

國微技術控股有限公司 SMIT HOLDINGS LIMITED

(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 : 2239



年度報告
Annual Report
2018

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公司資料 CORPORATE INFORMATION

董事會

執行董事

黃學良先生(主席兼執行董事)
帥紅宇先生
龍文駿先生

非執行董事

曾之傑先生
關重遠先生
高松濤先生

獨立非執行董事

張俊傑先生
胡家棟先生
金玉豐先生

高級管理層

帥紅宇先生
龍文駿先生

公司秘書

鄭啟培先生(CPA)

審核委員會

胡家棟先生(主席)
曾之傑先生
張俊傑先生

薪酬委員會

張俊傑先生(主席)
金玉豐先生
曾之傑先生

BOARD OF DIRECTORS

Executive Directors

Mr. Huang Xueliang (*Chairman and Executive Director*)
Mr. Shuai Hongyu
Mr. Loong, Manfred Man-tsun

Non-Executive Directors

Mr. Zeng Zhijie
Mr. Kwan, Allan Chung-yuen
Mr. Gao Songtao

Independent Non-Executive Directors

Mr. Zhang Junjie
Mr. Woo Kar Tung, Raymond
Mr. Jin Yufeng

SENIOR MANAGEMENT

Mr. Shuai Hongyu
Mr. Loong, Manfred Man-tsun

COMPANY SECRETARY

Mr. Cheng Kai Pui, Eric (CPA)

AUDIT COMMITTEE

Mr. Woo Kar Tung, Raymond (*Chairman*)
Mr. Zeng Zhijie
Mr. Zhang Junjie

REMUNERATION COMMITTEE

Mr. Zhang Junjie (*Chairman*)
Mr. Jin Yufeng
Mr. Zeng Zhijie

公司資料

CORPORATE INFORMATION

提名委員會

黃學良先生(主席)
金玉豐先生
胡家棟先生

開曼群島註冊辦事處

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

中國主要營業地點

中國
深圳市南山區
科技園南區
高新南一道
國微大廈二樓

香港總部及主要營業地點

香港
灣仔
港灣道18號
中環廣場48樓
4801室

公司網站

www.smit.com.cn

開曼股份過戶登記處

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

NOMINATION COMMITTEE

Mr. Huang Xueliang (*Chairman*)
Mr. Jin Yufeng
Mr. Woo Kar Tung, Raymond

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

2nd Floor SSMEC Building
Gao Xin Nan First Avenue
High-Tech Park South
Nanshan District
Shenzhen, PRC

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Flat/Rm 4801,
48F Central Plaza,
18 Harbour Road,
Wanchai,
Hong Kong

COMPANY'S WEBSITE

www.smit.com.cn

CAYMAN SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

公司資料

CORPORATE INFORMATION

香港證券登記處

香港中央證券登記有限公司
香港灣仔
皇后大道東 183 號
合和中心
17 樓 1712 至 1716 室

主要往來銀行

花旗銀行香港分行
香港九龍
尖沙咀
海港城港威 1 座 21 樓

核數師

羅兵咸永道會計師事務所

股份代號

2239

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKER

Citibank N.A. Hong Kong Branch
21/F, Tower 1, The Gateway, Harbour City
Tsim Sha Tsui
Kowloon
Hong Kong

AUDITOR

PricewaterhouseCoopers

STOCK CODE

2239

主席報告 CHAIRMAN'S STATEMENT

各位股東：

本人謹代表國微技術控股有限公司(「國微技術」或「本公司」)，連同其附屬公司(統稱「本集團」)董事會(「董事會」)，欣然提呈本集團截至二零一八年十二月三十一日止年度之全年業績。

二零一八年對本集團而言是充滿挑戰的一年，亦是我們多元化佈局和外延發展的關鍵一年。儘管本集團的業績因大環境的變動無可避免地受到沖擊，然而本集團持續優化業務架構，集中資源發展集成電路設計業務。本集團於二零一八年的收益為41.3百萬美元，二零一七年則為91.8百萬美元，按年減少55.0%。錄得淨利潤較二零一七年下跌88.1%，至1.3百萬美元。本年度每股基本盈利為0.4美仙(二零一七年：3.7美仙)。為答謝股東們對本集團支持，董事會建議派發末期股息0.1美仙，派息總額合共402,964美元。

管理層在二零一八年考慮到現有區塊鏈伺服器參與者劇增，供應鏈、原材料難以掌控，後續產品需要更先進芯片工藝支撐，故投資巨大；而目前市場有過剩之虞，且在國家政策監管趨嚴下，業務風險大增，因此於年內暫停了區塊鏈伺服器業務並轉向關注區塊鏈技術與安全芯片相結合的應用領域。

年內，本集團進行了多個投資及收購，以多元化集團業務並向集成電路設計領域策略性延伸。

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of SMIT Holdings Limited ("SMIT" or the "Company") and its subsidiaries (collectively referred to as the "Group"), I am pleased to announce the annual results of the Group for the year ended 31 December 2018.

2018 was a challenging year, yet it was an important year as the Group progressed forward with planning and external development in diversifying its business. Notwithstanding the negative impact on the Group's results caused by changes in the macro-environment, we have continued to optimize its business structure and concentrate its resources on developing integrated circuit (IC) design business. As a result of these efforts, the Group recorded revenue of US\$41.3 million in 2018 versus US\$91.8 million in 2017, representing a year-on-year decrease of 55.0%. Net profit decrease by 88.1% year-on-year to US\$1.3 million. Basic earnings per share for the year were US\$0.4 cents (2017: US\$3.7 cents). To reciprocate for shareholders' support, the Board has proposed a final dividend payment of US\$0.1 cent with a total dividend payout of US\$402,964.

In 2018, the Group's management decided to suspend the Blockchain server business and shift its focus to the application sector involving the integration of Blockchain technology and security chipsets. The reasons for this strategic shift included the sharp increase in the number of players in the existing Blockchain server industry, difficulty in maintaining the supply chain and raw materials, significant investment required for the continuous technology advancement for chipset production, the potential over-supply in the market and the greater business risks following the implementation of stricter policies and regulations in China.

During the year, the Group has made some key investments and acquisitions to diversify its business and strategically expand into the IC design sector.

主席報告

CHAIRMAN'S STATEMENT

本集團投資了深圳一家專注閃存主控芯片的集成電路設計公司深圳衡宇芯片科技有限公司(「深圳衡宇」)，該公司是全球少數在高端控制器方面擁有全面研發能力(包括SD/ eMMC/ UFS/ SSD等IC和IP)的科技公司之一，其自主研發的閃存控制器具有高性價比，並擁有超過40多項科學固件知識產權及專利。此外，本集團亦投資了一家以美國為基地的先進觸控方案公司— Sensel Inc.(「Sensel」)，主要研發新一代觸控技術，把壓力網格技術推應用於智能手機和筆記本電腦等市場，利用這項技術可以實現嶄新的用戶界面和用戶體驗。

年內，本集團亦收購了基於硬件的快速驗證系統和軟件提供商S2C Tech Inc.(「S2C」)，該收購為本集團持續發展增添了一個新的戰略重要組成部分，並使本集團業務拓展至以硬件為基礎的快速驗證行業，進一步開拓了收入來源。收購符合本集團在高科技領域的整體投資策略，為本集團進一步參與全球以硬件為基礎的快速驗證行業提供了良機。本集團計畫結合S2C現有的產品和技術，開發新的產品來適應更快速的系統以及軟件開發。

The Group completed its investment in StorArt Technology (Shenzhen) Co., Ltd (“StorArt”), a company specializing in IC design for flash memory control devices. The company is one of the very few technology companies around the globe with all-round capability to develop high-end controllers including IC and intellectual property (IP) for SD/embedded MultiMediaCard/ Universal Flash Storage/solid-state drive applications. Its self-developed flash controllers represent good value for money and possess more than 40 scientific firmware IPs and patents. Besides StorArt, the Group also invested in Sensel Inc. (“Sensel”), a U.S. advanced touch solutions company that has developed next-generation touch technology. The company is also working on bringing PressureGrid technology to the smartphone and laptop markets to incorporate new cutting-edge user interfaces and enable user experiences.

The Group has also acquired S2C Tech Inc. (“S2C”), a hardware-based rapid verification system and software supplier. The acquisition has not only added a new and strategically important resource to facilitate SMIT’s ongoing business development, but also facilitated the Group’s expansion into the hardware-based rapid verification industry thereby diversifying its revenue streams. The acquisition is also in line with the Group’s investment strategy in the high-technology sector, presenting a good opportunity to tap the world’s hardware-based rapid verification industry. The Group also plans to leverage S2C’s existing products and technologies and develop new products to support faster system and software development.

主席報告

CHAIRMAN'S STATEMENT

本集團在集成電路設計業務方面取得重大突破，以「芯片設計全流程電子設計自動化(EDA)系統開發與應用」為課題成功申報國家重大科技專項，標誌著國家對本集團於芯片設計領域的技術實力的認同及支持。EDA技術是進行芯片自動化設計的基礎，處於集成電路設計產業的上游，在整個集成電路產業鏈條中擁有重要的地位。該專項使本集團在中國國內成為研究EDA的主要單位，助力開發佈線工具以形成面向國產高性能、低功耗的高端芯片的數字電路芯片設計全流程EDA工具平台。通過研發EDA技術，本集團將進一步多元化我們的產品線，提升在集成電路領域的行業地位，也為進入高門檻行業及未來可持續發展打下了更堅實的基礎。

前景

展望未來，本集團將繼續致力研發以集成電路為基礎的安全領域行業相關技術，根據不同客戶群的個性需求來訂制產品方案，加強集團產品的市場滲透力。視密卡(CAM)業務方面，本集團除了向市場推出新標準CI+ 1.4及CI Plus ECP的新產品，結合HbbTV在市場銷售，並向運營商提供DVB+OTT的Hybrid節目內容的解決方案；亦跟CA公司繼續在USB dongle產品上進行合作，在東南亞以及巴爾幹地區尋找客戶機會，並致力把產品銷售到歐洲的衛星電視廣播運營商客戶。同時，本集團將繼續推進移動銷售終端機(mPOS)產品於海內外的認證，保證市場准入的規範性，提升終端產品的金融安全性與市場競爭力；並針對市場變化轉變產品策略，開發如移動掃碼等快捷支付設備。

Regarding the IC design business, the Group has achieved a major breakthrough in this area as it received requisite PRC Central Government approval for the implementation of a National Science and Technology Major Project with sub-category title "Development and Application of Full Process Electronic Design Automation (EDA) System for Chip Design", representing a recognition and solid support from the PRC Central Government on our technological capability in the IC design sector. EDA technology is the foundation of automation in chip design and at upstream of the IC design industry, which plays an indispensable role in the industry chain. The project has also seen the Group become a key EDA research unit in China embarking on the development of routing tools and the building of a digital circuit chip design full-process EDA tool platform for domestically-produced high-performance low-power high-end chipsets. Through the R&D of EDA technology, the Group can further diversify its product lines, enhance its industry standing in the integrated circuit industry and build up a solid foundation on a high entry barrier industry for achieving a sustainable growth in the future.

PROSPECTS

Looking ahead, the Group will continue to develop technologies related to the IC security segment and formulate product solutions based on the characteristics and specifications of its customers so as to strengthen market penetration of its products. As for the conditional access module, or CAM, business, in addition to the launch of the CI+ 1.4 products with new standards and the new CI Plus ECP products for integration with Hybrid Broadcast Broadband TV (HbbTV) for market sales, the Group will also provide DVB+OTT Hybrid program content solutions to operators, continue to cooperate with CA Company for product development on USB dongle, prospect for new customers in Southeast Asia and the Balkans as well as sell its products to satellite TV broadcast operator customers elsewhere in Europe. Moreover, it will speed up local and overseas certification of mobile point-of-sales, or mPOS, products to ensure the standardization of market entry and raise the financial security functionality and market competitiveness of terminal products. It will also adjust its product strategies according to market changes and develop express payment devices such as scanners for mobile codes.

主席報告

CHAIRMAN'S STATEMENT

同時，本集團將持續深化拓展集成電路設計發展路線，積極開發更多的系統設計工具；為順應國家大力推進集成電路發展的政策，本集團將針對國內集成電路產業中的不足之處，積極尋找行業或產業鏈內在軟硬件及芯片設計、研發及產業化方面具有一定技術優勢且能與本集團業務產生協同效應的優秀企業進行合作或投資，以補足並拓展本集團現有研發技術，為本集團大力發展集成電路設計業務打下基礎。

致謝

本人謹代表董事會感謝各位股東、業務合作夥伴及客戶一直以來對本集團的支持及信任，同時，衷心感謝董事會成員、管理團隊及每位員工於年內的投入和貢獻。二零一九年我們將繼續拓展業務，為股東創造更大的價值。

黃學良

主席

香港，二零一九年二月二十八日

At the same time, the Group will continue to advance along the path of IC design by developing more system design tools. In response to the national policy favorable to development of ICs, the Group will target the shortcomings in domestic integrated circuit industry and explore outstanding companies that have technological edges in software, hardware and chip design, R&D and production, and that can create synergies with its business for cooperation or investment, with the aim to complement and strengthen our technologies, and lay a foundation for the development of the integrated circuit design business.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our gratitude to all shareholders, business partners and customers for their ongoing support and trust to the Group, as well as to our Board members, management team and staff for their dedication and contributions over the year. In 2019, we will continue to expand our business in order to create greater value for our shareholders.

Chairman

Huang Xueliang

Hong Kong, 28 February 2019

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

業務回顧

本集團一直致力研發以集成電路為基礎的安全領域行業相關技術，並正積極向集成電路設計領域策略性邁進。

本集團是全球付費電視廣播接收及中國移動銷售終端支付系統的領先安全裝置供應商，通過銷售可讓終端用戶接收付費電視內容的條件接收模塊(或視密卡)產品，為全世界付費電視行業設計、開發及營銷安全裝置。本集團亦為中國移動支付行業開發及營銷移動銷售終端機，讓用戶可靈活地利用其智能電話或平板電腦，毋須在傳統的固定POS終端進行信用卡或借記卡交易。

另外，本集團藉由新收購的一家基於硬件的快速驗證系統和軟件提供商S2C的快速FPGA原型驗證技術來增進其核心技術以及優化相關產品。S2C的產品可迅速地構建複雜系統模型，運用在產品建立前之軟件開發及廣泛的測試，為本集團參與全球以硬件為基礎的快速驗證行業提供了戰略平台。

視密卡 (CAM)

歐洲CAM行業競爭日趨激烈造成價格波動，截至二零一八年十二月三十一日止年度，本集團視密卡銷售收益約為23.1百萬美元，按年減少約37.3%，佔本集團總收入約55.9%。歐洲市場(除去俄羅斯)仍為本集團CAM銷售的最大市場，佔其CAM總銷售額約64%，歐洲市場(除去俄羅斯)產生的收入按年下跌約48%。俄羅斯及其他新興市場佔其CAM總銷售額約31%，按年上升約14%。中國內地市場佔其CAM總銷售額約5%，按年下跌約44%。

BUSINESS REVIEW

The Group is committed to developing technologies in the security-related industries on the basis of the integrated circuit and is strategically expanding its business in the IC design sector.

