice price and current market conditions.

(c) 存貨備抵

管理層於各報告期末按個別產品基準進行存貨檢討，並就陳舊項目計提備抵。釐定該備抵須作出大量判斷及估計。倘影響存貨可變現淨值的條件惡化，則可能須作出額外備抵。管理層於報告期末審閱存貨賬齡分析及識別不再適合使用及銷售的滯銷存貨。管理層主要基於最新發票價格及當前市況估計該等存貨的可變現淨值。

(d) Impairment losses on receivables

The measurement of impairment losses on receivables requires judgement, in particular, the estimation of the amount and timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

(d) 應收款項減值虧損

應收款項減值虧損的計量需要判斷，特別是在釐定減值虧損時估計未來現金流量的金額和時間，以及評估信貸風險有否顯著增加。此等估計是由若干多項推動，有關因素的變化可能導致不同水平的撥備。

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk on receivables since initial recognition by comparing the risk of default occurring over their expected life. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

於各報告期末，本集團通過比較預期年內發生的違約風險，評估自首次確認以來應收款項的信貸風險是否顯著增加。本集團就此而言考慮到相關及毋須付出過多成本或努力後即可獲得的合理及可靠資料。此包括根據本集團的過往經驗及已知信貸評估得出定量及定性之資料及分析，並包括前瞻性資料。

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5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

5.1 Key sources of estimation uncertainty (Continued)

(e) Estimates of current and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgment is required in determining the amount of the provision for taxation, the timing of payment of the related taxation and the implementation of these taxes. The Group recognised income tax and other taxes based on a management's best estimates according to their understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the tax expense in the period in which the tax calculations are finalised with the local tax authorities.

5.2 Critical judgment in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Accounting for transactions entered into with subcontractors

Certain production processes are outsourced to subcontractors. Terms and arrangements agreed with the subcontractors and the business practice of individual subcontractors are different. The Group has followed the guidance on principal versus agent considerations set out in HKFRS 15 to determine the appropriate accounting treatment for the transactions entered into with different subcontractors which is based on an evaluation of the terms and arrangements agreed with different subcontractors, and the business practice of individual subcontractors so as to assess whether the nature of their promise is a performance obligation to provide the specified goods or services itself (i.e. the subcontractors are principal) or to arrange for those goods or services to be provided by the other party (i.e. the subcontractors are agent). The assessment requires significant judgment by the management.

5. 重大會計判斷及估計不確定性的主要來源(續)

5.1 估計不確定性的主要來源(續)

(e) 即期及遞延稅項估計

本集團須在多個司法管轄區納稅，並須於釐定稅項撥備金額、繳納相關稅項時間及執行該等稅項時作出重大判斷。本集團根據對稅務規則之瞭解，按管理層的最佳估計確認所得稅及其他稅項。最終稅務結果可能有別於初始入賬之金額，而該等差額將影響地方稅務機關落實計稅方法之期間的稅項開支。

5.2 應用會計政策的重大判斷

於應用本集團的會計政策時，除涉及估計的判斷外，管理層亦作出以下對財務資料中所確認金額產生重大影響的判斷：

與分包商訂立之交易的會計處理

若干生產流程乃外包予分包商。與分包商協定的條款及安排以及個別分包商的業務慣例不盡相同。本集團遵循香港財務報告準則第15號所載的主事人相對代理人考慮因素的指引，根據對與不同分包商協定的條款及安排以及個別分包商的業務慣例之評估以釐定與不同分包商訂立之交易的適當會計處理，以及評估彼等的承諾性質是提供指定貨品或服務本身(即分包商為委託人)或安排由另一方提供貨品或服務(即分包商為代理)之履約責任。該評估需管理層作出重大判斷。

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6. SEGMENT INFORMATION

Operating segment information

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's chief operating decision-maker for the purposes of resources allocation and assessment of segment performance. The Group has identified the following reportable operating segments:

Sales of power discrete semiconductors	—	This segment engages in manufacturing and sales of power discrete semiconductors
Trading of raw materials	—	This segment engages in sales of raw materials, mainly Epitaxy

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment revenue represents revenue from external customers and there were no inter-segment sales between different segments during the year and in prior year. Reportable segment profit or loss excludes corporate income and expenses from the Group's profit or loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarters which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Information of the operating segments of the Group reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment does not include assets and liabilities. Accordingly, no information of segment assets and segment liabilities is presented.

6. 分部資料

經營分部資料

經營分部的呈報方式與就分配資源及評估分部表現而向本集團主要經營決策人內部呈報資料的方式一致。本集團已為其經營分部確定以下呈報分部：

銷售離散式功率半導體	—	該分部從事離散式功率半導體產銷
原材料貿易	—	該分部從事原材料銷售(主要為磊晶)

收入及開支乃參考呈報分部所產生的銷售及該等分部所產生的開支分配至該等分部。分部收入指來自外部客戶的收入，於本年度及上年度，不同分部間概無分部間銷售。呈報分部溢利或虧損不包括來自本集團除所得稅前溢利或虧損的公司收入及開支。公司收入及開支為公司總部所產生而並無分配至經營分部的收入或開支。由於各經營分部的資源需求各異，故各經營分部乃單獨管理。

本集團呈報予分主要經營決策人作資源分配及表現評估用途的經營分部資料並不包括資產及負債。因此，概無呈列分部資產及分部負債的資料。

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6. SEGMENT INFORMATION (Continued)**Operating segment information (Continued)**

Information regarding the Group's reportable segments including reportable segment revenue, segment profit or loss, reconciliations to (loss)/profit before income tax, disaggregation of revenue from contracts with customers by timing of revenue recognition and by major product and other segment information are as follows:

		Sales of power discrete semiconductors 銷售離散式 功率半導體 US\$'000 千美元	Trading of raw materials 原材料貿易 US\$'000 千美元	Total 總額 US\$'000 千美元
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度			
Reportable segment revenue	可呈報分部收入	21,442	1,912	23,354
Reportable segment profit	可呈報分部溢利	2,533	766	3,299
Corporate and unallocated income	公司及未分配收入			277
Corporate and unallocated expenses	公司及未分配支出			
– Employee costs	– 員工成本			(2,932)
– Rental and related expenses	– 租金及相關支出			(313)
– Impairment loss on property, plant and equipment	– 物業、廠房及設備之減值虧損			(48)
– Finance costs	– 財務成本			(3)
– Others*	– 其他*			(1,347)
Loss before income tax	所得稅前虧損			(1,067)

		Sales of power discrete semiconductors 銷售離散式 功率半導體 US\$'000 千美元	Trading of raw materials 原材料貿易 US\$'000 千美元	Corporate/ Unallocated 公司/未分配 US\$'000 千美元	Consolidated 綜合 US\$'000 千美元
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度				
Depreciation	折舊	1,347	–	345	1,692
Write down of inventories to net realisable value	存貨減值至可變現淨值	298	–	–	298
Impairment loss on goodwill	商譽之減值虧損	563	–	–	563
Impairment loss on property, plant and equipment	物業、廠房及設備之減值虧損	394	–	48	442
Additions to specified non-current assets [#]	添置特定非流動資產 [#]	2,797	–	–	2,797

6. 分部資料(續)**經營分部資料(續)**

有關本集團須呈報分部之資料(包括可呈報分部收入、分部溢利或虧損、所得稅前(虧損)/溢利的對賬、根據收入確認時間及根據主要產品之客戶合約收入分拆以及其他分部資料)如下:

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截至2018年12月31日止年度

6. SEGMENT INFORMATION (Continued)

6. 分部資料(續)

Operating segment information (Continued)

經營分部資料(續)

		Sales of power discrete semiconductors 銷售離散式 功率半導體 US\$'000 千美元	Trading of raw materials 原材料貿易 US\$'000 千美元	Total 總額 US\$'000 千美元
Year ended 31 December 2017	截至二零一七年十二月 三十一日止年度			
Reportable segment revenue	可呈報分部收入	25,110	2,507	27,617
Reportable segment profit	可呈報分部溢利	5,074	1,048	6,122
Corporate and unallocated income	公司及未分配收入			560
Corporate and unallocated expenses	公司及未分配支出			
– Employee costs	– 員工成本			(3,698)
– Rental and related expenses	– 租金及相關支出			(264)
– Finance costs	– 財務成本			(14)
– Others*	– 其他*			(1,840)
Profit before income tax	所得稅前溢利			866

		Sales of power discrete semiconductors 銷售離散式 功率半導體 US\$'000 千美元	Trading of raw materials 原材料貿易 US\$'000 千美元	Corporate/ Unallocated 公司/未分配 US\$'000 千美元	Consolidated 綜合 US\$'000 千美元
Year ended 31 December 2017	截至二零一七年十二 月三十一日止年度				
Depreciation	折舊	1,252	–	362	1,614
Write down of inventories to net realisable value	存貨減值至可變現 淨值	161	–	–	161
Additions to specified non-current assets [#]	添置特定非流動 資產 [#]	1,923	–	–	1,923

[#] Including additions to property, plant and equipment, goodwill and prepayments for acquisition of property, plant and equipment (that is, “specified non-current assets”)

[#] 包括添置物業、廠房及設備、商譽，以及收購物業、廠房及設備預付款項（即「特定非流動資產」）

* Others mainly comprise of legal and professional fees, depreciation, travelling expenses and other office expenses

* 其他主要包含法律及專業費用、折舊、差旅費用及其他辦公費用

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6. SEGMENT INFORMATION (Continued)**Geographical segment information**

The following table provides an analysis of the Group's revenue from external customers, determined based on the location of the customers:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Hong Kong	香港	-	-
Other regions of the PRC	中國其他地區	13,596	16,665
Taiwan	台灣	8,296	9,581
Asia, other than the PRC	亞洲，不包括中國	1,462	1,371
		23,354	27,617

An analysis of the Group's specified non-current assets by geographical locations, determined based on the location of the assets or the location of operations in case of goodwill, is as follows:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Hong Kong	香港	-	1
Other regions of the PRC	中國其他地區	9,640	9,220
Taiwan	台灣	556	1,297
		10,196	10,518

6. 分部資料(續)**地區分部資料**

下表提供本集團按客戶所在地釐定的來自外部客戶收入的分析：

本集團根據資產所在之地點或營運所在地(如商譽)，釐定按地理位置劃分之特定非流動資產分析如下：

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6. SEGMENT INFORMATION (Continued)**Information about major customers**

Revenue from major customers, sales of whom individually accounted for 10% or more of the Group's revenue, are set out below:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Customer A*	客戶A*	3,275	3,854
Customer B*	客戶B*	2,967	4,024
Customer C*	客戶C*	2,617	3,061
Customer D*	客戶D*	N/A 不適用	2,852