The Group is a leading security devices provider globally for pay-TV broadcasting access and for mobile point-of-sales, or mPOS, payment systems in China. It designs, develops and sells security devices primarily for the pay-TV industry worldwide through sales of conditional access modules, or CAM, products which provide end users with access to pay-TV content. The Group also develops and markets mPOS systems for the mobile payment industry in China, which give consumers flexibility to conduct credit and debit card transactions anywhere using their smartphones or tablets rather than a traditional stationary POS terminal.

In addition, the Group has improved its core technologies and optimized related products with the help of rapid FPGA prototyping technology obtained through the recent acquisition of S2C, a hardware-based rapid verification system and software provider. S2C's products can quickly construct a complex system model, to be used in software development and an array of tests prior to the creation of products, so it can provide a strategic platform that facilitates the Group's penetration into the global hardware-based verification industry.

CAM

Product prices have remained volatile due to intensifying competition in the European CAM industry. For the year ended 31 December 2018, the Group recorded sales revenue of approximately US\$23.1million from CAM, around 37.3% less than last year, and accounted for around 55.9% of the Group's total revenue. The European market (excluding Russia) remained the largest market for the Group's CAM business, and made up around 64% of total CAM sales, revenue generated from European market (excluding Russia) was approximately 48% less than the previous year. The share of revenue from Russia and other emerging markets, accounted for approximately 31% of its total CAM sales, reported a year-on-year increase of around 14%. The Mainland China market contributed approximately 5% of its total CAM sales, representing a decrease of around 44% year-on-year.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

本集團一直緊跟行業標準規範的發展步伐不斷提升產品競爭力。為加強銷售投入，本集團現已針對模擬信號關閉(ASO)的最後階段，對廣播運營商的用戶切換市場進行挖掘，讓其可結合HbbTV以及CI+ 1.3 OP等新的技術規範，為已有的客戶持續提供產品，並致力把產品銷售到歐洲的衛星電視廣播運營商客戶。近期，作為一個重要的里程碑，本集團CAM產品通過CI Plus ECP官方認證，滿足運營商對於高價值廣播電視付費節目的安全保護需求。作為目前率先通過該認證測試及註冊的CAM產品，本集團正積極與行業內的CAS供應商、運營商、IDTV廠商密切合作，推動CI Plus產品和技術的發展。

除歐洲市場外，本集團年內積極開拓包括巴爾幹、印度等的新興市場，新客戶合計佔CAM總銷售額約10%的銷量，成績顯著。本集團更與非洲領先的數字電視運營商StarTimes合作，於非洲市場發佈和推廣具有運營商配置功能的CI + 1.3條件接收模塊。通過使用CI Plus運營商配置功能，終端使用者能夠輕鬆體驗為StarTimes定制的個性化頻道清單，在提高效率的同時，為1600多萬用戶帶來了更大的便利。是次合作集兩家所長，實為強強聯手，為雙方業務帶來協同效應之餘，亦為國微技術拓展非洲市場的計劃邁進一大步。

The Group has been enhancing the competitiveness of its products to keep abreast with the latest industry standards. To boost product sales, the Group has targeted its product development at the last stage of analog switch-off (ASO) and has explored the user replacement market of broadcast operators. By combining new technologies such as HbbTV and CI+ 1.3 OP, the Group can continue to provide more powerful solutions for existing customers. The Group has also strived to sell products to satellite TV operators in Europe. Recently, as an important milestone, the Group's CAM products obtained official CI Plus ECP certification, thus meeting the security demand of operators of high-value pay-TV programs. As the first CI Plus ECP-certified and registered CAM product, the Group is leveraging first-mover advantage and working closely with CAS suppliers, operators and IDTV producers in the industry to facilitate the development of CI Plus products and technologies.

In addition to Europe, the Group has been actively developing emerging markets including the Balkans and India in the year. The results to date have been outstanding with new customers contributing approximately 10% of total CAM sales. The Group has also collaborated with StarTimes, a leading digital TV operator in Africa, to distribute and promote CI +1.3 CAM with an operator profile function in the African market. Using the CI Plus operator profile function enables over 16 million end-users to conveniently enjoy a personalized channel list customized for StarTimes, which is more efficient and user-friendly. The partnership creates synergies from the strengths of both parties and represents a giant leap forward in SMIT's development plans in the African market.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

移動銷售終端機 (mPOS)

現時因金融去槓桿政策影響第三方支付公司資金面，加上 mPOS 交易費及收費率低，已導致支付公司持續過度競爭，mPOS 市場出現一定程度的飽和，擠壓業界的利潤空間。因此，截至二零一八年十二月三十一日止年度，本集團 mPOS 銷售收益約為 7.8 百萬美元，按年減少約 51.2%，佔總收入約 18.9%。

本集團就 mPOS 機不斷進行產品開發及技術提升，其中本集團最新研發的移動支付終端 mPOS-SM32 便通過了 PCI 5.x 認證。該認證是目前全球支付卡行業最嚴格、級別最高的安全標準認證。該產品採用了獨立的安全 MCU 支援多種加密演算法，擁有獨特的高級別防護機制，同時具備防侵入檢測和拆機自毀功能。通過以上認證，證明產品在功能性和安全性方面達到了客戶對支付終端的嚴謹要求。

另外，本集團正在研發新一代的移動支付產品，包括基於移動與固定兩種應用場景的 29 系列產品與 25 系列產品。其中 29 系列產品正在銀聯認證中，以滿足商戶收單時的商業需要，例如掃碼快捷支付，商戶可以隨時隨地收款，滿足中小商戶的收款需求。

本集團在新客戶開拓中取得一定進展，近期與一批第三方支付公司達成框架合作協議；更取得韓國支付軟件系統集成商小批量海外訂單，為本集團終端產品進軍國際市場過程中取得的重大進展。

mPOS

Currently, the de-leveraging policy has affected the liquidity of third-party payment companies, which, coupled with the low mPOS transaction fees and charges, has resulted in payment companies continuing to suffer from excessive competition. The mPOS market has become increasingly saturated, and the margins have been squeezed within the industry. As a result, for the year ended 31 December 2018, sales revenues from mPOS have decreased by approximately 51.2% year-on-year to approximately US\$7.8 million, accounting for around 18.9 % of the Group's total revenue.

The Group has been strengthening technological development and product functionality of its mPOS devices, of which the newly developed mobile payment terminal, mPOS-SM32, has obtained PCI 5.x certification, the most stringent and top-level security standard certification in the payment card industry worldwide. The product uses an independent and secure microcontroller unit (MCU) to support multiple encryption algorithms. It features a unique advanced protection mechanism in addition to anti-intrusion detection and a self-destruct input (SDI) pin. Attaining the above certification is a testament to the product's functionality and security which meets the strict requirements by customers on payment terminals.

Moreover, a new generation of mobile payment solutions is currently under development, including series 29 and series 25 products which are used in mobile and fixed line applications setting. The series 29 product is currently undergoing certification by UnionPay, in order to address the business needs of merchants during transactions. For instance, through a scan pay function, payments can be received anytime and anywhere, which meets the fund collection demands of small and mid-sized merchants.

The Group has achieved progress in developing new customers, recently entering into framework cooperation agreements with several third party payment companies. It has also secured a small volume overseas order from a Korean payment software integrated circuit (IC) company for terminal products, marking a significant step forward in penetrating the international market.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

快速驗證系統與軟件－S2C

在重大策略性進展中，本集團收購一家以硬件為基礎的快速驗證系統及軟件公司－S2C，以進一步實現業務及收入來源多元化。截至二零一八年十二月三十一日止年度，S2C為本集團貢獻銷售收益約為0.8百萬美元，佔總收入約1.9%。

S2C主要提供快速驗證系統與軟件，其中系統芯片(SoC)原型驗證解決方案包含1)基於硬件的驗證系統及自動化軟件；2)原型驗證就緒的IP (Prototype Ready™ IP)介面和平台；3)系統級設計驗證和加速工具。由於S2C專注研發的SoC特定用途集成電路(ASIC)有助於縮短SoC設計週期，目前有超過400家客戶以及2,000多套系統應用於客戶設計中，在中國、日本、韓國及台灣均有強勁的表現。S2C的產品已經廣泛應用於消費類電子產品、通信、計算、影像處理、資料存儲、科研、教育、汽車、醫療、設計服務以及矽晶片IP研發等領域。

區塊鏈服務器

年內，鑒於虛擬貨幣市場波動及政府對相關行業的政策收緊，本集團決定終止銷售區塊鏈服務器。截至二零一八年十二月三十一日止年度，銷售區塊鏈服務器的收益為9.6百萬美元，較去年減少約75.3%，佔本集團總收益約23.4%。儘管區塊鏈服務器的銷售終止，但本集團將繼續專注於區塊鏈技術的發展及尋求與本集團其他業務的合作機會。

Rapid verification system and software - S2C

In a major strategic advance, the Group has acquired S2C, a hardware-based rapid verification system and software company, thereby further diversifying its business and revenue streams. For the year ended 31 December 2018, S2C contributed sales revenue of approximately US\$0.8 million, accounting for approximately 1.9 % of total revenue.

S2C principally provides rapid verification system and software. The system-on-chip (SoC) prototype provided by S2C includes 1) a hardware-based verification system and automation software; 2) Prototype Ready™ intellectual property (IP), interfaces and platforms; 3) system-level design verification and acceleration tools. The SoC application-specific integrated circuit (ASIC) developed by S2C helps reduce the SoC design cycle. With over 400 customers and more than 2,000 systems installed to date, the solution has recorded strong performance in China, Japan, Korea and Taiwan. S2C's products have been widely deployed in consumer electronics, communications, computing, image processing, data storage, research, education, automotive, medical and design services applications and silicon IP.

Blockchain Server

During the year, the Group decided to terminate the sales of blockchain server in view of the volatile cryptocurrency market and the tightening government policies over related industries. During the year ended 31 December 2018, revenue from sales of blockchain servers was USD9.6 million, around 75.3% less than last year, and accounted for around 23.4% of the Group's total revenue. Despite the termination of the sales of blockchain server, the Group will continue to focus on the development of the blockchain technology and look for collaboration opportunity with other businesses within the Group.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

財務回顧

收益

截至二零一八年十二月三十一日止年度，本集團的收益為41.3百萬美元，較二零一七年下降約55%。收益下降主要是因為區塊鏈服務器銷售收入下降。收益按業務部分分析如下：

		截至十二月三十一日止年度				
		Year ended 31 December				
		二零一八年		二零一七年		變動 百分比 Change in %
		2018		2017		
		百萬美元 US\$ million	%	百萬美元 US\$ million	%	
區塊鏈服務器	Blockchain server	9.6	23.3	39.0	42.5	-75%
視密卡	CAM	23.1	55.9	36.8	40.1	-37%
mPOS	mPOS	7.8	18.9	16.0	17.4	-51%
快速驗證系統與軟件	Rapid verification system and software	0.8	1.9	—	—	—
		41.3	100	91.8	100	-55%

毛利及毛利率

截至二零一八年十二月三十一日止年度的毛利為13.7百萬美元，較二零一七年減少18.8百萬美元或57.9%，這主要因為全年收入下降；毛利率為33.1%，按年下降2.3%，歸因於mPOS產品毛利率下降。

研發開支

研發開支主要包括本集團研發人員的薪金及福利、租金及辦公開支、條件接收認證費用、專業服務費及交通及住宿。於截至二零一八年十二月三十一日止年度，研發開支由7.77百萬美元增加至7.80百萬美元，主要由於研發人員薪資上調。

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the Group generated revenue of US\$41.3 million, representing a decrease of around 55% compared with 2017. The revenue decrease is mainly attributable to a decrease in revenue from blockchain server sales. The following table shows revenue breakdown by business segments:

Gross Profit and Gross Profit Margin

Gross profit amounted to US\$13.7 million for the year ended 31 December 2018, representing a decrease of US\$18.8 million or 57.9% compared with 2017 mainly due to a decrease in the income for the whole year. Gross profit margin decreased by 2.3% year-on-year to 33.1%, which was mainly attributable to a decrease in the gross profit margin of mPOS products.

Research and Development Expenses

Research and development expenses mainly include salaries and benefits of the Group's research and development staff, rental and office expenses, CA certification fees, professional service fees and transportation and lodging. During the year ended 31 December 2018, research and development expenses grew from US\$7.77 million to US\$7.80 million, mainly due to salary increase for research and development staff.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

銷售及分銷開支

銷售及分銷開支主要包括銷售及營銷人員的薪金及福利、營銷、培訓及推廣開支、差旅及招待費及租金及辦公開支。截至二零一八年十二月三十一日止年度，銷售及分銷開支為2.7百萬美元，較二零一七年下降10.7%，主要是因為在本集團收益減少同時節省了若干可變銷售及分銷開支。

一般及行政開支以及金融資產之減值淨虧損

一般及行政開支主要包括管理層、行政及財務人員的薪金及福利、專業服務費、租金及辦公開支、呆賬撥備以及差旅及招待費。於截至二零一八年十二月三十一日止年度，一般及行政開支為9.6百萬美元，較二零一七年增加32.7%，主要是由於薪資及專業服務費上升。

所得稅(抵免)/開支

所得稅(抵免)/開支分別包括本集團中國及香港附屬公司的中國企業所得稅及香港利得稅。所得稅開支由截至二零一七年十二月三十一日止年度的稅務開支2.9百萬美元轉為至截至二零一八年十二月三十一日止年度的稅務抵免1.6百萬美元，主要由於若干附屬公司產生的稅務虧損。

年內溢利

截至二零一八年十二月三十一日止年度溢利為1.3百萬美元，較二零一七年減少88.2%，主要由於終止區塊鏈服務器產品線及視密卡及mPOS銷售下降。

Selling and Distribution Expenses

Selling and distribution expenses mainly include salaries and benefits of sales and marketing staff, marketing, training and promotion expenses, travel and entertainment and rental and office expenses. For the year ended 31 December 2018, selling and distribution expenses were US\$2.7 million, down by 10.7% compared with 2017, which was mainly due to the saving in certain variable selling and distribution expenses alongside with the decrease in the Group's revenue.

General and Administrative Expenses and Net Impairment Losses on Financial Assets

General and administrative expenses mainly include salaries and benefits of management, administrative and finance staff, professional service fees, rental and office expenses, provision for doubtful debts, and travel and entertainment expenses. For the year ended 31 December 2018, general and administrative expenses amounted to US\$9.6 million, representing an increase of 32.7% compared to 2017. The increase was mainly attributable to an increase in wage and professional service fees.

Income Tax (Credit)/Expense

Income tax (credit)/expense consists of PRC corporate income tax and Hong Kong profits tax for PRC and Hong Kong subsidiaries of the Group respectively. Income tax changed from a US\$2.9 million tax expense for the year ended 31 December 2017 to a US\$1.6 million tax credit for the year ended 31 December 2018, mainly due to the tax losses incurred by certain subsidiaries.

Profit for the Year

Profit for the year ended 31 December 2018 amounted to US\$1.3 million, representing a decrease of 88.2% when compared with 2017. It was mainly attributable to the termination of the blockchain servers product line and the decrease in sales of CAM and mPOS.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

流動資金、財務資源及債務結構

本集團繼續維持良好的流動資金狀況。於二零一八年十二月三十一日，本集團的現金及現金等價物合計為55.0百萬美元（於二零一七年十二月三十一日：84.1百萬美元），主要分別以人民幣及美元列值。本集團錄得流動資產淨值71.0百萬美元（於二零一七年十二月三十一日：100.3百萬美元）。本集團的流動比率（按總流動資產除以總流動負債計算）為457%（二零一七年十二月三十一日：678.0%）。

於二零一八年十二月三十一日，本集團有按美元計值的銀行借款5.3百萬美元（二零一七年：無）。已就銀行借款抵押受限制銀行存款5百萬美元。本集團概無進行對沖活動。本集團於二零一八年十二月三十一日的資產負債比率（按銀行借款總額除以權益總額計算）為4.8%（二零一七年：不適用）。除上述銀行借款外，本集團分別在中國內地及香港持有未動用的銀行融資人民幣1億元（相等於14.6百萬美元）（於二零一七年十二月三十一日：零）及10百萬美元（於二零一七年十二月三十一日：零）。本集團概無任何其他尚未償還債務或任何發行在外或已授權但尚未發行的債務證券、定期貸款、其他借款或性質上屬於借款的債務、承兌信用、租購承擔、抵押及押記、或然負債或尚未解除的擔保。

上市所得款項淨額用途

根據本公司於二零一六年三月十六日刊發的招股章程（「招股章程」）所述的全球發售，本公司透過上市發行合共75,000,000股新股份（「發售股份」），最終發售價為每股發售股份3.78港元。據此籌集的所得款項淨額總額（經扣除全球發售直接應佔的承銷佣金及開支後）約為251.6百萬港元。根據全球發售產生的所得款項淨額，招股章程所述的所得款項淨額建議用途已根據招股章程「未來計劃及所得款項用途」一節所載原則調整。

Liquidity, Financial Resources and Debt Structure

The Group continued to maintain a healthy and solid liquidity position. As at 31 December 2018, total cash and cash equivalents of the Group amounted to US\$55.0 million (as at 31 December 2017: US\$84.1 million) and were mainly denominated in RMB and US dollars. The Group recorded net current assets amounting to US\$71.0 million (as at 31 December 2017: US\$100.3 million) and its current ratio, calculated by dividing total current assets by total current liabilities, was 457% (as at 31 December 2017: 678.0%).

As at 31 December 2018, the Group had bank borrowings of USD5.3 million (2017: nil) which was denominated in USD. A restricted bank deposit of USD5 million had been pledged for the bank borrowings. No hedging activity had been carried out by the Group. Gearing ratio of the Group, as calculated by dividing total bank borrowings by total equity, was 4.8% (2017: N/A) as at 31 December 2018. Apart from the above bank borrowings, the Group had unutilized banking facilities of RMB100 million (equivalent to USD14.6 million) (as at 31 December 2017: nil) and USD10 million (as at 31 December 2017: nil) in Mainland China and Hong Kong respectively. The Group did not have any other outstanding indebtedness or any outstanding or authorised but unissued debt securities, term loans, other borrowings or indebtedness in the nature of borrowings, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding.

Use of Net Proceeds from Listing

The aggregate net proceeds raised by the Company from the Listing through the issue of an aggregate of 75,000,000 new shares (the "Offer Shares") at the final offer price of HK\$3.78 per Offer Share pursuant to the Global Offering referred to in the prospectus issued by the Company on 16 March 2016 (the "Prospectus"), after deduction of underwriting commissions and expenses directly attributable to the Global Offering, were approximately HK\$251.6 million. Based on the net proceeds derived from the Global Offering, proposed application of net proceeds as stated in the Prospectus had been adjusted according to the principles as specified in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

於二零一六年三月三十日(「上市日期」, 即本公司股份於聯交所首次開始買賣日期)至本公告日期止期間, 上市所得款項淨額已應用如下:

During the period from 30 March 2016 (the “Listing Date”, being the date on which dealings in the shares of the Company first commenced in the Stock Exchange), to the date of this announcement, the net proceeds raised from the Listing had been applied as follows:

招股章程所述業務目標 Business objectives as stated in the Prospectus	招股章程所述 所得款項百分比 Percentage of proceeds as stated in the Prospectus	根據實際總所得款項 減估計上市開支後 經調整的所得款項用途	自上市日期起至本報告 日期的所得款項實際用途	
		Use of proceeds adjusted according to actual gross proceeds less estimated listing expense 百萬港元 HK\$ million	Actual use of proceeds from the Listing Date to the date of this report 百萬港元 HK\$ million	
產品規劃及研發活動	Product planning and research and development	40%	100.64	81.54
銷售及市場推廣開支	Sales and marketing expenditures	30%	75.48	27.51
可能合併及收購	Possible mergers and acquisitions	20%	50.32	50.32
營運資金及一般公司用途	Working capital and general corporate purposes	10%	25.16	25.16
		100%	251.60	184.53

如招股章程所披露, 未動用的所得款項淨額已按董事會的意向存置於香港及中國內地的持牌銀行作為計息存款。本公司並無亦不會將任何所得款項淨額用於招股章程所披露者以外的用途。

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong and Mainland China in accordance with the intention of the Board as disclosed in the Prospectus. The Company has not utilised and will not utilise any net proceeds for purposes other than those disclosed in the Prospectus.

資本承擔

截至二零一八年十二月三十一日止年度, 本集團並無任何已訂約但未撥備之資本承擔(二零一七年十二月三十一日: 無)或已授權但未訂約之資本承擔(二零一七年十二月三十一日: 無)。

Capital Commitments

For the year ended 31 December 2018, the Group did not have any contracted, but not provided for, capital commitments (as at 31 December 2017: nil) or authorised but not contracted for capital commitments (as at 31 December 2017: nil).

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

重大投資、重要收購、出售附屬公司及聯屬公司和未來重大資本資產投資或收購相關計劃

於二零一八年十二月三十一日，本集團共於四間非上市公司擁有股本證券投資，且於公平值合共約為18.2百萬美元的非上市基金擁有投資權益。(二零一七年：3.8百萬美元)。以下載有本集團的重大投資：

二零一八年二月八日，本公司附屬公司國微控股(香港)有限公司(「國微香港」)根據其與Sensel, Inc.(「Sensel」)等各方簽訂的一份票據購買協議(「票據購買協議」)，完成了對Sensel的2百萬美元投資。Sensel是一家以美國為基地的領先技術公司，擁有壓力網格技術，該技術採用力敏方式，糅合了業內的領先性能及額外維度控制。票據購買協議完成後，國微香港已根據票據購買協議的條款認購了2百萬美元可轉換成Sensel普通股或優先股的可承兌票據。

二零一八年十一月九日，國微香港根據股票購買協定(「購股協定」)，通過購買Sensel的優先股(「股票購買」)進一步完成500萬美元的投資。股票購買完成後，國微香港按全面攤薄基準持有Sensel約9.22%權益。同時，由Sensel發行並於二零一八年二月由國微香港認購的200萬美元可換股承兌票據於股票購買完成時轉換為Sensel的優先股。根據購股協定，國微香港所支付的可換股承兌票據下的全部款項已轉讓予Sensel以換取優先股。

截至二零一八年十二月三十一日止年度，Sensel處於投資階段。目前，Sensel正致力於將PressureGrid引入智能電話和筆記本電腦市場，以利用此項技術於該市場實現新的尖端用戶界面和體驗。

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies and Future Plan for Material Investments or Acquisition of Capital Assets

As at 31 December 2018, the Group had equity securities investments in a total of four unlisted companies and investment interests in an unlisted fund with an aggregate fair value of approximately USD18.2 million. (2017: USD3.8 million). Set out below are the significant investments of the Group:

On 8 February 2018, SMIT Holdings (HK) Limited (“SMIT HK”), a subsidiary of the Company, completed a USD2 million investment in Sensel, Inc. (“Sensel”) pursuant to a note purchase agreement entered into between, among others, SMIT HK and Sensel (the “Note Purchase Agreement”). Sensel is an advanced technology company based in the United States, which owns the pressure grid technology that combines industry-leading performance and the extra dimension of control in the form of force sensitivity. Upon completion of the transaction, SMIT HK subscribed for a USD2 million promissory note which may be converted into common or preferred shares of Sensel pursuant to the terms of the Note Purchase Agreement.

On 9 November 2018, SMIT HK completed a further USD5 million investment by way of preferred stock purchase (the “Stock Purchase”) in Sensel pursuant to a stock purchase agreement (the “Stock Purchase Agreement”). Upon completion of the Stock Purchase, SMIT HK held approximately 9.22% interest in Sensel on a fully diluted basis. Simultaneously, the USD2 million convertible promissory note issued by Sensel and previously subscribed by SMIT HK in February 2018 was deemed converted into preferred shares in Sensel at completion of the Stock Purchase, and the entire amount owed to SMIT HK under such convertible promissory note was tendered to Sensel in exchange for preferred stock pursuant to the Stock Purchase Agreement.

Sensel was on investing stage during the year ended 31 December 2018. It is currently working on bringing PressureGrid to market in smartphones and laptops, where they are using this technology to enable new cutting edge user interfaces and experiences.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

於二零一七年五月，本集團認購盟山科技(深圳)有限公司(「盟山」，於中國運營一站式跨境電商平台)的少數權益，即按總代價人民幣13.33百萬元認購盟山約8.89%股權。由於本集團(作為戰略投資者)成為盟山O2O智能終端的獨家供應商，董事認為，該項投資契合本集團開發智能設備的目標並使其產品線多元化。由於盟山的未來經營業績存在不確定因素，本集團於截至二零一八年十二月三十一日止年度錄得該項投資公平值虧損約1.9百萬美元。

有關本集團金融資產的進一步詳情，請參閱綜合財務報表附註19。

二零一八年十一月二十九日，國微系統(香港)有限公司(本公司附屬公司)完成其對S2C Tech Inc.(「S2C」)的收購，一家以硬件為基礎的快速驗證系統及軟件公司，以進一步實現其業務及收入來源多元化。根據相關購股協定的條款，本集團同意以現金代價最高額19,000,000美元加上最多2,000,000美元付款額收購19,042,988股普通股，按實際及悉數攤薄基準計算分別相當於S2C股本約94.97%及86.36%權益。因收購S2C而產生的商譽15.9百萬美元及無形資產4.6百萬美元已於收購日期在綜合財務報表中確認。

本集團將持續尋找有前景的標的公司來開展投資及業務合作。

或然負債

於二零一八年十二月三十一日，本集團並無重大或然負債。

In May 2017, the Group subscribed for a minority interest in Mainsweb Technology (Shenzhen) Company Limited (“Mainsweb”), which operates a one-stop cross-border e-commerce platform in the PRC, with a total consideration of RMB13.33 million for an approximate 8.89% shareholding interest in Mainsweb. It was considered by the Directors that the investment would complement the Group’s goal in developing smart devices and diversify its product lines, as the Group, as the strategic investor, became the sole supplier for Mainsweb’s O2O smart terminals. Due to uncertainty about the future operating result of Mainsweb, the Group recorded a fair value loss of approximately USD1.9 million on this investment during the year ended 31 December 2018.

For further details of the financial assets of the Group, please refer to note 19 to the consolidated financial statements.

On 29 November 2018, SMIT Systemic (HK) Limited, a subsidiary of the Company, completed its acquisition of S2C Tech Inc. (“S2C”), a hardware-based verification system and software company to further diversify its business and revenue stream. Pursuant to the terms of the related share purchase agreement, the Group agreed to acquire 19,042,988 ordinary shares representing approximately 94.97% and 86.36% interest in the share capital of S2C on an actual and fully diluted basis, respectively, at the maximum cash consideration of USD19,000,000, plus up to USD2,000,000 payment. Goodwill of USD15.9 million and intangible assets of USD4.6 million arising from the acquisition of S2C have been recognised in the consolidated financial statements on the date of acquisition.

The Group will continue to search for prospective targets for investment, cooperation opportunities and new business.

Contingent Liabilities

As at 31 December 2018, the Group did not have any significant contingent liabilities.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

貨幣風險及管理

本集團主要於歐洲(美元計值交易)及中國(人民幣計值交易)進行銷售。本集團的視密卡與快速驗證設備銷售主要以美元計值，而mPOS機及區塊鏈服務器銷售則以人民幣計值。本集團生產成本主要以人民幣計值。

截至二零一八年十二月三十一日止年度，本集團並無訂立任何外匯遠期合約或使用任何衍生工具合約來對沖外匯風險。本集團密切監視外匯匯率變化以管理貨幣風險並會在必要時考慮對沖重大外匯風險。

僱員及薪酬政策

於截至二零一八年十二月三十一日止年度，本集團聘用約282名員工(二零一七年十二月三十一日：247名)，其中251名駐於中國內地、14名駐於台灣、6名駐於香港及11名駐於世界其他國家。截至二零一八年十二月三十一日止年度，員工成本(包括薪酬、社會保險、公積金及股份激勵計劃)總額為11.6百萬美元，佔本集團總收益的28.1%。

本集團與所有全職僱員均訂立僱傭協議。此外，若干高級管理層及主要研發人員已與本集團簽訂保密協議及不競爭協議。各高級行政人員已同意於僱傭協議生效期間及之後的一段時間內對本集團的任何保密數據、商業秘密或專業知識或本集團收到的任何第三方的機密數據絕對保密，且除職務上需要外，彼等不會對該等保密數據加以利用。此外，各高級行政人員已同意於其受僱期屆滿後兩年內受不競爭限制的約束。

Currency Risk and Management

The Group's sales are primarily made in Europe, in US dollar-denominated transactions and the PRC, in RMB-denominated transactions. Sales of CAM and rapid verification devices of the Group were predominantly denominated in US dollars while sales of mPOS devices and blockchain servers were denominated in RMB. The Group's costs of production are predominantly denominated in RMB.