N/A: not applicable as sales of the customer for the respective year is less than 10% of the Group's revenue

* customer of the operating segment of "Sales of power discrete semiconductors"

6. 分部資料(續)**主要客戶資料**

來自銷售各自佔本集團收入10%或以上的主要客戶之收入載列如下：

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
		3,275	3,854
		2,967	4,024
		2,617	3,061
		N/A 不適用	2,852

不適用：由於相關年度向該客戶銷售佔本集團收入少於10%，因此不適用

* 經營分部「銷售離散式功率半導體」之客戶

7. REVENUE

The Group is principally engaged in the manufacturing and sales of power discrete semiconductors. Revenue from contracts with customers within the scope of HKFRS 15, which is recognised at a point in time comprise:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Sales of power discrete semiconductors	銷售離散式功率半導體	21,442	25,110
Trading of raw materials	原材料貿易	1,912	2,507
		23,354	27,617

7. 收入

本集團主要從事生產及銷售離散式功率半導體業務。符合香港財務報告準則第15號範圍並於某一時間點確認之客戶合約收入包括：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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8. OTHER INCOME

8. 其他收入

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Bank interest income	銀行利息收入	4	3
Government grants	政府補助	12	425
Sundry income	雜項收入	261	132
		277	560

During the year, the Group received government subsidy of RMB80,000 (equivalent to US\$12,000) from the district level of the PRC government, which represents special funds subsidy to small and medium-sized enterprises. In 2017, the Group received government subsidies amounting to RMB2,865,000 (equivalent to US\$425,000) in aggregate from the municipal and district levels of the PRC government. Such subsidies represented rewards to recognise the Group's contributions to enhancing the level of industry development in the district and rewards for going listing which was in line with the strategies advocated by the municipal and district government. There are no unfulfilled conditions and other contingencies attaching to these subsidies.

年內，本集團從中國的分區級政府獲得政府資助人民幣80,000元(相當於12,000美元)，是授予中小型企業的特別資助。於二零一七年，本集團從中國的市級及分區級的政府機關獲得政府資助人民幣2,865,000元(相當於425,000美元)。此等資助是對本集團在提升區內產業發展水平的貢獻之獎勵以及本公司響應市政府和區政府提倡的策略而進行上市的獎勵。此等資助並無未履行的條件和其他或然情況。

9. OTHER GAINS/(LOSSES)

9. 其他收益/(虧損)

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Exchange gain/(loss), net	匯兌收益/(虧損)淨額	113	(290)
Write-off of property, plant and equipment	撇銷物業、廠房及設備	-	(4)
		113	(294)

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10. FINANCE COSTS

10. 財務成本

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Interest charges on bank borrowings	銀行借款利息支出	3	14

11. (LOSS)/PROFIT BEFORE INCOME TAX

11. 所得稅前(虧損)/溢利

(Loss)/Profit before income tax is arrived at after charging:

所得稅前(虧損)/溢利乃經扣除：

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Auditors' remuneration:	核數師酬金：		
Current year	本年度	101	86
Under-provision in prior year	上年度撥備不足	-	2
Carrying amount of inventories sold	已出售存貨賬面值	18,800	21,334
Write down of inventories to net realisable value	存貨減值至可變現淨值	298	161
Research and development expenses*^	研究及發展開支*^	155	334
Write-off of property, plant and equipment	撇銷物業、廠房及設備	-	4
Depreciation on property, plant and equipment	物業、廠房及設備折舊	1,692	1,614
Employee benefit expenses (including directors' emoluments) (note 13)	僱員福利開支(包括董事酬金) (附註13)	4,183	4,836
Operating lease charges in respect of land and buildings	有關土地及樓宇的經營租賃費用	384	322

* included in other operating expenses

* 計入其他經營開支內

^ exclude staff costs and depreciation of property, plant and equipment

^ 不包括員工成本及物業、廠房及設備折舊

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12. INCOME TAX EXPENSE**12. 所得稅開支**

The amount of income tax expense in the consolidated statement of comprehensive income represents:

綜合全面收益表中所得稅開支金額為：

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Current tax	本年度稅項		
– Hong Kong profits tax	– 香港利得稅	–	9
– Other regions of the PRC	– 中國其他地區		
– Enterprise Income Tax (“EIT”)	– 企業所得稅(「企業所得稅」)	24	231
– Taiwan profits tax	– 台灣利得稅	95	158
		119	398
(Over)/Under provision in prior year	過往年度(超額撥備)/撥備不足		
– Hong Kong profits tax	– 香港利得稅	(4)	–
– Other region of the PRC	– 中國其他地區		
– EIT	– 企業所得稅	2	–
		(2)	–
Deferred tax (note 25)	遞延稅項(附註25)	(94)	(92)
Income tax expense	所得稅開支	23	306

Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits derived from Hong Kong for the year. Profits tax arising from operations in Taiwan is calculated at 20% (2017: 17%) on the estimated assessable profit for the year. EIT arising from other regions of the PRC is calculated at 25% (2017: 25%) on the estimated assessable income for the year.

香港利得稅乃根據該年度估計應課稅溢利按16.5%(二零一七年:16.5%)計算。台灣業務所產生的利得稅根據該年度估計應課稅利潤按20%(二零一七年:17%)計算。中國其他地區之企業所得稅根據該年度估計應課稅收益按25%(二零一七年:25%)計算。

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12. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the (loss)/profit before income tax in the consolidated statement of comprehensive income as follows:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
(Loss)/Profit before income tax	所得稅前(虧損)/溢利	(1,067)	866
Tax on profit at the rates applicable to profits in the jurisdictions concerned	按相關司法管轄區的稅率計算溢利的稅項	(151)	177
Tax effect of revenue not taxable for tax purpose	毋須課稅收入的稅務影響	(2)	(1)
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	23	272
Utilisation of tax losses previously not recognised	使用早前未確認之稅項虧損	-	(108)
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	106	1
Tax effect of other temporary differences not recognised	未確認其他暫時性差異稅務影響	49	(17)
Over provision in prior year	過往年度超額撥備	(2)	-
Others	其他	-	(18)
Income tax expense	所得稅開支	23	306

12. 所得稅開支(續)

本年度所得稅開支可與綜合全面收益表中的所得稅前(虧損)/溢利對賬如下：

13. EMPLOYEE BENEFIT EXPENSES

Employee costs (including directors) comprise:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Salaries, wages and other benefits	薪金、工資及其他福利	3,901	4,283
Contribution to defined contribution retirement plans [#]	向界定供款退休計劃供款 [#]	229	227
Equity-settled share-based payment expense (note 28)	權益結算股份支付開支(附註28)	53	326
		4,183	4,836

[#] no contribution is available for reducing the Group's existing level of contribution in the future

僱員成本(包括董事酬金)包括：

[#] 本集團並無可供減少本集團日後現有供款水平的供款

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14. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS**14. 董事酬金、五名最高薪酬人員及高級管理人員酬金****(a) Directors' emoluments**

Directors' emoluments are disclosed as follows:

(a) 董事酬金

各名董事的酬金載列如下：

		Salaries, allowances and other benefits 薪金、津貼 及其他福利	Discretionary bonus* 酌情花紅*	Share-based payment expense 股份支付開支	Pension scheme contribution 退休福利供款	Total 總額
	Fees 袍金	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度			(note) (附註)		
<i>Executive Directors</i>	<i>執行董事</i>					
Mr. Hong James Man-fai ("Mr. Hong")	洪文輝先生(「洪先生」)	3	157	13	12	2
Mr. Chow Kai Chiu, David ("Mr. Chow")	周啟超先生(「周先生」)	3	-	-	-	-
<i>Non-Executive Directors</i>	<i>非執行董事</i>					
Mr. Yung Kwok Kee, Billy ("Mr. Yung")	翁國基先生(「翁先生」)	3	-	-	-	-
Mr. Tang Che Yin ("Mr. Tang")	鄧自然先生(「鄧先生」)	3	-	-	7	-
<i>Independence Non-Executive Directors</i>	<i>獨立非執行董事</i>					
Mr. Lam, Peter ("Mr. Lam")	林晉光先生(「林先生」)	22	-	-	-	-
Mr. Leung Man Chiu, Lawrence ("Mr. Leung")	梁文釗先生(「梁先生」)	22	-	-	-	-
Mr. Fan Yan Hok, Philip ("Mr. Fan")	范仁鶴先生(「范先生」)	22	-	-	-	-
Total	總額	78	157	13	19	2

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14. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

14. 董事酬金、五名最高薪酬人員及高級管理人員酬金(續)

(a) Directors' emoluments (Continued)

(a) 董事酬金(續)

		Salaries, allowances and other benefits	Discretionary bonus*	Share-based payment expense	Pension scheme contribution	Total
	Fees	薪金、津貼及其他福利	酌情花紅*	股份支付開支	退休福利供款	總額
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	千美元	千美元	千美元	千美元	千美元	千美元
(note)						
(附註)						
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度					
<i>Executive Directors</i>	<i>執行董事</i>					
Mr. Hong	3	152	23	44	2	224
Mr. Chow	3	-	-	-	-	3
<i>Non-Executive Directors</i>	<i>非執行董事</i>					
Mr. Yung	3	-	-	-	-	3
Mr. Tang	3	-	-	20	-	23
<i>Independence Non-Executive Directors</i>	<i>獨立非執行董事</i>					
Mr. Lam	22	-	-	-	-	22
Mr. Leung	22	-	-	-	-	22
Mr. Fan	22	-	-	-	-	22
Total	78	152	23	64	2	319

* The discretionary bonus is performance-related with the basis determined by the Remuneration Committee.

* 酌情花紅是與表現有關而基準由薪酬委員會釐定。

Note:

附註:

These amounts represent the estimated value of share options granted to the relevant Directors under the PFC Device Option Scheme (note 28). The value of these share options was measured according to the accounting policies for share-based payments as set out in note 4.14. Further details of the options granted are set out in note 28.

該等金額指已根據PFC購股權計劃授予相關董事的購股權的估計價值(附註28)。該等購股權的價值根據附註4.14所載股份支付的會計政策計量。已授出購股權的進一步詳情載於附註28。

No emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended 31 December 2018 (2017: nil). In addition, none of the Directors waived or agreed to waive any emoluments for the year ended 31 December 2018 (2017: nil).