For the year ended 31 December 2018, the Group did not enter into any foreign currency forward contracts or use any derivative contracts to hedge against the risk incurred from its currency exposure. The Group manages its currency risk by closely monitoring the movement of foreign currency rates and may consider hedging significant foreign currency exposure should the need arise.

Employees and Remuneration Policy

For the year ended 31 December 2018, the Group employed about 282 employees (as at 31 December 2017: 247 employees), of whom 251 were based in Mainland China, 14 in Taiwan, 6 in Hong Kong and 11 in other countries around the world. For the year ended 31 December 2018, staff costs (including salaries, social insurance, provident funds and share incentive plan) amounted to USD11.6 million in aggregate, representing 28.1% of the total revenue of the Group.

The Group has entered into employment agreements with all of its full-time employees. In addition, certain senior management and key research and development personnel have signed confidentiality agreements and non-competition agreements with the Group. Each senior executive officer has agreed to hold, both during and after the effective period of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her employment duties, any confidential information, trade secrets or know-how of the Group or the confidential information of any third party received by the Group. Additionally, each senior executive officer has agreed to be bound by non-competition restrictions for a period of two years following the expiry of his or her term of employment.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

本集團的成功依賴其吸引、挽留及激勵合資格人員的能力。本集團定期審閱其僱員的薪酬政策及工資。本集團亦致力培訓及發展我們的僱員。本集團利用研發中心、研究實驗室及項目管理團隊，確保每名僱員通過接受從技術、解決方案及服務，直至客戶、市場及行業等方面課題上進行的持續培訓來維持現時的技能，本集團為所有新僱員提供入職培訓，以及在職培訓以持續提升僱員的技術、專業及管理能力。

展望

隨著國內經濟不斷發展以及國家對集成電路行業的大力支持，中國集成電路行業蓬勃發展，本集團的集成電路設計業務和基於硬件的快速驗證業務將迎來前所未有的重大發展機遇。本集團將利用自身的高精尖綜合技術優勢，聚焦芯片設計領域，積極尋求該領域及其相關業務的發展機會。

CAM業務方面，本集團將持續推進CI+ 1.4及CI+ ECP標準的產品化，開發運營商DVB+OTT的hybrid節目內容的解決方案；針對不同區域的客戶需求採取不同的產品策略，積極挖掘市場中新的機會點，在東南亞以及巴爾幹地區尋找客戶機會，並致力把產品銷售到歐洲的衛星電視廣播運營商客戶。

至於本集團mPOS機方面，本集團有信心憑藉深耕行業的豐富經驗，及與行業夥伴及廣播運營商客戶的穩健業務關係可並同開發更多新項目。本集團將把握機會繼續推進各類產品於海內外的認證，保證進入不同市場符合適用法規，提升終端產品的金融安全性與市場競爭力；針對市場變化轉變產品策略，開發如移動掃碼等快捷支付設備。

The Group's success depends on its ability to attract, retain and motivate qualified personnel. The Group's remuneration policy and packages for its employees were periodically reviewed. The Group is also dedicated to the training and development of employees. Towards that end, the Group leverages on the resources of its research and development centre, research laboratories and project management team to ensure that each employee maintains a current skill-set through continuous training on topics ranging from technologies, solutions and services to clients, markets and the industry. The Group provides introductory training and orientation for all new employees, as well as on-the-job training to continuously improve employees' technical, professional and management skills.

OUTLOOK

With the continued economic advancement in China and buttressed by the Chinese government's strong support, the IC industry has flourished in China presenting tremendous development opportunities to the Group's IC design business and hardware-based rapid verification business. The Group intends to leverage its high-end, state-of-the-art and sophisticated integrated technology to focus on IC design and will actively seek development opportunities in that field and related businesses.

As for the CAM business, the Group will continue to push forward, launching CI+ 1.4 and CI+ ECP CAM products and developing solutions for hybrid content delivered by the operator DVB+OTT. It will adopt different product strategies to respond to a variety of customer needs in different regions, actively explore new opportunities in new geographic and applications markets, seek customers and opportunities in South East Asia and the Balkans and sell its products to satellite TV broadcast operator customers in Europe.

As for the Group's mPOS devices, on the back of its extensive industry experience and solid business relationship with its industry partners and broadcast operator customers, the Group is confident in exploring further new projects. It will continue to facilitate the certification of its range of products both locally and overseas, ensuring their entry to different markets in compliance with applicable regulations, enhancing financial security and market competitiveness of its terminal products. The Group will also closely monitor the market and proactively adjust its product strategies in accordance with shifting trends, for example, developing fast payment devices such as scanners for mobile codes.

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

本集團將繼續投入資源優化電子設計自動化(EDA)、現場可編程門陣列(FPGA)等系統設計工具的研發，掌握集成電路設計驗證的現代技術主流，加以擴大其應用層面，提升芯片的運算速度及結構效能。EDA工具的技術特性可將電子設計內容逐步細化，最後完成整體設計，為電子系統設計帶來高層次的全自動設計方法。而FPGA可為集成電路設計作出層層分解，直至整個系統中各子模組關係合理、便於設計實現為止。以上系統設計工具在集成電路設計行業應用廣泛，為工程師的不二之選。本集團將基於現有的EDA、FPGA工具範本上加以完善，希望製造高性能、高速度、高靈活度及低成本的产品，讓更多集成電路設計用家受益。

本集團未來將繼續邁步向前，以自身在全球付費電視廣播接收及中國的移動銷售終端支付系統安全裝置的領先地位，透過策略性收購行動深化在集成電路領域的技術研發及全方位應用，多元化拓展本集團業務及增加收入來源。集成電路技術和電腦技術發展一日千里，市場對於芯片等核心元件的要求亦與日俱增，在市場的剛性需求下，國微技術有信心憑藉過往豐富的行業經驗，抓緊市場機遇，繼續研發先進精密的芯片技術，進一步鞏固本集團的領導地位。另外，本集團持續關注並尋找行業及產業鏈內有投資價值且能與公司業務產生協同效應的標的技術與公司，在擴展業務的同時，為股東帶來更大回報。

The Group will continue to invest in resources to optimize the R&D of system design tools such as electronic design automation (EDA) and field programmable gate arrays (FPGA) and tap the main trends in technology advances in IC design verification to broaden the scope of application and improve the processing speed of its chipsets and their structural performance. Technical features of the EDA tools can gradually refine electronic design details and overall design will be efficiently completed, resulting in a high-level and fully automated design approach for electronic system design. FPGAs can analyze every layer of the IC design until the operational connection between all sub-modules of the whole system is rationalized and ready for convenient design creation. These system design tools are widely used in the IC design industry and have become preferred tools of engineers. The Group will conduct further optimization of the existing EDA and FPGA tool templates, with the aim of producing high performance, high speed, highly flexible and low-cost products to benefit more IC and SoC design users.

The Group will continue to move forward in the future, diversifying its business and broadening its revenue stream by leveraging its position as a leading provider of security devices used in pay-TV broadcasting access and mPOS payment systems in China, and expanding its R&D efforts in IC related technology and all-round applications through strategic acquisitions. Driven by the rapid development of ICs and computer technologies, market demand for core components is also increasing. Given the rigid market demand, SMIT is highly confident that, with its accumulated industry experience, it can grasp market opportunities and continuously develop advanced and sophisticated chipset technology and ultimately further reinforce its industry leadership. In addition, the Group will continue to evaluate and seek target technologies and companies which have investment value and which can generate synergies with its businesses within the industry and along the industry chain, with the aim of bringing greater return to shareholders while expanding its business and revenue streams.

企業管治報告

CORPORATE GOVERNANCE REPORT

企業管治常規

本公司董事會(「董事會」)致力達致高水平之企業管治。於截至二零一八年十二月三十一日止年度及直至本報告日期期間，本公司一直遵守上市規則附錄十四所載的企業管治守則(「企業管治守則」)的原則及守則條文，惟以下偏差除外：

守則條文第A.2.1條

根據企業管治守則之守則條文第A.2.1條，主席及首席執行官之職務應有所區分且不應由同一人擔任。於在上市日期至本報告日期期間，本公司主席及首席執行官之職務並無獨立劃分。黃學良先生在截至二零一八年十二月三十一日止年度及直至本報告日期期間一直擔任本公司主席兼首席執行官。

本公司認為，黃學良先生同時擔任主席兼首席執行官將為我們帶來強而有力且穩定的領導，以便更有效規劃和管理本集團。鑒於黃學良先生豐富的行業經驗、個人資歷，以及於本集團及其過往發展中扮演的關鍵角色，董事會相信黃學良先生繼續擔任我們的主席兼首席執行官將對本集團的業務前景有利。

董事會

董事會負責本集團的整體領導，並監察本集團的策略性決定以及監察業務及表現。於本報告日期，董事會由本公司九名董事(「董事」)組成，包括三名執行董事、三名非執行董事和三名獨立非執行董事。彼等之履歷資料及彼此間之關係(如有)載於本年報第48至54頁。

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of the Company is committed to achieving a high level of corporate governance. The Company has been in compliance with the principles and code provisions set out in the Code on Corporate Governance Practices ("CG Code") under Appendix 14 to the Listing Rules during the year ended 31 December 2018 up to the date of this report, except the following deviation therefrom:

Code Provision A.2.1

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer (CEO) should be separated and performed by different individuals. During the period from the Listing Date to the date of this report, the duties of the Company's Chairman and CEO were not separated from each other. Mr. Huang Xueliang has been serving as the Company's Chairman and CEO during the year ended 31 December 2018 and up to the date of this report.

The Company believes that Mr. Huang Xueliang serving as both the Chairman and CEO will guarantee us strong and stable leadership to perform planning and management of the Group more effectively. In view of his extensive experience in the industry, personal credentials and key roles in the Group and its historical development, the Board believes that it is favorable to the business prospects of the Group for Mr. Huang Xueliang to serve as our Chairman and CEO on a continuous basis.

BOARD OF DIRECTORS

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. As at the date of this report, the Board consists of nine directors ("Directors") of the Company, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Their biographical details and relationships amongst them (if any) are set out on pages 48 to 54 of this annual report.

企業管治報告

CORPORATE GOVERNANCE REPORT

董事會履行企業管治職責，負責召開股東大會，並向股東報告其工作；執行股東大會決議案；制訂本公司的業務計劃、投資計劃以及年度預算與決算；制訂本公司的溢利分配方案、彌補虧損方案以及註冊資本增減方案。

董事會定期召開會議，年內至少須舉行四次董事會會議，大約每季舉行一次，審閱公司歷史財報、營運情況及批准預算及整體策略。全體董事將獲發不少於十四天之通知以召開定期董事會會議，令全體董事均獲機會出席定期會議並討論議程事項。在董事會認為有需要時舉行額外會議。就其他董事會及董事會委員會會議而言，本公司通常會發出合理通知。會議通知中已包括會議議程及相關董事會文件，並至少在舉行董事會或董事會委員會會議日期的三天前送出，以確保董事有充足時間審閱有關文件及充分準備出席會議。倘董事或委員會成員未能出席會議，則彼等會獲悉將予討論的事宜及於會議召開前有機會知會主席有關彼等的意見。

董事會會議及董事會委員會會議的會議記錄會詳盡記錄董事會及董事會委員會所考慮的事宜及所達致的決定，包括董事提出的任何問題。各董事會會議及董事會委員會會議的會議記錄草擬本會／將會於會議舉行後的合理時間內寄送至各董事，以供彼等提出意見。董事會會議的會議記錄公開供所有董事查閱。

The Board shall perform the duties of corporate governance, and its responsibilities are to convene the general meetings and report its work to the shareholders; to implement the resolutions of general meetings; to formulate the Company's business plans, investment plans and annual budget and final accounts; to prepare the Company's profit distribution plan, loss recovery plan and proposals for increase or reduction of registered capital.

The Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals to review the Company's historical financial reports and operating conditions and approve the Company's budgets and overall strategies. Notices of no less than fourteen days are given for all regular board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. Additional meetings should be held whenever the Board deems necessary. For other board meetings and board Committee meetings, reasonable notice is generally given by the Company. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the board meetings or board committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings or board committee meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Minutes of the board meetings and board committee meetings are recorded in sufficient detail on the matters considered by the Board and the board committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each board meeting and board committee meeting are/will be sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by the Directors.

企業管治報告

CORPORATE GOVERNANCE REPORT

各董事積極參加本公司之會議。於本報告日期之董事會成員組成以及彼等於截至二零一八年十二月三十一日止年度出席本公司會議的情況如下：

The Directors actively participated in the meetings of the Company. The members of the Board as at the date of this report and their participation in the meetings of the Company during the year ended 31 December 2018 are as follows:

董事姓名 Name of Director	提名委員會 會議 Nomination Committee meeting	薪酬委員會 會議 Remuneration Committee meeting	審核委員會 會議 Audit Committee meeting	常規董事會 會議 Regular Board meeting	股東大會 General meeting
黃學良 Huang Xueliang	1/1	不適用 N/A	不適用 N/A	4/4	1/1
曾之傑 Zeng Zhijie	不適用 N/A	1/1	2/2	4/4	1/1
關重遠 Kwan, Allan Chung-yuen	不適用 N/A	不適用 N/A	不適用 N/A	4/4	1/1
張俊傑 Zhang Junjie	不適用 N/A	1/1	2/2	4/4	1/1
胡家棟 Woo Kar Tung, Raymond	1/1	不適用 N/A	2/2	4/4	1/1
金玉豐 Jin Yufeng	1/1	1/1	不適用 N/A	4/4	1/1
帥紅宇 Shuai Hongyu	不適用 N/A	不適用 N/A	不適用 N/A	4/4	1/1
龍文駿 Loong, Manfred Man-Tsun	不適用 N/A	不適用 N/A	不適用 N/A	4/4	1/1
高松濤 Gao Songtao	不適用 N/A	不適用 N/A	不適用 N/A	4/4	1/1

於截至二零一八年十二月三十一日止年度，董事會舉行四次會議。本公司有責任遵守企業管治守則，將採取適當安排，於來年舉行至少4次董事會常規會議。截至二零一八年十二月三十一日止年度，本公司舉行過一次股東大會。

The Board held four meetings during the year ended 31 December 2018. The Company is obliged to comply with the CG Code and will take appropriate arrangements for holding at least 4 regular Board meetings in the forthcoming year. General meeting has been held once during the year ended 31 December 2018.

就本公司所深悉，董事之間並無財務、業務、家族或其他重大／相關聯繫。

To the best knowledge of the Company, there is no financial, business, family or other material/connected relationship among the Directors.

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CORPORATE GOVERNANCE REPORT

董事會委員會

董事會下設提名委員會、薪酬委員會及審核委員會，以全面履行企業管治職責。各董事會委員會有權向管理層索取其要求之任何完整及可靠的資料。該等委員會應於必要時尋求獨立專業意見以履行職責，費用由本公司承擔。

提名委員會、薪酬委員會及審核委員會之書面職權範圍可於本公司及聯交所網站查閱。

董事會的授權

董事會對本公司所有重大事宜保留決策權，包括：批准及監督一切政策事宜、整體策略及預算、內部監控及風險管理系統、重大交易(特別是可能牽涉利益衝突者)、財務數據、委任董事及其他主要財務及營運事宜。董事於履行彼等職責時可尋求獨立專業意見，費用由本公司承擔。彼等亦被鼓勵向本公司高級管理層進行獨立諮詢。

本集團的日常管理、行政及營運交予高級管理層負責。董事會定期檢討所授權職能及職責。管理層訂立任何重大交易前須取得董事會批准。

Committees of the Board

There are Nomination Committee, Remuneration Committee and Audit Committee under the Board to help fully perform the duties of corporate governance. Each committee of the Board has the right to obtain any complete and reliable information required by it from the management. The committees shall, if necessary, seek independent professional advices to perform their duties at the expense of the Company.

The written terms of reference of the Nomination Committee, the Remuneration Committee and the Audit Committee are available on the websites of the Company and the Stock Exchange.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors have the recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

企業管治報告

CORPORATE GOVERNANCE REPORT

提名委員會

提名委員會主要負責檢閱董事會的架構、人數及組合(包括技能、知識、經驗及資質)、就任何董事及高級管理層職位的人選向董事會提供推薦建議、釐定董事提名的政策、探討董事會成員多元化政策，以及評估獨立非執行董事的獨立性。提名委員會按誠信、經驗、技能以及為履行職責所付出之時間及努力等標準評估候選人或在任人。提名委員會之建議將於其後提交董事會以作決定。提名委員會的書面職權範圍於聯交所及本公司網站可供查閱。

於截至二零一八年十二月三十一日止年度，提名委員會曾舉行一次會議，內容涉及對董事會的架構、人數及組合進行年度檢閱、評核獨立非執行董事之獨立性以及探討董事會成員多元化政策。

薪酬委員會

薪酬委員會主要負責就本公司全體董事及高級管理人員的薪酬政策及架構提供建議；評定執行董事的表現並批准執行董事的服務合約；設立一套正規及具透明度的薪酬政策制定程序。薪酬委員會獲委派負責釐定個別執行董事及高級管理人員的薪酬待遇。

於截至二零一八年十二月三十一日止年度，薪酬委員會曾舉行一次會議，內容涉及審閱薪酬政策及結構以及釐定董事及高級管理人員年度薪酬待遇與其他相關事務。

Nomination Committee

The Nomination Committee is mainly responsible for reviewing the structure, number of members and composition (including skillsets, knowledge, experience and qualifications) of the Board, providing recommendations to the Board on candidates for any Directors and senior management members, determining the policy for the nomination of directors, exploring a Board diversity policy, and assessing the independence of the independent non-executive Directors. The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the year ended 31 December 2018, the Nomination Committee held a meeting to conduct annual review of the structure, number of members and composition of the Board, assess the independence of the independent non-executive Directors and discuss the Board diversity policy.

Remuneration Committee

The Remuneration Committee is primarily responsible for advising on the remuneration policy and structure for all the Directors and senior management members of the Company; assessing performance of executive directors and approving terms of executive directors' service contracts; and developing a set of standardised and transparent procedures for making the remuneration policy. The Remuneration Committee is designated to determine the remuneration packages of certain executive Directors and senior management members.

During the year ended 31 December 2018, the Remuneration Committee held a meeting to review the remuneration policy and structure and determine the annual remunerations of the Directors and senior management members as well as other related matters.

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審核委員會

審核委員會主要負責下列事項：

1. 就外聘核數師之委任、重新委任及罷免向董事會提出建議；
2. 按適用的標準檢討及監察外聘核數師是否獨立客觀以及評估審核程序之效能；
3. 審閱本公司財務報表、年報、賬目及中期報告的完整性並檢討其中所載有關財務申報的重大意見；
4. 監管本公司風險管理及內部監控系統，協助董事會檢討本公司風險管理及內部監控系統的有效性，並就有關企業管治的事宜向董事會提供意見；及
5. 檢討及監察本公司對本公司的舉報政策的遵守情況。

於截至二零一八年十二月三十一日止年度，審核委員會共舉行兩次會議，以履行上述責任。

董事培訓

任何新委任的董事均獲提供必要的入職培訓及資料，以確保其對本公司的營運及業務以及對其於相關法規、法例、規則及條例下的責任有適當程度的了解。

Audit Committee

The primary duties of the Audit Committee are as follows:

1. to make recommendations to the Board regarding the appointment, reappointment and removal of external auditor;
2. to review and monitor the external auditor's independence and objectivity under applicable standards, and to assess the efficacy of their audit procedures;
3. to review the integrity of the Company's financial statements, annual reports, accounts and interim reports, and to review the significant opinions in relation to the financial reporting contained therein;
4. to supervise the Company's risk management and internal control systems, assist the Board in reviewing the effectiveness of the Company's risk management and internal control systems, and advise the Board on matters relating to corporate governance; and
5. to review and monitor the Company's compliance with the Company's whistleblowing policy.

During the year ended 31 December 2018, the Audit Committee held two meetings to fulfill the above duties.

Director Training

Any newly appointed Director would be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations.

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全體董事均參與持續專業發展，以發展及更新各自之知識與技能。根據各董事所提供的記錄，全體董事年內接受的培訓如下：

All Directors participated in continuous professional development to develop and update their knowledge and skills. According to the records provided by the Directors, the training programmes received by each Director during the year are as follows:

董事姓名 Name of Director	董事職位 Director title	出席研討會或 其他行業活動 Seminars or other industry events attended
黃學良 Huang Xueliang	主席、執行董事兼首席執行官 Chairman, executive Director & CEO	√
曾之傑 Zeng Zhijie	非執行董事 Non-executive Director	√
關重遠 Kwan, Allan Chung-yuen	非執行董事 Non-executive Director	√
張俊傑 Zhang Junjie	獨立非執行董事 Independent non-executive Director	√
Woo Kar Tung, Raymond	獨立非執行董事 Independent non-executive Director	√
金玉豐 Jin Yufeng	獨立非執行董事 Independent non-executive Director	√
帥紅宇 Shuai Hongyu	執行董事 Executive Director	√
龍文駿 Loong, Manfred Man-Tsun	執行董事 Executive Director	√
高松濤 Gao Songtao	非執行董事 Non-executive Director	√

主席及首席執行官

於截至二零一八年十二月三十一日止年度及於本報告日期，黃學良先生兼任主席及首席執行官職務，負責本集團整體策略規劃及監督集團整體管理。

CHAIRMAN AND CEO

During the year ended 31 December 2018 and as at the date of this report, Mr. Huang Xueliang served as the Chairman and CEO to take charge of the Group's overall strategic planning and supervise the overall management of the Group.

非執行董事

非執行董事(包括獨立非執行董事)為董事會帶來廣泛行業知識及經驗、財務專業知識及獨立判斷，通過參與董事會委員會，出席董事會議並審閱公司相關匯報，對本公司戰略方針提出有效建議。

NON-EXECUTIVE DIRECTORS

The non-executive Directors (including the independent non-executive Directors) empower the Board with extensive industry knowledge and experience, financial expertise and independent judgments. They make effective recommendations on the Company's strategies and policies through engagement in committees of the Board, participation in Board meetings and review of the Company's relevant reports.

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於本年度期間，董事會至少有兩名獨立非執行董事，其中有一名獨立非執行董事具備適當的會計或相關財務管理專長，符合上市規則第3.10條規定。

各獨立非執行董事已向本公司提供確認彼獨立身份的年度確認書。本公司認為張俊傑先生、金玉豐先生及胡家棟先生在身份及判斷方面均為獨立人士，符合上市規則第3.13條所載之標準。

董事及相關人士進行證券交易的標準守則

本公司已採納董事證券交易的行為守則（「行為守則」），其條款不遜於上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）的規定標準。經作出具體查詢後，全體董事截至二零一八年十二月三十一日止年度均一直全面遵守標準守則。

行為守則適用於企業管治守則所界定因本身職位或職務而可能擁有關於本公司或其證券的內幕消息的全部相關人士（包括本公司僱員，或本公司附屬公司或母公司的董事或僱員）。

During the year, the Board had at least three independent non-executive Directors, one of whom has appropriate accounting or related financial management expertise as required by Rule 3.10 of the Listing Rules.

Each independent non-executive Director has provided with the Company an annual confirmation of his independence. The Company considers that Mr. Zhang Junjie, Mr. Jin Yufeng and Mr. Woo Kar Tung, Raymond are independent in terms of identity and judgment, which is in compliance with the criteria set out in Rule 3.13 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELATED INDIVIDUALS

The Company has adopted a code of conduct for securities transactions by Directors (“Code of Conduct”) on terms no less exacting than the required standards under the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. After specific inquiries, it is confirmed that all the Directors fully complied with the Model Code during the year ended 31 December 2018.

The Code of Conduct applies to all the individuals who may have access to inside information about the Company or its securities as a result of their respective positions or duties as defined by the CG Code, including employees of the Company or directors or employees of the Company’s subsidiaries or parent company.

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CORPORATE GOVERNANCE REPORT

核數師酬金

審核委員會已接獲本公司現任核數師羅兵咸永道確認其獨立性及客觀性的函件。就羅兵咸永道及其關聯事務所(如有)所提供服務而支付的酬金如下：

服務性質	Nature of service	二零一八年 2018 千美元 USD'000	二零一七年 2017 千美元 USD'000
審核及審閱服務	Audit and review services	457	390
非核數服務(包括風險評估及 內部控制諮詢服務、 法律、財務、稅務盡職審查服務、 交易支持服務及法律顧問服務)	Non-audit services (including risk assessment and internal control consulting services, legal, financial, tax due diligence services, transactional support services and legal retainer services)	697	200
		1,154	590

董事會與審核委員會對選擇、委聘、辭退或解聘外聘核數師並無不一致意見。董事並不知悉任何有關可能對本公司的持續經營能力構成重大影響之事件或情況之重大不明朗因素。

董事就財務報表所承擔之責任

董事確認其有責任為每個財政年度編製綜合財務報表，以真實公平地報告本集團之狀況。董事並不知悉有任何有關可能對本集團按持續經營基準繼續營運的能力產生重大懷疑的事件或條件的重大不確定因素。管理層已向董事會提供必要的闡釋及資料，使董事會能對提呈予董事會批准的本公司財務報表進行知情的評估。本公司已向董事會全體成員提供有關本公司表現、狀況及前景的每月更新資料。

AUDITOR'S REMUNERATION

The Audit Committee has received a letter from the Company's current auditor PricewaterhouseCoopers confirming its independence and objectivity. The remuneration paid for the services provided by PricewaterhouseCoopers and its affiliates (if any) is as follows:

二零一八年 2018 千美元 USD'000	二零一七年 2017 千美元 USD'000
457	390
697	200
1,154	590

There is no disagreement between the Board and the Audit Committee on the selection, appointment, dismissal or removal of the external auditor. The Directors are not aware of any material uncertainties relating to events or situations which may have material impacts on the Group's ability to continue as a going concern.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements for each financial year to give a true and fair view of the conditions of the Group. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

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CORPORATE GOVERNANCE REPORT

會計政策

董事認為，本集團在編製綜合財務報表時貫徹應用適當會計政策並遵守一切適用會計準則。

會計記錄

董事負責確保本集團保存會計記錄，而該等記錄合理準確地披露本集團之財政狀況，並有助本集團按照香港《公司條例》之披露規定及適用會計準則之規定編製綜合財務報表。

風險管理及內部監控

董事會及管理層的職責

董事會認為，健全的風險管理和內部監控系統對實現本公司的戰略目標至關重要，並因此確認其有責任維持有關系統並檢討其成效，保障股東投資及公司資產。

董事會負責評估及釐定本公司達成策略目標時所願意接納的風險性質及程度，並確保本公司設立並維護合適及有效的風險管理及內部監控系統。管理層負責設立並維護該等系統，及提供有關系統有效性的確認。該等系統旨在管理而非消除未能實現業務目標的風險，且只能就重大錯誤陳述或損失提供合理而非絕對的保證。

ACCOUNTING POLICIES

The Directors consider that in preparing the consolidated financial statements, the Group applies appropriate accounting policies consistently and follows all applicable accounting standards.

ACCOUNTING RECORDS

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and enable the Group to prepare consolidated financial statements in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable accounting standards.

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibilities of the Board and Management

The Board believes that a comprehensive set of risk management and internal control systems plays an essential role in achieving the Company's strategic goals and has therefore acknowledged its responsibilities annually to maintain such systems, as well as review their effectiveness to protect the investment of shareholders and safeguard the assets of Company.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems, while the management is accountable for setting up and maintaining those systems as well as providing a confirmation on their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

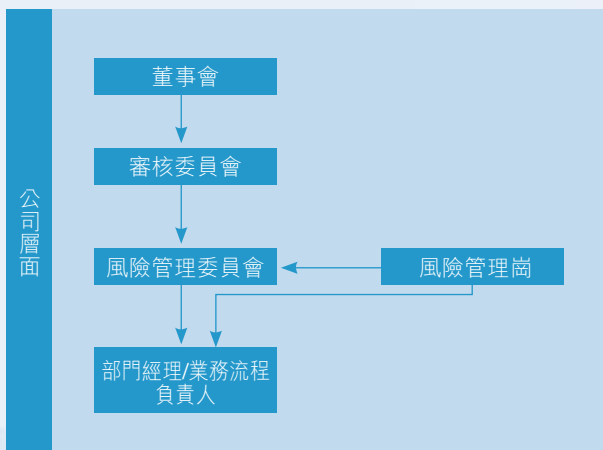
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風險管理及內部監控系統

為完善本公司的風險管理系統，提升本公司風險管控水平及降低風險的能力，董事會已建立了組織架構，本年度繼續執行和完善風險管理系統和維持該風險管理組織架構不變。風險管理組織架構由董事會及其審核委員會、風險管理委員會、風險管理執行層三個層面的組織構成。本公司亦明確各層面風險管理的直接管理責任和風險信息報告路線。

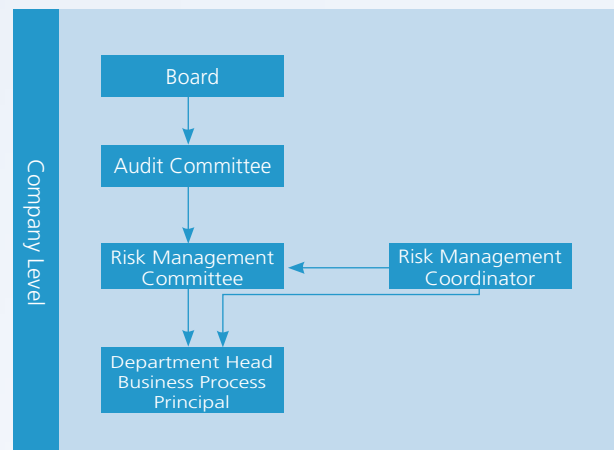
風險管理架構



Risk Management and Internal Control Systems

With an aim to improve the Company's risk management system while enhancing its controls of risks and the ability to mitigate risks, the Board established its own organizational structure, and is continuously improving risk management system and maintains risk management structure. The risk management organizational structure is a 3-tier framework, comprising of the Board and its Audit Committee, Risk Management Committee, as well as Risk Management Executives. The Company has also defined the direct management responsibility of each tier and the reporting line between them.