於截至二零一八年十二月三十一日止年度，本集團並無向董事支付任何酬金，作為加入本集團或加入本集團時的獎勵或作為離職補償(二零一七年：無)。此外，概無董事放棄或同意豁免截至二零一八年十二月三十一日止年度之任何酬金(二零一七年：無)。

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14. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)**14. 董事酬金、五名最高薪酬人員及高級管理人員酬金(續)****(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group included one (2017: one) director whose emoluments are included in note 14(a) above. The emoluments payable to the remaining four (2017: four) highest paid individuals are as follows:

(b) 五名最高薪酬人士

本集團五名酬金最高人士中包括一名(二零一七年：一名)董事(其酬金已包括於上文附註14(a))。應向其餘四名(二零一七年：四名)最高薪酬人士支付的酬金如下：

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Salaries, allowances and other benefits	薪金、津貼及其他福利	403	373
Discretionary bonus	酌情花紅	37	53
Share-based payment expense	股份支付開支	7	95
Contribution to pension scheme	退休福利供款	6	12
		453	533

The emoluments of the above non-director highest paid individuals were within the following bands:

上述非董事最高薪酬人士的酬金介乎以下範圍內：

		2018 二零一八年 Number of individuals 人數	2017 二零一七年 Number of individuals 人數
Nil to HK\$1,000,000	零至1,000,000港元	3	2
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至 1,500,000港元	1	2

No emoluments were paid by the Group to any of the non-director highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2017: nil).

本集團並無向任何並非董事的最高薪酬人士支付任何酬金，作為加入本集團或於加入本集團時的獎勵或作為離職補償(二零一七年：無)。

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14. DIRECTORS' EMOLUMENTS, FIVE HIGHEST PAID INDIVIDUALS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)**(c) Senior management's emoluments**

Emoluments paid or payable to members of senior management who are not directors of the Company were within the following bands:

		2018 二零一八年 Number of individuals 人數	2017 二零一七年 Number of individuals 人數
Nil to HK\$1,000,000	零至1,000,000港元	2	2
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至 1,500,000港元	-	2

15. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

16. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the following data:

14. 董事酬金、五名最高薪酬人員及高級管理人員酬金(續)**(c) 高級管理層酬金**

向並非本公司董事的高級管理層成員已付或應付的酬金介乎以下範圍內：

15. 股息

截至二零一八年十二月三十一日止年度內並無派發或擬派股息，自報告期間結算日後亦無建議任何股息(二零一七年：無)。

16. 每股(虧損)/盈利

每股基本(虧損)/盈利乃基於以下資料計算得出：

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
(Loss)/Earnings	(虧損)/盈利		
(Loss)/Profit for the year attributable to owners of the Company	本公司擁有人應佔年內 (虧損)/溢利	(1,090)	560

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**16. (LOSS)/EARNINGS PER SHARE
(Continued)****16. 每股(虧損)/盈利(續)**

		2018 二零一八年 Number of shares 股份數目 '000 千股	2017 二零一七年 Number of shares 股份數目 '000 千股
Number of shares	股份數目		
Weighted average number of ordinary shares in issue during the year	年內已發行普通股加權平均數	1,613,126	1,602,976

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of US\$1,090,000 (2017: profit of US\$560,000), and the weighted average number of ordinary shares of 1,613,126,000 (2017: 1,602,976,000) shares in issue during the year.

Diluted loss per share for the year ended 31 December 2018 is the same as the basic loss per share as the impact of the potential dilutive ordinary shares outstanding which are the share options granted by the Company on 22 March 2017 (note 28) has an anti-dilutive effect on the basic loss per share presented for the year ended 31 December 2018.

Diluted earnings per share for the year ended 31 December 2017 was calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of ordinary shares for the purposes of calculating the basic earnings per share of 1,602,976,000 shares, after adjustment for the potential dilutive effect in the potential ordinary shares to be issued on the exercise of the share options granted by the Company on 22 March 2017 (note 28) of 10,849,000 shares.

每股基本虧損乃根據本公司擁有人應佔年度虧損1,090,000美元(二零一七年:溢利560,000美元)及年內已發行普通股加權平均數1,613,126,000股計算(二零一七年:1,602,976,000股)。

截至二零一八年十二月三十一日止年度之每股攤薄虧損與每股基本虧損相同,原因為發行在外之潛在攤薄普通股(其為本公司於二零一七年三月二十二日授出之購股權(附註28))之影響為對截至二零一八年十二月三十一日止年度呈列之每股基本虧損產生反攤薄影響。

截至二零一七年十二月三十一日止年度之每股攤薄盈利,乃按本集團之擁有人應佔溢利除以用於計算每股基本盈利之加權平均普通股數為1,602,976,000股計算,並就本公司於二零一七年三月二十二日授出之購股權(附註28)獲行使時擬發行之10,849,000股潛在普通股之潛在攤薄影響作出調整。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Furniture and fixtures 傢俬及裝置 US\$'000 千美元	Office equipment 辦公室設備 US\$'000 千美元	Moulds, tools and machineries 工具、模具及機器 US\$'000 千美元	Leasehold improvements 租賃物業裝修 US\$'000 千美元	Total 總額 US\$'000 千美元
COST	成本					
At 1 January 2017	於二零一七年一月一日	36	318	11,568	1,100	13,022
Translation adjustment	換算調整	2	26	750	71	849
Additions	添置	-	15	1,339	61	1,415
Write-off	撇銷	(4)	-	(6)	-	(10)
At 31 December 2017 and 1 January 2018	於二零一七年 十二月三十一日及 二零一八年一月一日	34	359	13,651	1,232	15,276
Translation adjustment	換算調整	(2)	(12)	(686)	(60)	(760)
Additions	添置	-	5	1,585	101	1,691
Write-off	撇銷	-	(2)	(3)	-	(5)
At 31 December 2018	於二零一八年 十二月三十一日	32	350	14,547	1,273	16,202
DEPRECIATION AND IMPAIRMENT	折舊及減值					
At 1 January 2017	於二零一七年一月一日	23	66	4,063	175	4,327
Translation adjustment	換算調整	1	7	314	18	340
Depreciation	折舊	4	54	1,375	181	1,614
Write-off	撇銷	(4)	-	(2)	-	(6)
At 31 December 2017 and 1 January 2018	於二零一七年 十二月三十一日及 二零一八年一月一日	24	127	5,750	374	6,275
Translation adjustment	換算調整	(2)	(5)	(309)	(22)	(338)
Depreciation	折舊	3	55	1,455	179	1,692
Impairment (note 18)	減值(附註18)	-	9	394	39	442
Write-off	撇銷	-	(2)	(3)	-	(5)
At 31 December 2018	於二零一八年 十二月三十一日	25	184	7,287	570	8,066
NET CARRYING AMOUNT	賬面淨值					
At 31 December 2018	於二零一八年 十二月三十一日	7	166	7,260	703	8,136
At 31 December 2017	於二零一七年 十二月三十一日	10	232	7,901	858	9,001

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18. GOODWILL**18. 商譽**

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
At 1 January	於一月一日	563	563
Provision for Impairment	減值撥備	(563)	-
At 31 December	於十二月三十一日	-	563

For the purpose of impairment assessment, goodwill is allocated to the cash-generating unit of manufacturing and sales of power discrete semiconductors within the operating segment of "Sales of power discrete semiconductors" and is tested for impairment, together with other assets, mainly the property, plant and equipment, by the management as at the end of each reporting period by estimating the recoverable amount of this cash-generating unit based on value-in-use calculations. The calculations comprise cash flow projections based on the financial budgets approved by the management. The period covered by the financial budget is three years. Cash flows beyond the three-year period are extrapolated using an estimated growth rate of 3% (2017: 3%).

Key assumptions used by the management in the value-in-use calculations of this cash-generating unit include:

就減值評估而言，商譽分配至「銷售離散式功率半導體」經營分部內之離散式功率半導體的製造及銷售現金產生單位，並由管理層通過根據使用價值計算法估計該現金產生單位的可收回金額，於各報告期末連同其他資產（主要為物業、廠房及設備）一併作減值測試。有關計算方法包括根據經管理層批准的財務預算計算得出的現金流量預測。財務預算涵蓋的期間為三年。超過三年期的現金流量乃使用估計增長率3%（二零一七年：3%）推算。

管理層在該現金產生單位的使用價值計算法中所用的主要假設包括：

		2018 二零一八年	2017 二零一七年
Discount rate (pre-tax)	稅前折現率	17.4%	18%
Gross profit margin	毛利率	16%–18%	23%–24%

These assumptions have been determined based on past performance and management's expectations in respect of the market conditions as well as the economy and political changes which have impact on the Semiconductor Business. Sales are forecasted with reference to the annual sale plan provided by customers. Gross profit margin is forecasted based on the gross profit margin achieved in prior year adjusted for the expected change in market conditions and taking into account the annual sale plan of customers. The pre-tax discount rate used reflects the specific risks relating to the business and industry in which this cash-generating unit is engaged.

該等假設已根據過往表現以及管理層就對此離散式功率半導體業務有所影響的市況以及經濟及政治變化之預期而釐定。銷售額乃經參考客戶所提供之年度銷售計劃而預測。毛利率乃根據過往年度所達到的毛利率並根據市況之預期變動作出調整，以及經考慮客戶之年度銷售計劃而作出的預測。所用之稅前折現率反映有關該現金產生單位所涉及業務及行業的特定風險。

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18. GOODWILL (Continued)

Based on the annual impairment assessment, the recoverable amount of the cash-generating unit of power discrete semiconductors business as at 31 December 2018 is estimated to be lower than its carrying amount by US\$1,005,000 and accordingly, the entire amount of goodwill as at 31 December 2018 of US\$563,000 was impaired during the year. The remaining amount of shortfall of US\$442,000 was allocated to write down the carrying amount of the property, plant and equipment. The impairment loss recognised for the year of US\$1,005,000 is mainly due to decrease in revenue and financial performance of power discrete semiconductors business over the forecast periods as a result of volatility of global economy, in particular, the China-US trade tension; and oversupply of semiconductor parts in the market.

As the carrying amount of the cash-generating unit has been reduced to its recoverable amount, any adverse change in the key assumptions would result in further impairment losses.