Risk Management Structure



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下表展示風險管理架構內各層級所擔當的角色：

Roles performed by parties at all levels within the risk management structure are set out in the tables below:

董事會

Board

- √ 批准風險管理方案和報告
Approve plans and reports on risk management
- √ 進行重大決策的風險管理，包括批准相關風險管理報告，並釐定風險的有效控制；及
Conduct risk management of material decisions, including approving related risk management reports and determining effective controls to the risks; and
- √ 加強風險管理文化的培育
Strengthen the cultivation of risk management culture

審核委員會

Audit Committee

- √ 檢討風險管理委員會的架構、職責及管理基本制度；及
Review the setups of the Risk Management Committee and its job description, as well as the fundamental management policies; and
- √ 審閱重大風險評估報告及各項風險管理報告
Review assessment reports on material risks and various risk management reports

風險管理委員會

Risk Management Committee

- √ 推動風險管理系統建設，確定風險管理組織機構設置及其職責
Promote the formulation of risk management system and define the structure and responsibilities of risk management organisation
- √ 定期審議本公司風險管理相關的政策、制度和監督實施情況
Regularly review the risk management policies and procedures and oversee the implementation
- √ 為重大決策提供風險管理意見，審議並提交重大決策的風險管理報告及風險應對措施；及
Provide risk management suggestions on material decisions by reviewing and submitting risk management reports and risk response; and
- √ 督導本公司整體風險管理文化的培育
Oversees the cultivation of the Company's general risk management culture

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風險管理崗

Risk Management Coordinator

- √ 推動各部門開展重大風險識別和評估工作，形成各項風險管理報告，並提呈予風險管理委員會
Promote risk identification and evaluation on department level, formulate risk management reports and submit them to the Risk Management Committee
- √ 統籌、協調風險管理委員會及高級管理層對公司層面的風險進行識別、評估，提出公司層面重大風險管理的相關措施
Coordinate the Risk Management Committee and senior management to conduct risk identification and evaluation on the Company level, propose countermeasures to material risks
- √ 協助、監控風險管理執行人員開展的風險管理工作及審閱相關結果
Assist and monitor the risk management executives to perform risk management work and review relevant results
- √ 組織風險管理相關的培訓、分享風險管理知識及最佳方法
Organise trainings and share knowledge and best practices about risk management
- √ 匯總公司層面及業務層面的所有風險管理結果並提呈予風險管理委員會及審核委員會
Summarise the risk management results of both the Company level and business level and submit them to the Risk Management Committee and the Audit Committee

部門主管／業務流程負責人

Department Head/Business Process Principal

- √ 配合風險管理崗根據所屬業務開展具體風險管理的工作
Coordinate with risk management coordinator in performing risk management of their own businesses
- √ 定期更新所屬業務的風險清單
Regularly update the risk lists of their own businesses
- √ 從可能性及對本公司業務影響的嚴重程度兩方面，結合具體業務特性對識別的風險進行評估
Assess the impact and likelihood of the identified risks on the Company's businesses along with characteristics of specific businesses
- √ 制定具體業務的相關風險應對方案，並實施應對方案；負責具體風險管理措施的推進和實施
Prepare and implement risk responses for the relevant specific business risks; Take responsibility for communicating and implementing the specific risk management measures
- √ 對具體業務的各類風險進行監控，及時向風險管理崗報告；及
Monitor and report various risks that specific businesses are facing with to the risk management coordinator; and
- √ 開展風險管理的其他相關工作
Execute other work relevant to risk management

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CORPORATE GOVERNANCE REPORT

風險管理的程序

本公司通過主動而系統地對經營過程中的風險事項進行識別、評估及應對，加強企業的風險管理能力和應變能力，進一步保障經營目標的實現和持續穩健的發展。本公司在《風險管理手冊》中定義了風險管理流程和評價標準，每年度進行公司層面的風險評估工作，通過系統性的風險管理程序（包括風險識別、評估、應對及報告四步驟）釐定風險的性質及程度以及現有監控措施是否足夠。本公司根據風險發生的可能性及對本公司業務的影響的嚴重程度進行優次排序，其後根據各重大風險的成因、影響以及行業最佳實踐，制定風險管理策略及風險應對措施，報告年度風險評估工作，將風險維持於可接受的水平。

內部監控系統

本公司內部監控系統基於Committee of Sponsoring Organization of the Treadway Commission頒佈的內部監控框架搭建，考慮了控制環境、風險評估、控制活動、信息與溝通以及監督活動五大內部監控基本要素。對於關鍵業務流程，如銷售及收款、採購及付款、存貨及研發、投資併購等，本公司設計了控制活動以應對風險，並監控其執行的有效性以達到內部監控系統活動的監控目標。

審核委員會每年檢討該系統的有效性。對於發現的內部監控缺失，公司將採取內部管理層溝通和責令整改的方式處理，而對於發現的重大控制程序或制度缺失將直接上報董事會進行溝通和討論。

Risk Management Process

The Company improves its management capability and adaptability, and further ensures the realisation of the business objectives and a sustainable growth through active and systematic identification, assessment and response to risk issues occurred in the operation process. The Company has defined risk management process and evaluation criteria in the Risk Management Manual. Risk evaluation is carried out annually on the Company level to determine the nature and extent of the risk and whether the existing control measures are enough through systematic risk management procedures, which are four steps including risk identification, evaluation, mitigation and reporting. The Company prioritises risks based on the likelihood and the impact on the Company's businesses, and develops risk responses and control measures and report annual risk assessment results, impact of material risks and best practices of the industry to keep the risks at an acceptable level.

Internal Control System

The Company's internal control system was constructed based on the internal control framework issued by the Committee of Sponsoring Organization of the Treadway Commission, and considered the five components of internal control: control environment, risk assessment, control activities, information and communication and monitoring activities. The Company designs control activities to address the risk of each key business process, e.g. sales and receivables, purchase and payables, inventory and research & development (R&D), investment and acquisition etc., and monitors the operating effectiveness of those controls to achieve the control objectives of internal control system.

The Audit Committee reviews the effectiveness and adequacy of the system on an annual basis. If any deficiency of internal control is identified, the Company addresses it by communicating with the management internally and ordering remediation to be taken. Any material deficiency identified in the control procedures or polices will be reported to the Board directly for communication and discussion.

企業管治報告

CORPORATE GOVERNANCE REPORT

本公司的內審工作由內審團隊實施。《內部審計章程》明確了內審團隊的職責。二零一八年度，公司內審職能人員與本公司委任的外部顧問公司的成員進行團隊合作，對關鍵流程的效能獨立執行內控審閱的工作，並直接向審核委員會匯報。審核委員會則通過審查及批准內部控制評估工作方案及報告等工作監督內部監控系統的有效性。

內幕消息

對於內幕消息的管理，本公司建立了《內幕信息披露管理制度》，明確內幕消息的定義並規範內幕消息的處理和發佈程序。本公司透過本身網站及聯交所網站等途徑，向公眾廣泛及非獨家地披露信息，以實現信息的公平和及時披露。

二零一八年度風險管理及內部監控系統的檢討

董事會對風險管理及內部監控系統負責，並有責任檢討該等系統的有效性。截至二零一八年十二月三十一日止年度，董事會已透過審核委員會就本公司風險管理及內部監控系統作出檢討，檢討內容涵蓋二零一八年財政年度及所有的重大監控方面，包括營運、財務及合規監控，並考慮了重大風險的性質及嚴重程度的轉變，以及本公司應對其業務及外部環境轉變的能力，並認為該等系統有效和充分的。

董事會及審核委員會已檢討會計、內部審核及財務匯報職能方面的資源、員工資歷及經驗，以及培訓課程及預算的充足性，並認為是充足的。

The Company's internal audit work is carried out by internal audit team. Their responsibilities have been defined in the Internal Audit Charter. In the year of 2018, our internal audit personnel, together with members of an external consulting firm appointed by the Company working as a team to independently conduct the internal control reviews on effectiveness of the key processes and reported directly to the Audit Committee. The Audit Committee then oversees the effectiveness of the internal controls system by reviewing and approving the internal audit assessment plan and reports.

Inside Information

For the management of inside information, the Company has formulated Inside Information Disclosure Management Policy to clarify the definition of such information and procedures to handle and release them. The Company discloses information to the public generally and non-exclusively through channels including websites of its own and HK Exchange, aiming to achieve fair and timely disclosure of information.

Review on the Risk Management and Internal Control Systems in 2018

The Board is responsible for the risk management and internal control systems and reviewing their effectiveness. For the year ended 31 December 2018, the Board has finished reviewing the Company's risk management and internal control systems along with the Audit Committee and considered them to be effective and adequate. The review has covered the financial year of 2018 and all material controls, including, operational, financial and compliance controls and considered the changes in the nature and extent of significant risks as well as the Company's ability to respond to changes in its business and the external environment, the Board and Audit Committee considered such systems are effective and adequate.

The Board and Audit Committee have also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of its accounting, internal audit and financial reporting functions this year, and considered adequate.

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CORPORATE GOVERNANCE REPORT

公司秘書

鄭啟培先生，於截至二零一八年十二月三十一日止年度一直擔任本公司公司秘書(「公司秘書」)。公司秘書向董事會主席報告，委任及罷免公司秘書由董事會全體成員決定。

公司秘書主要負責協助董事會主席及其委員會主席編製會議議程及適時編製會議文件並發送予董事及委員會成員；確保各董事遵守董事會政策及程序及所有適用規定及規則；以及確保準確記錄董事會／委員會會議的會議程序、討論及決策。

根據上市規則第3.29條規定，鄭啟培先生於年內已參與十五個小時以上的專業培訓。其履歷資料載於本年報第55頁。

股東權益及投資者關係

與股東及投資者溝通

本公司的股東大會為股東及董事會提供直接溝通的平台。歡迎股東向出席會議的董事會或管理層提出查詢，董事會主席或(倘彼未能出席)執行董事以及審核委員會、提名委員會及薪酬委員會主席或(倘彼等未能出席)各委員會其他成員，一般將會出席並回答提問，而股東亦可將彼等的書面查詢寄發予公司秘書。

COMPANY SECRETARY

Mr. Cheng Kai Pui, Eric has served as the company secretary of the Company (the "Company Secretary") during the year ended 31 December 2018. The Company Secretary reports to the Chairman of the Board, and the appointment and removal of the Company Secretary are determined by all the members of the Board.

The Company Secretary is responsible for assisting the Chairman of the Board and the chairmen of its committees in developing meeting agendas, preparing meeting minutes in a timely manner and sending them to the Directors and members of the committees; for ensuring that all the Directors comply with the Board's policies and procedures and all applicable regulations and rules; and for ensuring accurate recording of the meeting procedures, discussions and decisions of meetings of the Board/its committees.

Mr. Cheng Kai Pui, Eric had received more than 15 hours of professional training during the year in accordance with Rule 3.29 of the Listing Rules. His biographical details are set out in page 55 of this annual report.

SHAREHOLDERS' EQUITY AND INVESTOR RELATIONS

Communication with Shareholders and Investors

The general meetings of the Company provide a platform for direct communication between shareholders and the Board. Shareholders are welcome to make enquiries to the Board or the management thereof, and the Chairman of the Board, or in his absence, an executive Director, and chairmen of the Audit Committee, Nomination Committee and Remuneration Committee, or in their absence, other members of the committees, will normally be present and available to answer questions. Shareholders may also send their written enquiries to the Company Secretary.

企業管治報告

CORPORATE GOVERNANCE REPORT

本公司致力加強與其投資者的溝通及關係，董事會透過不同媒體及官方網站，致力為股東提供清晰全面之本集團資料。股東除獲寄發通函、通告與財務報告外，亦可登入本集團網站(www.smit.com.cn)獲取更多資料。

於股東週年大會上提出建議之程序

股東可根據本公司組織章程大綱或開曼群島公司法及相關條文於股東週年大會上提出建議或動議決議案。

請求召開股東特別大會之程序

於請求書遞交日期持有不少於本公司繳足股本(附有權利可於本公司股東大會投票)十分之一的股東，有權隨時發出書面要求予董事會或公司秘書，要求董事會召開股東特別大會，處理請求書列明之任何事宜。

章程文件的更改

於截至二零一八年十二月三十一日止年度，本公司的章程文件並無變動。

承董事會命
主席
黃學良

香港，二零一九年二月二十八日

The Company is committed to enhancing its communication and relationship with its investors. To this end, the Board endeavors to provide shareholders with clear and comprehensive information on the Group through different media and official website. In addition to the circulars, notices and financial reports dispatched to shareholders, they may also visit the Group's website (www.smit.com.cn) for more information.

Procedure for Making Proposals at Annual General Meetings

Shareholders may make proposals or motions at annual general meetings in accordance with the Company's memorandum of association or the Companies Law of the Cayman Islands and the relevant provisions.

Procedures for Requisitioning an Extraordinary General Meeting

Shareholders holding at the date of submission of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right to vote at general meetings of the Company may, by serving at any time a written requisition to the Board or the Company Secretary, require the Board to convene an extraordinary general meeting for the handling of the matters specified in the requisition.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2018, there were no changes to the Company's constitutional documents.