18. 商譽 (續)

根據年度減值評估，離散式功率半導體業務的現金產生單位於二零一八年十二月三十一日的可收回金額據估計低於其賬面值1,005,000美元，因此，商譽於二零一八年十二月三十一日的全部金額563,000美元已於年內減值。餘下差額442,000美元則分配至撇銷物業、廠房及設備的賬面值。本年度確認減值虧損1,005,000美元乃主要由於全球經濟波動(特別是中美貿易緊張)及市場上半導體零件供應過剩，在預測期間離散式功率半導體業務之收入及財務表現均有所下跌。

由於現金產生單位的賬面值已減至其可收回金額，因此主要假設的任何不利變動將導致進一步減值虧損。

19. INVENTORIES

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Raw materials	原材料	4,726	2,960
Work-in-progress	在製品	1,473	2,256
Finished goods	成品	682	603
		6,881	5,819

19. 存貨**20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Trade receivables	應收貿易款項	4,050	6,190
Less: Provision for impairment	減：減值撥備	-	-
Trade receivables, net	應收貿易款項淨額	4,050	6,190
Other receivables	其他應收款項	42	731
Deposits and prepayments	按金及預付款項	148	101
		4,240	7,022

20. 應收貿易及其他應收款項、按金及預付款項

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20. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The ageing analysis of the trade receivables (net), based on invoice date, as of the end of the reporting period is as follows:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
0 to 30 days	0至30天	1,611	2,278
31 to 60 days	31至60天	1,437	2,351
61 to 90 days	61至90天	628	1,374
Over 90 days	90天以上	374	187
		4,050	6,190

The ageing analysis of the trade receivables (net), based on due date, as of the end of the reporting period is as follows:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Neither past due nor impaired	並無逾期或減值	3,553	5,665
Past due but not impaired:	已逾期但未減值：		
Past due for 30 days or below	逾期30天或以下	466	525
Past due for 31 to 60 days	逾期31至60天	31	-
		4,050	6,190

The Group normally allows a credit period of 30 to 60 days after the month of delivery to its trade customers. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 36(c).

21. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposits rates.

20. 應收貿易及其他應收款項、按金及預付款項(續)

於報告期間結算日，應收貿易款項(淨額)按發票日期劃分的賬齡分析如下：

	2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
0 to 30 days	1,611	2,278
31 to 60 days	1,437	2,351
61 to 90 days	628	1,374
Over 90 days	374	187
	4,050	6,190

於報告期間結算日，按到期日劃分的應收貿易款項(淨額)的賬齡分析如下：

	2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Neither past due nor impaired	3,553	5,665
Past due but not impaired:		
Past due for 30 days or below	466	525
Past due for 31 to 60 days	31	-
	4,050	6,190

本集團允許其貿易客戶享有的信貸期一般於交貨當月後30至60天。有關本集團的信貸政策及來自應收貿易款項的信貸風險的進一步詳情載於附註36(c)。

21. 現金及銀行結餘

銀行存款按每日銀行存款利率之浮動利率賺取利息。

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22. TRADE AND OTHER PAYABLES**22. 應付貿易及其他應付款項**

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Trade payables	應付貿易款項	1,051	2,037
Other payables and accruals	其他應付款項及應付費用	1,100	1,422
		2,151	3,459

The credit period granted by suppliers is normally 30 to 60 days after the month of delivery.

供應商授予的信貸期一般為交貨當月後30至60天。

The ageing analysis of trade payables, based on invoice date, as of the end of the reporting period is as follows:

於報告期間結算日，應付貿易款項按發票日期劃分的賬齡分析如下：

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
0 to 30 days	0至30天	594	945
31 to 60 days	31至60天	394	964
61 to 90 days	61至90天	57	120
Over 90 days	90天以上	6	8
		1,051	2,037

23. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES**23. 應收／應付同系附屬公司款項**

The amounts due are unsecured, interest-free and repayable on demand.

該等款項為無抵押、免息及須於要求時償還。

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24. BANK BORROWINGS**24. 銀行借款**

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Current liabilities	流動負債		
Bank loans subject to repayment on demand clause and due for repayment within one year	遵照按要求償還條款及於一年內到期的銀行貸款	600	858
		600	858

The above bank loans are unsecured except for the corporate guarantee provided by the Company, denominated in US\$ and bearing interest at London Inter-Bank Offered Rate plus certain margin. The annual interest rate of the Group's bank loan as at 31 December 2018 was 3.60% (2017: 2.75%).

以上銀行貸款為無抵押(由本公司提供公司擔保除外)、以美元計值,按倫敦銀行同業拆息加若干利率差距計息。本集團於二零一八年十二月三十一日的銀行貸款的年利率為3.60%(二零一七年:2.75%)。

25. DEFERRED TAX**25. 遞延稅項**

Details of the Group's deferred tax assets recognised in the consolidated statement of financial position and their movements during the year are as follows:

本集團於本年度已在綜合財務狀況表確認的遞延稅項資產及其變動詳情如下:

		Impairment provision on property, plant and equipment 物業、廠房及設 備之減值撥備 US\$'000 千美元	Other temporary differences 其他 暫時性差額 US\$'000 千美元	Total 總計 US\$'000 千美元
At 1 January 2017	於二零一七年一月一日	-	26	26
Translation adjustment	換算調整	-	4	4
Credited to profit or loss (note 12)	於損益中計入 (附註12)	-	92	92
At 31 December 2017 and 1 January 2018	於二零一七年 十二月三十一日及 二零一八年一月一日	-	122	122
Translation adjustment	換算調整	-	(3)	(3)
Credit/(Charged)to profit or loss (note 12)	於損益中計入/(扣除) (附註12)	103	(9)	94
At 31 December 2018	於二零一八年十二月 三十一日	103	110	213

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25. DEFERRED TAX (Continued)

As at 31 December 2018, the Group had unused tax losses of approximately US\$644,000 available for offset against future profits. No deferred tax assets in respect of these tax losses have been recognised in the financial statements due to the unpredictability of future profits stream. The Group had no unused tax losses as at 31 December 2017.

Deferred tax liabilities of approximately US\$58,000 (2017: US\$58,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of a PRC subsidiary as at 31 December 2018 as, in the opinion of the directors, it is not probable that this subsidiary will distribute such earnings in the foreseeable future. Such unremitted earnings amounted to approximately US\$1,160,000 as at 31 December 2018 (2017: US\$1,155,000).

26. SHARE CAPITAL

The movements in the authorised and issued and fully paid share capital of the Company during the current and prior years are summarised as follows:

25. 遞延稅項(續)

於二零一八年十二月三十一日，本集團可用於抵銷未來溢利的未動用稅項虧損約為644,000美元。由於不可預測未來溢利流，因此概無就此等稅項虧損於財務報表確認遞延稅項資產。於二零一七年十二月三十一日，本集團並無未動用稅項虧損。

於二零一八年十二月三十一日，一間中國附屬公司之未滙出溢利就其應付之預扣稅項，並未設立約58,000美元(二零一七年：58,000美元)之遞延稅項負債。因董事認為，該附屬公司在可見將來不可能分配此利潤。於二零一八年十二月三十一日，該等未滙出之利潤約1,160,000美元(二零一七年：1,155,000美元)。

26. 股本

本公司的法定以及已發行及繳足股本於本年度及以往年度的變動詳情概述如下：

		Par value 面值 HK\$ 港元	Number of ordinary shares 普通股股份數目	Amount 金額 HK\$'000 千港元
Authorised:	法定：			
At 1 January 2017, 31 December 2017 and 31 December 2018	於二零一七年一月一日、二零一七年十二月三十一日及二零一八年十二月三十一日	0.01	3,800,000,000	38,000
Issued and fully paid:	已發行及繳足：			
At 1 January 2017	於二零一七年一月一日	0.01	1,600,000,000	16,000
Shares issued upon exercise of the options granted by the Company in 2017 (note (i))	本公司於二零一七年授出的購股權獲行使而發行股份(附註(i))	0.01	8,420,000	84
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	0.01	1,608,420,000	16,084
Shares issued upon exercise of the options granted by the Company in 2017 (note (ii))	本公司於二零一七年授出的購股權獲行使而發行股份(附註(ii))	0.01	9,612,277	96
At 31 December 2018	於二零一八年十二月三十一日	0.01	1,618,032,277	16,180

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26. SHARE CAPITAL (Continued)**26. 股本(續)**

	2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Presented in the financial statements in US\$ 財務報表以美元呈列	2,085	2,073

Notes:

- (i) On 25 August 2017, a total of 8,420,000 ordinary shares with a par value of HK\$0.01 each were issued as a result of the exercise of the share options granted by the Company (note 28) at an aggregate consideration of approximately US\$178,000. As a result of this, the share capital of the Company has increased by US\$11,000, an amount of US\$81,000 was debited to share option reserve and the balance of US\$248,000 was credited to share premium account.
- (ii) During the year ended 31 December 2018, a total of 9,612,277 ordinary shares with a par value of HK\$0.01 each were issued as a result of the exercise of the share options granted by Company (note 28) at an aggregate consideration of approximately US\$202,000. As a result of this, the share capital of the Company has increased by US\$12,000, an amount of US\$93,000 was debited to share option reserve and the balance of US\$283,000 was credited to share premium account.

附註：

- (i) 於二零一七年八月二十五日，因行使本公司授出購股權(附註28)而發行合共8,420,000股每股面值0.01港元之普通股，總代價約為178,000美元。因此，本公司的股本增加11,000美元，81,000美元的金額從購股權儲備中扣除，餘額248,000美元計入股份溢價賬。
- (ii) 截至二零一八年十二月三十一日止年度，因行使本公司授出購股權(附註28)而發行合共9,612,277股每股面值0.01港元之普通股，總代價約為202,000美元。因此，本公司的股本增加12,000美元，93,000美元的金額從購股權儲備中扣除，餘額283,000美元計入股份溢價賬。

27. RESERVES**The Group**

The following describes the nature and purpose of reserves within owner's equity.

(a) Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

(b) Share option reserve

Share option reserve comprises the cumulated expenses recognised on granting of share options over the vesting period and is dealt with in accordance with the accounting policy in note 4.14.

(c) Merger reserve

Merger reserve arose from combining the financial statements of the companies now comprising the Group during the reorganisation in connection with the listing of shares of the Company on the GEM of the Stock Exchange in 2016.

27. 儲備**本集團**

權益內的儲備性質及目的如下：

(a) 股本溢價

股本溢價乃收取所得款項超出按溢價發行本公司股份的面值減就股份發行而產生的開支的數額。

(b) 購股權儲備

購股權儲備包括歸屬期內確認授出購股權時的累計開支，並根據附註4.14的會計政策處理。

(c) 合併儲備

合併儲備於為籌備本公司股份於聯交所GEM上市而在二零一六年進行重組期間自合併目前組成本集團的公司的財務報表產生。

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27. RESERVES (Continued)**The Group (Continued)****(d) Capital contribution**

Capital contribution as at 31 December 2018 and 2017 amounting to US\$1,247,000 arose from the group reorganisation conducted in 2016 which included capitalisation of tax recharged by a fellow subsidiary amounting to US\$31,000 and capitalisation of other balances due to fellow subsidiaries amounted to US\$1,216,000.