By order of the Board
Huang Xueliang
Chairman

Hong Kong, 28 February 2019

環境、社會及管治報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

本集團為全球付費電視廣播接收及中國移動銷售終端(或mPOS)支付系統安全裝置的領先供貨商。我們亦已涉足快速驗證系統與軟件業務。根據香港聯合交易所有限公司證券上市規則之附錄二十七《環境、社會及管治報告指引》的相關要求，本集團每年度將持續披露環境、社會及管治報告，現將與本集團業務密切相關且至為重要的內容載於下文：

環境

排放物

本集團的政策是確保遵守適用環境法律法規以及透過有效運用資源及採納有利環境的技術而減少環境足印。

本集團致力促進僱員的環保意識。本集團相信，提高環保意識是環保工作及促進大眾健康的關鍵。

鑒於本集團業務的性質，本公司相信其業務營運對環境及自然資源造成的直接影響甚為輕微。

污水排放情況

本集團無工業污水排放，生活用水經工業區管網流入市政管線做到達標排放。符合《中華人民共和國水污染防治法》、《中華人民共和國水污染防治法實施細則》、《污水處理設施環境保護監督管理辦法》等有關要求。公司按照清潔生產的要求作業，符合《中華人民共和國清潔生產促進法》的有關要求。

We are a leading security devices provider for pay TV broadcasting access worldwide and for mobile point-of-sale, or mPOS, payment systems in China. We have also entered into Rapid Verification System and Software business. Pursuant to the relevant requirements of the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group will continue to disclose an Environmental, Social and Governance Report (“ESG Report”) on an annual basis. Set out below are the important contents of such report closely related to the Group’s business:

ENVIRONMENT

Emissions

The Group’s policy is to ensure compliance with applicable environmental laws and regulations and to reduce environmental footprints through efficient use of resources and application of environment-friendly technologies.

The Group is committed to promoting environmental awareness among its employees. The Group believes that raising environmental awareness is the key to environmental protection and the promotion of public health.

In view of the nature of the Group’s business, the Company believes that the direct impact of its business operations on the environment and natural resources is very insignificant.

Sewage Discharge

The Group has no industrial sewage discharge, and its domestic water meeting relevant discharge standards is discharged into a municipal pipeline through the pipe network of the industrial zone, which is in compliance with the relevant provisions under the Law of the PRC on the Prevention and Control of Water Pollution, the Detailed Rules for the Law of the PRC on the Prevention and Control of Water Pollution, and the Measures on the Supervision of Sewage Treatment Facilities for Environmental Protection. The Company operates in accordance with the requirements on clean production and in compliance with the relevant requirements under the Law of the PRC on Promoting Clean Production.

環境、社會及管治報告

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

噪聲排放情況

各部門都能認真落實各項噪聲防治措施，對產生噪音設備做好降噪工作，無夜間工作，均能達到《工業廠界噪聲標準》相關標準要求，公司外部無居民區，符合《中華人民共和國環境噪聲污染防治法》等法律法規要求。

廢氣排放情況

根據環境空氣功能區劃，我公司為高新園區，環境空氣質量執行《環境空氣質量標準》(GB3095-96)中標準。目前各指標均符合要求。測試生產過程中基本不產生廢氣，符合《中華人民共和國大氣污染防治法》等有關要求，符合《大氣污染物綜合排放標準》標準。空調產生的氟利昂未發生洩漏，符合《關於消耗臭氧層的蒙特利爾議定書》的有關要求。

危險廢物管理情況

我們的業務並無產生任何嚴重危險廢物。經各部門自行審核，確認各部門對於其部門產生的危險廢物如廢電池、廢硒鼓、廢墨盒等都能及時分類放於分類垃圾箱，廢舊日光燈均須上交，並以舊換新。對於危險廢棄物都有做集中收集。公司內企業生產和生活垃圾都能按要求及時處理，符合《中華人民共和國固體廢物污染環境防治法》等法律法規。

Noise Emissions

All departments have conscientiously implemented the noise prevention measures and performed noise reduction processing for noise-producing equipment without working at night, which meets the relevant standards of the Emission Standard for Industrial Plant Noise at Boundary and which, coupled with the fact that there is no residential area in the proximity of the Company, is in compliance with applicable laws and regulations such as the Law of the PRC on the Prevention and Control of Environmental Noise Pollution.

Exhaust Emissions

As the Company is in a high-tech park in terms of ambient air function zoning, the Company implements the medium-level standards for environmental air quality as provided under the Ambient Air Quality Standards (GB3095-96). Currently, all our emission indicators meet the relevant requirements. Our test and production process virtually produces no exhaust gas, which is in compliance with the Law of the PRC on the Prevention and Control of Air Pollution and meets the standards under the Integrated Emission Standards for Air Pollutants. There is no leak of Freon generated from air conditioning, which is in compliance with the relevant provisions of the Montreal Protocol on Substances that Deplete the Ozone Layer.

Hazardous Waste Management

Our operation does not produce any significant hazardous waste. After self-inspections of all departments, it is confirmed that the hazardous waste of each department, including waste batteries, toner cartridges and ink cartridges, has been classified and put into separate dustbins in a timely manner, and all waste fluorescent lamps have to be returned in exchange for new ones. All hazardous waste is collected centrally for disposal. The production and domestic waste of the Company has been timely disposed of as required, which is in compliance with applicable laws and regulations such as the Law of the PRC on Prevention and Control of Environmental Pollution Caused by Solid Waste.

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化學危險品採購、運輸、儲存與保管情況

本集團目前暫未涉及化學品的使用及管理。

為嚴格按照環保要求執行，本集團為有危害崗位工作人員定期發放勞保用品、公司人員每年定期體檢，及相關職業病檢測。在公司運作期間並未出現環保、安全、以及職業病方面的問題。

資源使用

本集團所有部門及實體對生活用水、辦公室用電及用紙有具體的管控措施，符合《中國節約能源法》的有關規定。本集團積極組織意見收集活動，以期鼓勵僱員就節約成本及提高效率方面提供合理意見。

於截至二零一八年十二月三十一日止年度，本集團消耗 365,667 度電，1036 立方米水和 38.9 噸包裝材料（紙箱）。

環境及天然資源

本集團運作以來並未對環境以及相關天然資源造成影響，嚴格按照《中華人民共和國環境保護法》標準執行。

Procurement, Transport, Storage and Preservation of Hazardous Chemicals

Presently, the Group is not involved in any use and management of chemicals.

In an effort to strictly follow the environmental protection requirements, the Group regularly hands out labor protection supplies to staff in positions with hidden danger, organises the staff to take annual physical examination, and affords them occupational disease detection. There is no environmental, safety and occupational disease issue occurred during the Company's operations.

Resource Utilisation

All the departments and entities of the Group have specific control measures for consumption of domestic water, office electricity and paper, which satisfy the relevant requirements under the Energy Conservation Law of the PRC. The Group vigorously carries out an advice solicitation activity to encourage employees to make reasonable advices on cost reduction and efficiency improvement.

During the year ended 31 December 2018, the Group consumed 365,667 kWh Electricity, 1036m³ Water and 38.9 tonnes Packaging materials (cartons).

Environment and Natural Resources

Since its inception, the Group has never compromised the environment and natural resources in any way and always strictly complied with the Environmental Protection Law of the PRC.

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社會

僱傭及勞工常規

本集團的成功依賴本集團吸引、挽留及激勵合資格人員的能力。本集團一般能吸引及挽留合資格人員並維持穩定核心管理團隊。本集團致力培訓及發展本集團的僱員。本集團利用研發中心、研究實驗室及本集團的項目管理團隊，確保每名僱員通過接受本集團從技術、解決方案及服務，以至本集團的客戶、市場及行業等方面課題上進行的持續培訓來維持僱員現時的技能組合。本集團為所有新僱員提供入職培訓，以及在職培訓以持續提升本集團僱員的技術、專業及管理能力。

本集團認為，本集團與僱員保持良好的工作關係，且自本集團創立以來，本集團並無遇到任何重大勞資糾紛或與中國政府勞動部門發生任何糾紛。

SOCIETY

Employment and Labor Practices

The Group's success relies on its ability to attract, retain and motivate qualified personnel. The Group generally is able to attract and retain qualified personnel and maintain a stable core management team. The Group is committed to the training and development of its employees. The Group engages its R&D center, research laboratories and project management team in ensuring that each employee receives continuous training on subjects from techniques, solutions and services to the Group's clients, the markets and industries where it operates, so as to maintain the employees' current skillsets. The Group provides orientation training for all new employees, and offers on-the-job training to continuously enhance the technical, professional and managerial capabilities of its employees.

The Group believes that the Group maintains a good working relationship with its employees. Since its inception, the Group has not embroiled in any significant labor dispute or any dispute with the labor authorities of the Chinese government.

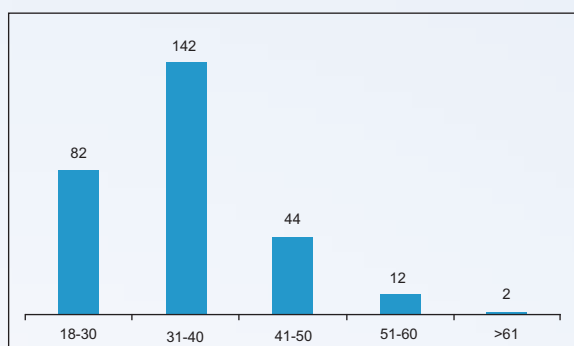
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於二零一八年十二月三十一日，本集團按性別、僱用類型、年齡組別及地區劃分僱員人數載列如下：

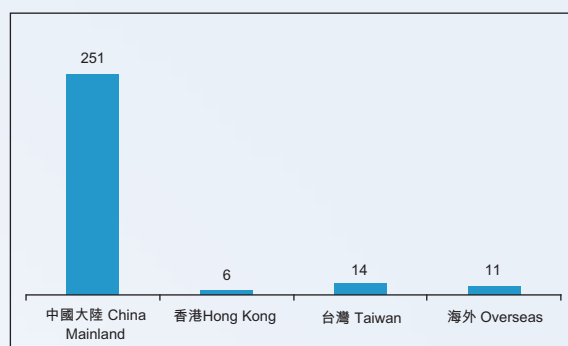
As at 31 December 2018, the Group's breakdown of employees by gender, employment type, age group and region is as follows:

僱員總數 Total number of employees	僱用類型 Employment type	按性別 By gender	
		男性 Male	女性 Female
282	全部全職、簽訂勞動合同 Full time with a labor contract signed	192	90

僱員人數（按年齡組別劃分）
Numbers of Employee (By age group)



僱員人數（按地區劃分）
Numbers of Employee (By region)



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於截至二零一八年十二月三十一日止年度，本集團按性別、年齡組別及地區劃分僱員流失率載列如下：

During the year ended 31 December 2018, the Group's employee turnover rates by gender, age group and region are as follows:

總流失率 Total turnover rate	按性別 By gender		按年齡組別 By age group					按地區 By region		
	男性 Male	女性 Female	18歲－ 30歲	31歲－ 40歲	41歲－ 50歲	51歲－ 60歲	61歲及 以上	中國大陸 China Mainland	香港 Hong Kong	台灣 Taiwan
			Aged 18 - 30	Aged 31 - 40	Aged 41 - 50	Aged 51 - 60	Aged 61 and above			
25.53%	29.17%	17.78%	56.10%	16.20%	4.55%	8.33%	—	27.89%	16.67%	7.14%

健康與安全

本集團須遵守安全生產法、中國勞動法及中國其他相關法律、行政法規、國家標準及行業標準，當中訂明須維持安全的生產環境及保障僱員職業健康的規定。根據該等規定，任何設施或設備不足以確保安全生產的實體，不得從事生產及業務營運活動。在中國經營的實體必須向僱員提供安全生產教育及訓練計劃以及安全的工作環境。生產設施及設備的設計、製造、安裝、使用、檢查及維修須符合適用的國家或行業標準。

本集團已在本集團的內部生產設施實施安全措施，以確保符合適用的監管規定及使僱員受傷風險降至最低。本集團定期檢查營運設施以確保本集團的生產營運符合現行法律法規。此外，本集團要求新入職僱員接受工作安全培訓。

在二零一八年度，本集團年內實施上述有關程序及措施，沒有發生任何工傷事故。另外，新員工入職需提供合格的體檢表，每年公司為員工安排健康體檢。

Health and Safety

The Group is required to comply with the Safety Production Law, the Labor Law of the PRC and other relevant Chinese laws, administrative regulations, national standards and industry standards, which stipulate the requirements on maintaining a safe production environment and safeguarding employees' occupational health. In accordance with these regulations, an entity with any facility or equipment failing to guarantee safety production shall not engage in production and business operations. Entities operating in China must provide employees with safe production education and related training programmes as well as a safe working environment. The design, manufacturing, installation, use, inspection and maintenance of production facilities and equipment must meet applicable national or industry standards.

The Group has implemented safety measures within its production facilities to ensure compliance with applicable regulatory requirements and minimise the risk of injury to employees. The Group regularly examines its operating facilities to ensure that the Group's production and operations are in compliance with the existing laws and regulations. In addition, the Group requires new employees to receive job safety training.

In 2018, there was no work-related accident or injury occurred thanks to the foregoing procedures and measures taken by the Group. In addition, each new employee is required to provide a qualified medical certificate, and the Company arranges health examination for the employees each year.

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發展及培訓

本集團極其重視員工素質和相關專業技能的提升，並根據各崗位人員的業務需求制定培訓計劃。

本集團全體僱員在二零一八年度人均受訓時數為2小時，按培訓類別劃分的培訓情況載列如下。

	高級管理層、 中級管理層 培訓				
	Training for senior and middle management	技術類培訓 Technical training	財務類培訓 Financial training	生產類培訓 Production training	新員工培訓 Orientation training
培訓次數 Number of training sessions	1	3	4	1	1

Development and Training

The Group attaches great importance to the improvement of the staff's quality and related professional skills, and develops training programmes for them according to the business needs of each position.

In 2018, all employees of the Group received two hours of training on average, and the numbers of training sessions by type of training are set out below.

勞工準則

本集團一般通過招聘網站進行人才招聘，招聘時不招聘童工及強制勞工，遵守國家相關法律法規的要求，從制度上、機制上理順企業和職工的勞動分配關係，維護員工合法權益，嚴格杜絕童工或強制勞工，無違規情況。

Labor Standards

The Group generally recruits talent via recruitment websites, and never employs child labor or forced labor. The Group also follows the relevant national laws and regulations to rationalise labor relations and division of labor by improving relevant measures and mechanisms, to safeguard the legitimate rights and interests of employees and to resist child labor or forced labor, thus guaranteeing no irregularities.