(e) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations in accordance with the accounting policy in note 4.12.

(f) Accumulated losses

Accumulated losses are the cumulative net gains and losses recognised in profit or loss.

The Company

Details of the movements in the Company's reserves are as follows:

27. 儲備(續)**本集團(續)****(d) 出資**

於二零一八年及二零一七年十二月三十一日的出資為數1,247,000美元，產生自二零一六年進行的集團重組，當中包括已撥充資本的一間同系附屬公司之轉徵稅項為數31,000美元及已撥充資本的應付同系附屬公司其他結餘為數1,216,000美元。

(e) 匯兌儲備

匯兌儲備包括根據附註4.12的會計政策，自換算境外業務財務報表產生的所有匯兌差額。

(f) 累計虧損

累計虧損為於損益確認的累計收益和虧損。

本公司

本公司的儲備變動詳情如下：

		Share premium 股本溢價 US\$'000 千美元	Share option reserve 購股權儲備 US\$'000 千美元	Accumulated losses 累計虧損 US\$'000 千美元	Total 合共 US\$'000 千美元
At 1 January 2017	於二零一七年一月一日	20,536	-	(2,651)	17,885
Loss and total comprehensive income for the year	本年度虧損及全面收益總額	-	-	(656)	(656)
Share-based payment	股份支付	-	326	-	326
Vested share options forfeited (note 28)	沒收已歸屬的購股權 (附註28)	-	(9)	9	-
Shares issued upon exercise of the options granted by the Company (note 26 (i))	本公司授出的購股權獲行使而 發行股份(附註26(i))	248	(81)	-	167
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	20,784	236	(3,298)	17,722
Loss and total comprehensive income for the year	本年度虧損及全面收益總額	-	-	(2,599)	(2,599)
Share-based payment	股份支付	-	53	-	53
Vested share options forfeited (note 28)	沒收已歸屬的購股權(附註28)	-	(2)	2	-
Shares issued upon exercise of the options granted by the Company (note 26(ii))	本公司授出的購股權獲行使而 發行股份(附註26(ii))	283	(93)	-	190
At 31 December 2018	於二零一八年十二月三十一日	21,067	194	(5,895)	15,366

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28. SHARE-BASED PAYMENT ARRANGEMENTS

Pursuant to the resolution passed by the shareholders of the Company on 19 September 2016, the adoption of the share option scheme of the Company (the "PFC Device Option Scheme") was approved to enable the Company to grant options to eligible persons as incentives or rewards for their contributions or potential contributions to the Group. Eligible participants of PFC Device Option Scheme include the directors, employees, executives or officers of the Group and any suppliers, consultants, agents, advisers and related entities to the Group.

The PFC Device Option Scheme shall be valid and effective for a period of ten years commencing from the date on which the PFC Device Option Scheme becomes unconditional. The subscription price shall be such price as the board of directors of the Company in its absolute discretion shall determine, provided that such price will not less than the highest of: (a) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (b) the average of the official closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the share of the Company. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 22 March 2017, options to subscribe for an aggregate of 41,794,191 shares of the Company, were granted under PFC Device Option Scheme to certain directors, employees and consultants, which shall vest based on the vesting schedules specified in the offer documents of the respective grantees. Share options granted to non-employee participants are for their contribution to the Group in respect of providing services similar to those rendered by its employees.

28. 股份支付安排

根據本公司股東於二零一六年九月十九日通過之決議案，本公司已批准採納購股權計劃(「PFC購股權計劃」)，使本公司可向合資格人士授出購股權作為其對本集團的貢獻或潛在貢獻之激勵或獎勵。PFC購股權計劃之合資格參與者包括本集團之董事、僱員、行政人員或高級職員，以及本集團之任何供應商、顧問、代理、諮詢人及相關實體。

PFC購股權計劃須自PFC購股權計劃成為無條件日期起計10年期間內有效。認購價應為本公司董事會全權酌情釐定的有關價格，惟該價格將不會低於以下各項中最高者：(a)授出日期(必須為聯交所開放經營證券買賣業務之日)聯交所每日報價表所載的本公司股份收市價；(b)緊接授出日期前五個營業日，聯交所每日報價表所載的本公司股份平均正式收市價；及(c)本公司股份面值。購股權不賦予持有人獲派股息或在股東大會上投票的權利。

於二零一七年三月二十二日，根據PFC購股權計劃向若干董事、僱員及顧問授出合共41,794,191股本公司股份之購股權，該等購股權將根據各承授人之要約文件所訂明之歸屬時間表歸屬。向並非僱員之參與者授出購股權，是基於彼等向本集團作出類似於僱員提供服務的貢獻。

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28. SHARE-BASED PAYMENT ARRANGEMENTS (Continued)

The fair value of the share options granted on 22 March 2017 was HK\$3,271,000, equivalent to approximately US\$421,000. Such fair value was estimated by independent professional valuer at the date of grant using Binomial Model taking into account the terms and conditions of the options granted. The following table shows the significant inputs used in the model:

Dividend yield	0%
Historical volatility	43.032%
Risk-free interest rate	1.636%
Expected life of option	10 years

The historical volatility of a combination of companies of similar nature were used to estimate the historical volatility of the Company's shares.

During the year ended 31 December 2018, share-based payment expense of US\$53,000 was charged to profit or loss (2017: US\$326,000). The movements of the share options granted under PFC Device Option Scheme during the years ended 31 December 2018 and 2017 are as follows:

28. 股份支付安排(續)

於二零一七年三月二十二日授出的購股權公平值為3,271,000港元，相當於約421,000美元。該公平值由獨立專業估值師於授出日期採用二項式模式進行估計，並計及授出購股權的條款及條件。下表列示該模式所使用的重大輸入值：

股息回報率	0%
歷史波幅	43.032%
無風險利率	1.636%
購股權預期年期	10年

已採用一組性質類似之公司的過往波幅來估計本公司股份的歷史波幅。

於截至二零一八年十二月三十一日止年度，股份支付開支53,000美元已於損益扣除(二零一七年：326,000美元)。根據PFC購股權計劃授出的購股權於截至二零一八年及二零一七年十二月三十一日止年度之變動如下：

Grantee	Date of grant	Exercise price	Numbers of options			As at 31 December 2018
			As at 1 January 2018	Exercised	Forfeited	
承授人	授出日期	行使價 HK\$ 港元	於 二零一八年 一月一日	已行使	已沒收	於 二零一八年 十二月 三十一日
Directors						
董事						
Mr. Hong	22 March 2017	0.165	5,408,343	-	-	5,408,343
洪先生	二零一七年三月二十二日					
Mr. Tang	22 March 2017	0.165	2,800,000	-	-	2,800,000
鄧先生	二零一七年三月二十二日					
Other employees	22 March 2017	0.165	20,105,848	(9,472,277)	(573,750)	10,059,821
其他僱員	二零一七年三月二十二日					
Consultants	22 March 2017	0.165	2,100,000	(140,000)	-	1,960,000
顧問	二零一七年三月二十二日					
			30,414,191	(9,612,277)	(573,750)	20,228,164

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28. SHARE-BASED PAYMENT ARRANGEMENTS (Continued)**28. 股份支付安排(續)**

Grantee	Date of grant	Exercise price	Numbers of options 購股權數目					
			As at 1 January 2017 於二零一七年 一月一日	Granted on 22 March 2017 於二零一七年 三月二十二日 授出	Exercised	Forfeited	As at 31 December 2017 於二零一七年 十二月三十一日	
		行使價 HK\$ 港元						
Directors 董事								
Mr. Hong 洪先生	22 March 2017 二零一七年三月二十二日	0.165	-	5,408,343	-	-	-	5,408,343
Mr. Tang 鄧先生	22 March 2017 二零一七年三月二十二日	0.165	-	2,800,000	-	-	-	2,800,000
Other employees 其他僱員	22 March 2017 二零一七年三月二十二日	0.165	-	31,335,848	(8,270,000)	(2,960,000)		20,105,848
Consultants 顧問	22 March 2017 二零一七年三月二十二日	0.165	-	2,250,000	(150,000)	-		2,100,000
			-	41,794,191	(8,420,000)	(2,960,000)		30,414,191

The closing price of the Company's shares immediately before the date of grant of share options was HK\$0.172.

The share options granted on 22 March 2017 are valid and effective for a period of 10 years from date of acceptance on 1 April 2017 subject to vesting requirements that the options shall be vested by stages which last for 9 months to 3.25 years.

During the year, options to subscribe for 9,612,277 shares (2017: 8,420,000 shares) were exercised which resulted in the issue of 9,612,277 new ordinary shares (2017: 8,420,000 new ordinary shares) of the Company and new capital of HK\$96,000 (equivalent to US\$12,000) (2017: HK\$84,000 (equivalent to US\$11,000)) (note 26). The weighted average closing price of the Company's shares immediately before the date on which the share options were exercised was HK\$0.263 (2017: HK\$0.210).

During the year, options to subscribe for 573,750 shares (2017: 2,960,000 shares) were forfeited upon the resignation of the employees of the Group.

As at 31 December 2018, there were 20,228,164 shares (2017: 30,414,191 shares) issuable under outstanding share options granted under PFC Device Option Scheme. The weighted average remaining contractual life of these options was 8.25 years (2017: 9.25 years). Out of the total options outstanding as at 31 December 2018, options to subscribe for 13,992,241 shares (2017: 15,980,143 shares) vested and were exercisable by the grantees by giving notice in writing to the Company. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of additional 20,228,164 shares (2017: 30,414,191 shares) of the Company and additional share capital of HK\$202,000 (equivalent to US\$26,000) (2017: HK\$304,000 (equivalent to US\$39,000)).

No option was granted during the year.

緊接購股權授出日期前本公司股份收市價為0.172港元。

於二零一七年三月二十二日授出的購股權於接納日期二零一七年四月一日起十年內有效，惟須符合歸屬規定一購股權須分階段(為期9個月至3.25年)歸屬。

年內，可認購9,612,277股(二零一七年：8,420,000股)股份之購股權獲行使，本公司因此發行9,612,277股(二零一七年：8,420,000股)新普通股及新資本96,000港元(相當於12,000美元)(二零一七年：84,000港元(相當於11,000美元))(附註26)。緊接購股權獲行使日期之前，本公司股份之加權平均收市價為0.263港元(二零一七年：0.210港元)。

年內，因本集團相關僱員辭任而已沒收可認購573,750股(二零一七年：2,960,000股)股份之購股權。

於二零一八年十二月三十一日，有20,228,164股(二零一七年：30,414,191股)股份為根據PFC購股權計劃授出而尚未行使之購股權可予發行。此等購股權的加權平均剩餘合約期限為8.25年(二零一七年：9.25年)。於二零一八年十二月三十一日尚未行使的購股權總數中，可認購13,992,241股(二零一七年：15,980,143股)股份之購股權已歸屬及可由承授人透過向本公司發出書面通知而行使。根據本公司目前的資本架構，未行使購股權獲悉數行使將導致發行額外20,228,164股(二零一七年：30,414,191股)本公司股份及額外股本202,000港元(相當於26,000美元)(二零一七年：304,000港元(相當於39,000美元))。

年內概無授出購股權。

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29. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

29. 控股公司財務狀況表

		Notes 附註	2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
ASSETS AND LIABILITIES	資產及負債			
Non-current asset	非流動資產			
Investment in a subsidiary	在一間附屬公司的投資		13,392	13,392
Current assets	流動資產			
Other receivables, prepayments and deposits	其他應收款項、按金及預付款項		29	6
Amounts due from subsidiaries	應收附屬公司的款項		5,206	7,061
Cash and bank balances	現金及銀行結餘		56	624
			5,291	7,691
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及應計費用		146	143
Amounts due to subsidiaries	應付附屬公司款項		1,086	1,145
			1,232	1,288
Net current assets	流動資產淨額		4,059	6,403
Net assets	資產淨值		17,451	19,795
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	26	2,085	2,073
Reserves	儲備	27	15,366	17,722
Total Equity	權益總額		17,451	19,795

On behalf of the directors

代表董事

Chow Kai Chiu, David
周啟超
Director
董事

Hong James Man-Fai
洪文輝
Director
董事

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30. OPERATING LEASE COMMITMENTS**Operating leases commitments – The Group as lessee**

The Group leases factory, office premises and staff quarters under operating lease arrangement with leases negotiated for initial periods ranging from two to three years (2017: two to four years). The total future minimum lease payments under these leases are due as follows:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Within one year	一年以內	345	279
Later than one year and not later than five years	一年以上五年以內	–	239
		345	518

30. 經營租賃承擔**經營租賃 – 本集團作為承租人**

本集團根據經營租賃安排租賃工廠、辦公室處所及員工宿舍，初步租期按介乎二至三年磋商(二零一七年：二至四年)。根據該等租賃到期應付的未來最低租賃付款總額如下：

31. CAPITAL COMMITMENTS

Commitments for acquisition of property, plant and equipment
– Contracted for but not provided

購買物業、廠房及設備之承擔
– 已訂約但未撥備

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
		395	466

31. 資本承擔

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32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**32. 綜合現金流量表附註**

Reconciliation of liabilities arising from financing activities

融資活動產生的負債對賬

		Bank borrowings 銀行借款 US\$'000 千美元 (note 24) (附註24)
At 1 January 2017	於二零一七年一月一日	5,000
Changes from cash flows:	來自現金流量的變動：	
Proceeds from bank borrowings	銀行借款的所得款項	8,016
Repayment of bank borrowings	償還銀行借款	(12,158)
Interest paid	已付利息	(14)
Total changes from financing cash flows	融資現金流量變動總額	(4,156)
Other changes:	其他變動：	
Interest expenses (note 10)	利息開支(附註10)	14
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	858
Changes from cash flows:	來自現金流量的變動：	
Proceeds from bank borrowings	銀行借款的所得款項	1,274
Repayment of bank borrowings	償還銀行借款	(1,532)
Interest paid	已付利息	(3)
Total changes from financing cash flows	融資現金流量變動總額	(261)
Other changes:	其他變動：	
Interest expenses (note 10)	利息開支(附註10)	3
At 31 December 2018	於二零一八年十二月三十一日	600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

綜合財務報表附註(續)

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33. RELATED PARTY TRANSACTIONS

33. 關聯方交易

Saved as disclosed elsewhere in these financial statements, the Group has the following significant related party transactions during the year:

除本財務報表其他部份作披露者外，本集團與關聯方於本年度訂立以下重大交易：

(a) During the year, the Group entered into the followings significant transactions with related parties:

(a) 於本年度，本集團與關聯方進行以下重大交易：

Name 名稱	Related party relationship 關聯方關係	Type of transaction 交易種類	Transaction amount 交易金額	
			2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Shell Electric (note (i)) 蜆壳電器(附註(i))	Ultimate holding company 最終控股公司	Rental and building management fee charged by the related party for office premises 關聯方就辦公室處所收取的租金及樓宇管理費	32	27
SMC Multi-Media Trading Company Limited (note (ii)) 蜆壳多媒體貿易有限公司(附註(ii))	Fellow subsidiary 同系附屬公司	Sales of finished goods to related party 向關聯方銷售成品	23	22
佛山市順德區蜆華多媒體製品有限公司 (Foshan Shunde SMC Multi-Media Products Company Limited* ("Shunde Multi-Media")) (note (ii)) 佛山市順德區蜆華多媒體製品有限公司(「順德多媒體」)(附註(ii))	Fellow subsidiary 同系附屬公司	Rental and building management fee charged by the related party for production workshop with office facilities and staff dormitory 由關聯方收取生產車間連同辦公設施以及員工宿舍的租金及樓宇管理費	160	144
Shunde Multi-Media (note (ii)) 順德多媒體(附註(ii))	Fellow subsidiary 同系附屬公司	Fee charged by the related party for provision of catering services 由關聯方收取提供餐飲服務費	4	5
迅速資產管理(深圳)有限公司 (Xun Su Asset Management (Shenzhen) Limited*) (note (iii)) 迅速資產管理(深圳)有限公司(附註(iii))	Fellow subsidiary 同系附屬公司	Rental charged by the related party for office premises 關聯方收取辦公室處所的租金	89	54

* for identification purposes only

* 僅供識別

Notes:

附註：

- (i) Shell Electric is the ultimate holding company of the Group. Mr. Yung, a non-executive director of the Company, is the ultimate beneficial owner of Shell Electric.
- (ii) SMC Multi-Media Trading Company Limited and Shunde Multi-Media are indirect wholly-owned subsidiaries of Shell Electric.
- (iii) Xun Su Asset Management (Shenzhen) Limited is an indirect wholly-owned subsidiary of Shell Electric.

- (i) 蜆壳電器為本集團的最終控股公司。本公司非執行董事翁先生為蜆壳電器的最終實益擁有人。
- (ii) 蜆壳多媒體貿易有限公司及順德多媒體為蜆壳電器的間接全資附屬公司。
- (iii) 迅速資產管理(深圳)有限公司為蜆壳電器的間接全資附屬公司。

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**33. RELATED PARTY TRANSACTIONS
(Continued)**

The transactions were conducted on mutually agreed terms.

(b) Compensation of key management personnel:

The remuneration of directors and other members of key management are as follows:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Salaries, allowances and other benefits	薪金、津貼及其他福利	398	625
Share-based payment expense	股份支付開支	28	139
Contributions to defined contribution retirement plan	向界定供款退休計劃之供款	8	13
		434	777

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to support the Group's financial stability and growth.

The Group monitors its capital structure on the basis of gearing ratio, that is, net debt to equity. Net debt includes borrowings and advances from group companies except for those which would subsequently be capitalised, less cash and bank balances. Equity represents total equity of the Group.

The directors of the Company actively and regularly reviews and manages the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares, return capital to shareholders, raise new debts or sells assets to reduce debt.

33. 關聯方交易(續)

該等交易按雙方協定的條款進行。

(b) 主要管理人員薪酬

董事及其他主要管理層成員的薪酬如下：

34. 資本管理

本集團管理資本目標為保障本集團的持續經營能力，以為股東提供回報及為其他持份者謀求利益；維持最佳資本架構，減低資金成本以及支持本集團穩定增長。

本集團根據負債比率(即債務淨額與權益的比率)監察其資本架構。債務淨額包括銀行借款及集團公司墊款(惟其後將資本化者除外)減現金及銀行結餘。權益指本集團的權益總額。

本公司的董事積極並定期檢討及管理本集團的資本架構，並考慮本集團的未來資本需求，以確保取得最佳股東回報。本集團因應經濟環境變化以及相關資產的風險特性管理資本架構並加以調整。為維持或調整資本架構，本集團會調整向股東支付的股息、發行新股、向股東退回資本、籌措新債或售資減債。

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34. CAPITAL MANAGEMENT (Continued)

The gearing ratios at the end of the reporting period were as follows:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Bank borrowings	銀行借款	600	858
Amounts due to fellow subsidiaries	應付同系附屬公司款項	170	56
Less: cash and bank balances	減：現金及銀行結餘	(4,305)	(5,573)
Net debt	負債淨額	N/A不適用	N/A不適用
Total equity	權益總額	22,922	24,680
Gearing ratio	負債比率	N/A不適用	N/A不適用

The Group targets to maintain a gearing ratio to be in line with expected changes in economic and financial conditions. The Group's overall strategy on capital management remains unchanged throughout the year.

34. 資本管理(續)

報告期末的負債比率如下：

本集團的目標為因應經濟及財務狀況的預期變動，將負債比率維持在相稱水平。本集團的整體資本管理策略於本年度維持不變。

35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and liabilities:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Financial assets at amortised cost	按攤銷成本列賬的金融資產		
– Trade and other receivables and deposits	– 應收貿易及其他應收款項及按金	4,115	–
– Amount due from a fellow subsidiary	– 應收一間同系附屬公司款項	2	–
– Cash and bank balances	– 現金及銀行結餘	4,305	–
Loans and receivables	貸款及應收款項		
– Trade and other receivables and deposits	– 應收貿易及其他應收款項及按金	–	6,247
– Amount due from a fellow subsidiary	– 應收一間同系附屬公司款項	–	4
– Cash and bank balances	– 現金及銀行結餘	–	5,573
		8,422	11,824
Financial liabilities at amortised cost	按攤銷成本列賬的金融負債		
– Trade and other payables	– 應付貿易及其他應付款項	2,140	3,444
– Amounts due to fellow subsidiaries	– 應付同系附屬公司款項	170	56
– Bank borrowings	– 銀行借款	600	858
		2,910	4,358

35. 按類別劃分的金融資產及金融負債之概要

下表列示金融資產及負債的賬面值：

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35. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (Continued)

(a) Financial instruments not measured at fair value

Financial instruments not measured at fair value include trade and other receivables, deposit, cash and bank balances, trade and other payables, bank borrowings and balances with related companies. Due to their short-term nature, the carrying values of these financial instruments approximate their fair values.

(b) Financial instruments measured at fair value

As at 31 December 2017 and 2018, the Group did not have any financial instruments measured at fair value and accordingly, no analysis on fair value hierarchy is presented.

36. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks which comprise market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors of the Company and senior management meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Generally, the Group employs a conservative strategy regarding its financial risk management. As the directors consider that the Group's exposure to financial risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below:

35. 按類別劃分的金融資產及金融負債之概要(續)

(a) 並非按公平值計量的金融工具

並非按公平值計量的金融工具包括應收貿易及其他應收款項及按金、現金及銀行結餘、應付貿易及其他應付款項、銀行借款及關聯公司結餘。鑒於其短期性質，金融工具之賬面值與其公平值相若。

(b) 按公平值計量的金融工具

於二零一七年及二零一八年十二月三十一日，本集團並無任何以公平值計量的金融工具，因此並無呈列公平值層級分析。

36. 財務風險管理

本集團業務面臨多項財務風險，包括市場風險(包括貨幣風險及利率風險、信貸風險及流動資金風險)。本集團的整體風險管理著眼於金融市場的不可預測性，力求最大程度降低本集團財務表現所面對的潛在不利影響。風險管理由主要管理層根據董事會批准的政策貫徹落實。本集團並無風險管理政策書面文件。然而，本公司董事及高級管理層定期舉行會議，查找及評估風險並制定管理財務風險策略。

本集團一般採取保守的財務風險管理策略。由於董事認為本集團的財務風險維持在最低水平，故本集團並無採用任何衍生工具或其他工具作對沖之用。本集團面對的最重大風險詳述如下：

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36. FINANCIAL RISK MANAGEMENT (Continued)**(a) Currency risk**

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong, the PRC and Taiwan. The functional currencies of the Company and its subsidiaries are mainly US\$, RMB and Taiwan dollars ("TWD") with certain of their business transactions being settled in US\$, RMB, HK\$ and TWD. The Group is thus exposed to currency risk arising from fluctuations on foreign currencies, primarily US\$, RMB, HK\$ and, against the functional currency of the Company and the relevant group entities. Currently the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group continues to conduct its sales mainly in US\$ and TWD and make payments either in US\$, HK\$, RMB or TWD. The directors closely monitor the volatility of the exchange rates of US\$ against RMB and TWD, to which the Group has major exposure. All in all, the Group's risk exposure to foreign exchange rate fluctuations remains not material.

The overall exposure in respect of the carrying amounts of the Group's foreign currency denominated financial assets and liabilities in net position as at the end of the reporting period are as follows:

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元
Net monetary assets/(liabilities) denominated in foreign currency	以外幣列值的貨幣 資產/(負債)淨額		
US\$	美元	(170)	3,723

As HK\$ is pegged to US\$, the Group does not have material currency risk arising from fluctuation of exchange rate between HK\$ and US\$ and thus the relevant balances denominated in HK\$ or US\$ are excluded from the Group's net position in the above table. The following sensitivity analysis, determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year, demonstrates the Group's exposure to a reasonably possible change in US\$ against the functional currencies of RMB and TWD on the Group's net asset position denominated in US\$ as at the end of the reporting period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

36. 財務風險管理(續)**(a) 貨幣風險**

貨幣風險指金融工具的公平值或未來現金流量因外幣匯率變動而波動的風險。本集團主要於香港、中國及台灣經營。本公司及其附屬公司的功能貨幣主要為美元、人民幣及新台幣(「新台幣」)，若干商業交易以美元、人民幣、港元及新台幣結算。因此，本集團面對因外幣(主要是美元、人民幣及港元)兌本公司及相關集團公司功能貨幣之外匯波動而產生的貨幣風險。本集團目前並無外幣對沖政策，惟管理層持續監察匯率風險，並將於有需要時考慮對沖重大的外幣風險。

本集團持續以美元及新台幣進行銷售，並以美元、港元、人民幣或新台幣付款。董事密切監察本集團所面對主要以美元兌人民幣及新台幣的匯率波動。總而言之，本集團對匯率波動的風險維持在不重大水平。

於本報告期末，有關本集團以外幣列值的金融資產及負債(處於淨額水平)之賬面值的總體風險如下：

由於港元與美元掛鈎，本集團並無因港元兌美元匯率波動產生重大貨幣風險，因此上表中自本集團淨額狀況撇除以港元或美元列值的相關結餘。以下敏感度分析基於假設外幣匯率的百分比變動於財政年度初發生並於整個年度維持不變，顯示本集團面對美元兌人民幣及新台幣為功能貨幣的合理可能變動的風險，對本集團於報告期末以美元列值的資產淨值狀況的影響(實際運作上，實際貿易結果可能有別於以下敏感度分析，且可能有大幅差距)：

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36. FINANCIAL RISK MANAGEMENT (Continued)**36. 財務風險管理(續)****(a) Currency risk (Continued)****(a) 貨幣風險(續)**

		(Decrease in loss)/Increase in profit for the year and (increase)/decrease in accumulated losses	
		本年度(虧損減少)/溢利增加及 累計虧損(增加)/減少	
		2018	2017
		二零一八年	二零一七年
		US\$'000	US\$'000
		千美元	千美元
US\$ appreciated by 5% (2017: 5%)	美元升值5% (二零一七年: 5%)	(1)	156

The changes in the exchange rates do not affect the Group's other components of equity. The same percentage depreciation in US\$ against the functional currencies of the respective group companies would have the same magnitude on the result of the Group but of opposite effect.

匯率變動並未影響本集團的其他權益組成部分。美元兌各集團公司的功能貨幣貶值相同的百分比將對本集團業績產生同等程度的相反影響。

(b) Interest rate risk**(b) 利率風險**

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bank borrowings and bank deposits.

利率風險涉及金融工具的公平值或現金流量因市場利率變動而波動的風險。本集團的收入及經營業務現金流量大致不受市場利率變動影響。本集團的利率風險主要來自銀行借款及銀行存款。

Bank borrowings arranged at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. All of the Group's bank borrowings at the end of the reporting period bore interest at variable rates. The interest rates and repayment terms of the bank borrowings outstanding at the end of the reporting period are disclosed in note 24.

按浮息及定息安排的銀行借款分別使本集團面對現金流量利率風險及公平值利率風險。於報告期末，本集團的所有銀行借款按浮息計息。於報告期末的未償還銀行借款的利率及還款條款於附註24披露。

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on the bank balances. The directors of the Company consider the Group's exposure to interest rate risk in respect of bank balances is not significant as interest-bearing bank deposits are within short maturity periods in general.

本集團的銀行結餘令其面對因銀行結餘受到現行市場利率波動產生的現金流量利率風險。本公司董事認為，本集團就銀行結餘承受的利率風險並不重大，因為計息銀行存款普遍於短期內到期。

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36. FINANCIAL RISK MANAGEMENT (Continued)**(b) Interest rate risk (Continued)**

The following sensitivity demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating rate bank borrowings with all other variables held constant at the end of the reporting period (in practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material):

		2018 二零一八年 US\$'000 千美元
(Increase)/Decrease in loss for the year and accumulated losses	本年度虧損及累計虧損 (增加)/減少	
+50 basis point ("bp")	+50個基點(「基點」)	(3)
-10 bp	-10個基點	1
		2017 二零一七年 US\$'000 千美元
(Decrease)/Increase in profit for the year and (increase)/decrease in accumulated losses	本年度溢利(減少)/增加及 累計虧損(增加)/減少	
+50 bp	+50個基點	(4)
-10 bp	-10個基點	1

The changes in interest rates do not affect the Group's other components of equity. The above sensitivity analysis is prepared based on the assumption that bank borrowings outstanding at the end of the reporting period remain outstanding throughout a financial year. The assumed changes in interest rate are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting period.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

36. 財務風險管理(續)**(b) 利率風險(續)**

以下敏感度分析顯示本集團對其於報告期末的浮息銀行借款之利率發生合理可能變動，而所有其他變量維持不變(實際運作上，實際貿易結果可能有別於以下敏感度分析，且可能有大幅差距)：

利率變動並不影響本集團的其他權益組成部分。上述敏感度分析基於假設報告期末的未償還銀行借款於財政年度內均屬仍未償還而編製。假定的利率變動基於對當前市況的觀察被視為合理可能，並代表管理層對期內(直至下個年度報告期間止)利率合理可能變動的評估。

本集團目前尚未制訂利率對沖政策。然而，管理層密切監察利率風險，並將於有需要時考慮對沖重大利率風險。

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36. FINANCIAL RISK MANAGEMENT (Continued)**(c) Credit risk**

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk is primarily attributable to its trade receivables, other receivables including amount due from a fellow subsidiary and bank balances. The maximum exposure to credit risk of the Group's financial assets at the end of the reporting period is their carrying amounts.

In respect of trade receivables, the Group limits its exposure to credit risk by rigorously selecting the counterparties and to deal with creditworthy counterparties. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Credit terms are granted to new customers after creditworthiness assessment. The Group performs ongoing credit evaluation on the financial condition of its debtors and tightly monitors the ageing of the receivable balances. Follow up action is taken in case of overdue balances. In addition, management assesses the collectability of the receivables regularly for the determination of any loss allowance for the receivables by taking into account of the customers' financial condition, current creditworthiness, past settlement history, business relationship with the Group and other factors such as market conditions.

The Group assesses whether there has been a significant increase in credit risk for exposure since initial recognition on an ongoing basis throughout the year. To assess whether there has been a significant increase in credit risk, the Group compares the risk of default occurring on receivables over the expected life between the reporting date and the date of initial recognition. For this purpose, the Group considers reasonable and supportable information that is relevant and available without due cost or effort. This include both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, including forward-looking information. In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition.

36. 財務風險管理(續)**(c) 信貸風險**

信貸風險指金融工具的交易對手未能根據該金融工具的條款履行責任並造成本集團財務損失的風險。本集團面對的信貸風險主要源自其貿易應收款項及其他應收款項，包括應收一間同系附屬公司款項及銀行結餘。於報告期末，本集團金融資產之最高信貸風險為其賬面值。

就貿易應收款項而言，本集團透過嚴格甄選交易對手並與信譽良好的交易對手進行交易以限制信貸風險。由於本集團僅與認可及信譽度良好的第三方交易，故毋須提供抵押品。經過信貸評級後，本集團方向新客戶授予信貸期。本集團持續對債務人的財務狀況進行信貸檢討，密切監察應收結餘的賬齡，並對逾期結餘採取跟進行動。此外，管理層透過考慮客戶的財務狀況、當前信譽、過往還款記錄、與本集團的業務關係以及其他因素(例如市場狀況)，定期評估應收款項是否可收回，從而釐定應收款項的虧損撥備。

本集團於整個年度按持續經營基準評估信貸風險自初步確認後有否顯著增加。為評估信貸風險有否顯著增加，本集團比較應收款項在預期年期內於報告日期與初步確認日期的違約風險。為此，本集團考慮合理及可靠而且無需付出過多成本或精力可得的相關資料。此包括基於本集團過往經驗以及知情信貸評估的定量及定性資料及分析，包括前瞻性資料。特別是，在評估信貸風險自初步確認後有否顯著增加時，下列資料會列入考慮：

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36. FINANCIAL RISK MANAGEMENT (Continued)

36. 財務風險管理(續)

(c) Credit risk (Continued)

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change in the customers' ability to meet their debt obligations;
- actual or expected significant changes in the operating results of the customers;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group; and
- actual or expected significant adverse change in the regulatory, economic, or technological environment in which the customer operate that results in a significant change in the customers' ability to meet their debt obligations.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers a financial asset to be in default when (i) the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group assesses whether a financial asset is credit-impaired at the end of the reporting period. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter into bankruptcy or other financial reorganisation; or

(c) 信貸風險(續)

- 商業、財務或經濟狀況的實際或預期的重大不利變化，預期會對客戶履行其債務責任的能力造成重大改變；
- 客戶經營業績的實際或預期的重大變化；
- 客戶的預期表現及行為的重大變化，包括本集團內客戶付款狀況的變化；及
- 客戶經營所在的監管、經濟或技術環境的實際或預期的重大不利變化，導致客戶履行其債務責任的能力發生重大變化。

倘金融資產已逾期超過30日，則本集團假設其信貸風險已顯著增加，除非本集團有合理及可靠的資料顯示情況並非如此。

本集團認為金融資產於下列情況下為構成違約：(i) 借款人不可能在本集團無追索權(例如：變現擔保)(如持有)下向本集團悉數支付其信貸義務；或(ii) 該金融資產逾期超過90日，除非本集團有合理及可靠的資料證明更為滯後的違約標準更適用。

本集團於報告期末評估金融資產有否出現信貸減值。當一項或多項事件對金融資產的估計未來現金流量產生不利影響時，金融資產即屬出現信貸減值。金融資產出現信貸減值的證據包括以下可觀察事件：

- 債務人面對重大財政困難；
- 違反合約，如違責或拖欠還本付息；
- 債務人有可能破產或進行其他財務重組；或

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36. FINANCIAL RISK MANAGEMENT (Continued)**(c) Credit risk (Continued)**

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

The Group measures loss allowance for trade receivables at an amount equal to lifetime ECL, which is calculated using a provision matrix by reference to past default experience of the debtor and current market condition in relation to each debtor's exposure and time value of money where appropriate. The ECL also incorporate forward looking information with reference to general macroeconomic conditions that may affect the liability of the debtors to settle the trade receivables. Trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group has assessed that the ECL rate was not significant as at 1 January 2018 and 31 December 2018. Accordingly, no loss allowance for trade receivables was recognised.

In respect of amount due from a fellow subsidiary, the Group considered that the fellow subsidiary has a low risk of default and a strong financial capacity to meet its contractual cash flows. The Group assessed that the ECL for the balance using general approach is immaterial and accordingly, no loss allowance was recognised for the balance.

In respect of the bank balances, the Group's exposure to credit risk is limited because majority of the bank balances are deposited in reputable banks, for which the Group considers to have low credit risk. There was no history of default in relation to these financial institutions.

The credit policies have been consistently applied and are considered to be effective in limiting the Group's exposure to credit risk to a desirable level.

36. 財務風險管理(續)**(c) 信貸風險(續)**

- 技術、市場、經濟或法律環境的重大變化，對債務人產生不利影響。

本集團按照等同於全期預期信貸虧損的金額計量貿易應收款項的虧損撥備，而全期預期信貸虧損乃經參考債務人的違約記錄以及有關債務人各自的風險以及貨幣時間價值(倘適用)的當前市場狀況後，利用撥備矩陣計算。預期信貸虧損亦包含前瞻性資料，並參考有可能影響債務人償還貿易應收款項的責任的一般宏觀經濟狀況。貿易應收款項已根據共同的信貸風險特徵及逾期天數分組。

本集團的評估得出，於二零一八年一月一日及二零一八年十二月三十一日的預期信貸虧損率並不重大。因此，年內並無就貿易應收款項確認虧損撥備。

就應收一間同系附屬公司款項而言，本集團認為該同系附屬公司的違約風險偏低及財務能力強健，足以達到其合約現金流量。本集團的評估得出，使用一般方法計量的結餘之預期信貸虧損屬微不足道，因此，並無就結餘確認虧損撥備。

就銀行結餘而言，本集團的信貸風險有限，原因為大部分銀行結餘存放於信譽良好的銀行，而本集團認為其信貸風險偏低。概無有關此等金融機構的違約記錄。

本集團一直應用信貸政策，信貸政策被視為有效將本集團的信貸風險限制於理想水平。

For the year ended 31 December 2018

截至2018年12月31日止年度

36. FINANCIAL RISK MANAGEMENT (Continued)**(d) Liquidity risk**

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to fellow subsidiaries and its financing obligations, and also in respect of its cash flow management. The Group's objective is to maintain a prudent liquidity risk management which is to maintain sufficient cash and cash equivalents as well as to make available of fund through adequate amounts of committed credit facilities and the ability to close out market positions. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risk.

The following table below analyses the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period which are based on contractual undiscounted cash flows (interest payments computed using contractual rates or, if floating, based on rate current at the end of reporting period) at the earliest date the Group may be required to pay.

36. 財務風險管理(續)**(d) 流動資金風險**

流動資金風險涉及本集團無法履行透過交付現金或其他金融資產以償付金融負債之風險。本集團在償付應付貿易及其他應付款項、應付同系附屬公司款項及其金融負債面對流動資金風險，亦須符合本身之現金流量管理。本集團的目標為維持審慎的流動資金風險管理，即維持充裕的現金及現金等值，並透過充足的已承諾信貸額度獲取備用資金及在市場進行平倉的能力。本集團的政策為定期監察流動資金需求及遵循借貸契諾的情況，確保維持充裕的現金儲備並從主要金融機構取得足夠的已承諾備用資金，以滿足短期及較長期流動資金需求。本集團自過往年度已開始遵循流動資金政策，並認為有效管理流動資金風險。

下表分析本集團可被要求償付的最早日期的未貼現現金流量(利息付款採用合約利率或(倘為浮動利率)按報告期末的現行利率計算)，計算本集團金融負債於報告期末的剩餘合約到期情況。

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截至2018年12月31日止年度

36. FINANCIAL RISK MANAGEMENT (Continued)

36. 財務風險管理(續)

(d) Liquidity risk (Continued)

Specifically, for bank loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is, if the bank was to invoke its unconditional rights to call the loans with immediate effect. The maturity analysis for other financial liabilities is prepared based on the scheduled repayment dates.

(d) 流動資金風險(續)

具體而言，銀行貸款包含可由銀行全權酌情行使的按要求還款條款的，分析顯示按照本集團可被要求還款的最早期間(猶如銀行行使其無條件權利，要求立即償還貸款)計算的現金流出。其他金融負債的到期日分析根據預定還款日期編製。

		Within one year or on demand 於一年內或 須按要求 US\$'000 千美元	One to Two years 一至兩年 US\$'000 千美元	Total contractual undiscounted cash flows 合約未貼現 現金流量總額 US\$'000 千美元	Carrying amount 賬面值 US\$'000 千美元
As at 31 December 2018	於二零一八年十二月三十一日				
Trade and other payables	應付貿易及其他應付款項	2,140	-	2,140	2,140
Amounts due to fellow subsidiaries	應付同系附屬公司款項	170	-	170	170
Bank loans subject to repayment on demand clause	遵照按要求償還條款的銀行貸款	600	-	600	600
		2,910	-	2,910	2,910
As at 31 December 2017	於二零一七年十二月三十一日				
Trade and other payables	應付貿易及其他應付款項	3,444	-	3,444	3,444
Amount due to a fellow subsidiary	應付一間同系附屬公司款項	56	-	56	56
Bank loan subject to repayment on demand clause	遵照按要求償還條款的銀行貸款	858	-	858	858
		4,358	-	4,358	4,358

The following table summaries the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that these bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

下表概述包含按要求還款條款的銀行貸款，根據貸款協議所載的協定還款期進行的到期情況分析。該等金額計及採用合約利率計算的利息付款。考慮到本集團的財務狀況，董事認為銀行不大可能行使其酌情權要求立即還款。董事認為，該等銀行貸款將按貸款協議所載的計劃還款日償還。

		Within one year or on demand 於一年內或 須按要求 US\$'000 千美元	Total contractual undiscounted cash flows 合約未貼現 現金流量總額 US\$'000 千美元	Carrying amount 賬面值 US\$'000 千美元
As at 31 December 2018	於二零一八年十二月三十一日			
Bank loan	銀行貸款	601	601	600
As at 31 December 2017	於二零一七年十二月三十一日			
Bank loans	銀行貸款	860	860	858

FINANCIAL SUMMARY

財務摘要

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

A summary of results and of assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements in this annual report and the prospectus of the Company, are as follows:

以下為本集團於過去五個財政年度的業績以及資產及負債摘要，乃摘錄自本年報經審核綜合財務報表及本公司的招股章程：

RESULTS

業績

For the year ended 31 December

截至十二月三十一日止年度

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元	2016 二零一六年 US\$'000 千美元	2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Revenue	收入	23,354	27,617	22,840	18,095	16,221
(Loss)/Profit before income tax	所得稅前(虧損)/溢利	(1,067)	866	390	1,136	1,739
Income tax expense	所得稅開支	(23)	(306)	(472)	(449)	(183)
(Loss)/Profit for the year attributable to owners of the Company	本公司擁有人應佔年內(虧損)/溢利	(1,090)	560	(82)	687	1,556

ASSETS AND LIABILITIES

資產及負債

As at 31 December

於十二月三十一日

		2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元	2016 二零一六年 US\$'000 千美元	2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Total assets	總資產	25,851	29,074	31,514	21,588	14,456
Total liabilities	總負債	(2,929)	(4,394)	(9,294)	(16,117)	(10,736)
Net assets	淨資產	22,922	24,680	22,220	5,471	3,720



PFC Device Inc.
節能元件有限公司