運營管理

供應鏈管理

本集團的供貨商包括(a)本集團向其採購產品所用組件的廠商，及(b)進行本集團產品的若干生產程序的分包商。在二零一八年度，本公司合格供貨商按地區劃分，主要為廣東省、江蘇省、西安以及上海。

OPERATIONAL MANAGEMENT

Supply Chain Management

The Group's suppliers include (a) manufacturers from which the Group purchases components for its products and (b) subcontractors undertaking certain production processes for the Group's products. In 2018, the Company's qualified suppliers were mainly based in Guangdong, Jiangsu, Xi'an, and Shanghai.

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本集團要求供貨商導入依據公司ISO存檔體系：QP-13採購控制程序和QP-14供貨商評估與管理控制程序。所有供貨商已按該體系進行實施及管理：

1. 准入審核：制定供貨商准入要求，建立供貨商檔案。對供貨商經營狀況、生產能力、質量保證體系、產品質量、供貨期等相關內容進行審核，以確保購進的原材料符合國家法律法規、標準規範的質量安全要求。
2. 程序審核：建立原材料使用過程審核程序和溯源機制，保證供應過程中持續的產品質量。對供應產品的進貨查驗、生產使用、檢驗情況、不合格產品處理等方面進行審核。
3. 評估管理：建立評估制度，對供貨商定期進行綜合評價。對供應產品質量、交貨能力、技術水準、產品合格率等方面進行評估，結果為不滿意的供貨商，採取淘汰或改進機制。
4. 現場審核：對重點原材料供貨商應定期開展現場審核，包括對生產能力、生產過程和質量控制等方面進行審核。

產品責任

因軟件問題或產品使用方法錯誤導致產品無法正常使用時，如發生退貨情況，必要時公司會派技術人員到客戶處澄清事實，如能當場處理盡力處理，否則按《不合格品控制程序》和《糾正和預防措施控制程序》處理。

The Group requires its suppliers to import QP-13 procurement control procedures and QP-14 supplier evaluation and management control procedures using the Company's ISO filing system. All suppliers have been implemented and managed according to the system:

1. Access review: set up access requirements for suppliers and maintain supplier profiles; and review each supplier's operating conditions, production capacity, quality assurance system, product quality, delivery period and other related information to ensure that the raw materials purchased meet the quality and safety standards under the national laws, regulations and standards.
2. Process review: set up procedures for reviewing raw materials in the utilisation process and a traceability mechanism to ensure consistent product quality during the supply process; and review the purchase inspection, for-production utilisation, examination results and handling of substandard products with regard to the suppliers' products.
3. Evaluation management: establish an evaluation system to conduct comprehensive evaluation of suppliers on a regular basis; evaluate the product quality, delivery capacity, technical level and product qualification rate of each supplier, and weed out or request improvements from the unsatisfactory suppliers.
4. On-site review: conduct regular on-site reviews of key raw material suppliers in terms of production capacity, production process, quality control, etc.

Product Responsibility

In the case of product returns because the products do not function normally due to any software issues or misuse of the product, the Company may, if necessary, dispatch a technician to clarify the causes for the customer face to face, and if possible, to try and resolve the problem on the spot, otherwise the Unqualified Product Control Procedures and the Control Procedures for Corrective and Preventive Measures shall apply.

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本集團所有產品規格按照《質量控制程序》執行，以及產品召回流程執行。

在二零一八年度，本集團已售產品中未出現因安全和健康問題而退回的產品。

本集團嚴格按照《消費者權益保護法》保障消費者的權益以及相關隱私問題。

本集團委託其他單位或與其他單位合作研發新技術或新產品，應約定保密條款或簽訂保密協議。

本集團亦在勞動合同中約定保密條款，並與員工獨立簽訂保密協議，明確員工有保守公司秘密的義務，其他相關知識產權嚴格按照國家的知識產權保護標準執行。

反貪污

本集團員工手冊及與供貨商的合作協議中都有反貪污、賄賂的條款，也設立了舉報郵箱，以加強公司內部監控機制，保障公司利益不被侵犯，防止貪污舞弊等情況發生。

在二零一八年度，本集團及其僱員並無牽涉任何貪污活動之法律案件。

社區

小區投資

本集團一直積極履行自身責任，促進社會和諧發展，作為企業長遠發展的重要方向。本集團每年都出資安排員工體檢及舉辦各類團體活動，以讓員工身心愉悅。另外，本集團每年亦繳納城市維護建設稅，用於城市建設。

The Group follows the Quality Control Procedures and applies a product recall process to guarantee the specifications of all its products.

In 2018, none of the products sold were returned to the Group due to safety or health problems.

The Group strictly abides by the Law on Protection of the Rights and Interests of Consumers to safeguard the rights and interests of consumers and their privacy.

The Group shall agree on certain confidentiality clauses or sign a confidentiality agreement with any entity which is commissioned by, or works with, the Group to develop new technologies or new products.

The Group also incorporates confidentiality clauses into labor contracts and has signed a confidentiality agreement with each employee to make it clear that the employees have the obligation to keep the Company's secrets. As for other relevant intellectual property rights, the national intellectual property protection standards are strictly followed.

Anti-corruption

The Group's employee handbook and cooperation agreements with suppliers all have anti-corruption and bribery provisions, and a whistle-blowing mailbox has been set up to strengthen the Company's internal control mechanism, so as to safeguard the Company's interests and prevent corruption and fraud.

In 2018, neither the Group nor its employees were involved in any legal proceedings relating to corruption.

COMMUNITY

Community Investment

The Group has been actively living up to its responsibility to promote harmonious development of society as an important direction for its long-term development. Each year, the Group sponsors physical examination for the employees, and organises various group activities to entertain the employees. In addition, the Group also pays urban maintenance and construction tax for urban construction on an annual basis.

董事簡歷

DIRECTORS' BIOGRAPHY

執行董事

黃學良先生，56歲，為本公司主席、執行董事兼首席執行官以及本集團的創始人。彼自二零一五年九月二十日起獲委任為本公司主席、執行董事兼首席執行官。彼現時亦為國微香港的董事。黃先生主要負責本集團的整體策略規劃及監督本集團的整體管理。彼於IC設計行業積逾17年管理經驗。

於一九八九年三月至一九九一年十二月，黃先生供職於中國電子器件公司深圳公司，該公司主要從事分銷及銷售電腦相關元件及其他電子元件。於一九九二年一月至一九九三年二月，黃先生供職於深圳市先科機械電子公司擔任副經理，該公司從事加工各類電子模塊和元件。黃先生自一九九三年起一直為深圳市國微科技有限公司（一家從事集成電路設計研發的公司）的董事長。黃先生自二零一八年五月起擔任國民技術股份有限公司（一家超大規模集成電路專項工程的集成電路設計企業）非獨立董事。彼自二零零五年十一月起擔任中國半導體行業協會集成電路設計分會副理事長，並擔任集成電路設計產業技術創新戰略聯盟副理事長。

黃先生於一九八四年七月取得西安電子科技大學（前稱西北電訊工程學院）的半導體學士學位及於一九八九年四月取得東南大學的電子工程碩士學位。

帥紅宇先生，58歲，為本公司執行董事。帥先生於二零零五年十月加入本集團，自二零一七年三月二十三日起獲委任為執行董事。

EXECUTIVE DIRECTORS

Mr. Huang Xueliang (黃學良), aged 56, is the chairman, an executive Director and the chief executive officer of our Company and the Founder of our Group. He was appointed as the chairman, executive Director and the chief executive officer of our Company with effect from 20 September 2015. He is also a director of SMIT Hong Kong. Mr. Huang is primarily responsible for the overall strategic planning and overseeing the general management of our Group. He has over 17 years of management experience in the IC design industry.

From March 1989 to December 1991, Mr. Huang worked in the China National Electronic Devices Corp., Shenzhen branch* (中國電子器件公司深圳公司), a company primarily engaged in distributing and selling computer related components and other electronic components. From January 1992 to February 1993, Mr. Huang worked as the vice manager in Shenzhen Xianke Mechatronics Corporation* (深圳市先科機械電子公司), a company engaged in the processing of various electronic modules and components. Mr. Huang is the Board Chairman of Shenzhen State Micro Science and Technology Co. Ltd.* (深圳市國微科技有限公司), a company engaged in the research and development of integrated circuit design, since 1993. Mr. Huang was appointed as non-independent director of Nationz Technologies Inc. (國民技術股份有限公司), a leading provider of secure IC products and services since May 2018. He has served as the deputy director of China Semiconductor Industry Association IC Design Branch* (中國半導體行業協會集成電路設計分會) since November 2005, and deputy director of The Integrated Circuit Design Industry Technology Innovative Alliance (集成電路設計產業技術創新戰略聯盟).

Mr. Huang obtained a bachelor's degree in semiconductor from Xidian University (formerly known as North-western Telecommunications Engineering School* (西北電訊工程學院)) in July 1984 and a master's degree in electrical engineering from Southeast University in April 1989.

Mr. Shuai Hongyu (帥紅宇), aged 58, is an executive Director of our Company. Mr. Shuai joined the Group on October 2005, and was appointed as an executive Director with effect from 23 March 2017.

董事簡歷

DIRECTORS' BIOGRAPHY

帥先生為本公司總裁及首席營運官。帥先生主要負責與黃學良先生共同領導我們的業務營運及監管策略技術。帥先生亦為國微香港及SMIT深圳的董事。帥先生積逾20年有關影像處理及數字電視技術的行業經驗。

於一九八七年至一九八九年，帥先生是四川省遙感中心計算室的工程師。於一九八九年至二零零零年，帥先生是中國對外應用技術交流促進會西南分會的副主席。於二零零零年至二零零一年，帥先生供職於北京中視聯數字系統有限公司，擔任副總裁。於二零零一年三月至二零零四年三月，帥先生為北京中視聯條件接收系統有限公司(Philips Cryptoworks (China) Limited與中華數字電視控股有限公司的條件接收合營公司)的總經理。於二零零四年七月至二零零五年十月，帥先生擔任北京浦奧得數碼技術有限公司(一家從事設計及開發數字電視系統的公司)的總經理。

帥先生在西安電子科技大學(前稱西北電訊工程學院)先後於一九八二年七月及一九八七年一月取得無線通信學士學位及工程碩士學位。

龍文駿先生，64歲，為本公司執行董事。龍先生於二零一三年七月加入本集團，於二零一七年三月二十三日獲委任為本公司執行董事。

龍先生為本公司的常務副總裁兼首席財務官，主要負責管理本集團整體財務及會計事宜。

Mr. Shuai is the president and the chief operating officer of our Company. He is primarily responsible for co-leading, with Mr. Huang Xueliang, our business operation and overseeing strategic technologies. Mr. Shuai is also a director of SMIT Hong Kong and SMIT Shenzhen. Mr. Shuai has more than 20 years of industry experience related to image processing and digital television technologies.

From 1987 to 1989, Mr. Shuai has been the engineer in the computer department of the Sichuan Province Remote Sensing Center* (四川省遙感中心計算室). From 1989 to 2000, Mr. Shuai was the vice president of the Southwest Branch of China Council for the Promotion of Applied Technology Exchange with Foreign Counties* (中國對外應用技術交流促進會西南分會). From 2000 to 2001, Mr. Shuai worked as the vice president of Beijing Zhongshilian Digital System Co., Ltd.* (北京中視聯數字系統有限公司). Between March 2001 to March 2004, Mr. Shuai was the general manager of DTVIA Conditional Access System (CHINACRYPT) Co., Ltd.* (北京中視聯條件接收系統有限公司), a conditional access joint-venture between Philips Cryptoworks (China) Limited and China Digital TV Holding Co., Ltd. Between July 2004 and October 2005, Mr. Shuai worked as the general manager of Beijing Pu'aode Digital Technology Co., Ltd.* (北京浦奧得數碼技術有限公司), a company engaged in the design and development of digital television system.

Mr. Shuai obtained a bachelor's degree in wireless communication in July 1982 and a master's degree in engineering in January 1987 from Xindian University (formerly known as North-western Telecommunications Engineering School* (西北電訊工程學院)).

Mr. Loong, Manfred Man-tsun (龍文駿), aged 64, is an executive Director of our Company. Mr. Loong joined the Group on July 2013, and was appointed as an executive Director of our Company with effect from 23 March 2017.

Mr. Loong is the executive vice president and chief financial officer of our Company. Mr. Loong is primarily responsible for the management of the overall financial and accounting affairs of our Group.

董事簡歷

DIRECTORS' BIOGRAPHY

龍先生於會計及相關財務管理方面有豐富經驗。於二零零六年之前，龍先生曾任職於 Lucent Technologies (China) Co., Ltd. 積累豐富經驗。於二零零六年四月至二零零九年七月，彼擔任 UTStarcom Telecom Co., Ltd. (UTStarcom Holdings Corp. (NASDAQ: UTSI) 的附屬公司) 的首席財務官兼首席營運官，而 UTStarcom Holdings Corp. 為全球電訊基礎設施供應商，專注於提供創新電信級寬帶傳輸和接入(包括無線網絡及固定線路)產品及方案、優化移動回程、城域匯聚、寬帶接入及無線網絡數據卸載。於二零一零年一月至二零一二年五月，龍先生為紐約證券交易所上市公司中國明陽風電集團有限公司(紐約證券交易所股份代號: MY) 的首席財務官，而中國明陽風電集團有限公司為中國風力發電機生產商，專注於設計、生產、銷售及服務兆瓦級風力發電機。

龍先生於一九七八年六月獲華盛頓大學頒發工商管理文學學士學位，並於一九九零年二月在美國新澤西州取得執業會計師資格。

非執行董事

高松濤先生，49歲，為本公司的非執行董事。高先生於二零一七年三月二十三日加入本集團並獲委任為本公司非執行董事，自二零一七年三月二十三日起生效。

高先生於一九九一年七月畢業於電子科技大學，取得學士學位，後於二零零六年六月獲中國人民大學頒授經濟碩士學位，以及獲復旦大學與香港大學共同頒授工商管理(國際)碩士學位。高先生現任華芯投資管理有限責任公司(國家集成電路產業投資基金股份有限公司(「國家集成電路基金」)之普通合夥人)副總裁。國家集成電路基金間接持有鑫芯(香港)投資有限公司全部股本，鑫芯(香港)投資有限公司在本公司二零一六年全球發售期間為本公司的基石投資者之一。

Mr. Loong has extensive experience in accounting and related financial management. Prior to 2006, Mr. Loong had extensive experience working at Lucent Technologies (China) Co., Ltd.. Between April 2006 and July 2009, he served as the chief financial officer and chief operating officer at UTStarcom Telecom Co., Ltd., the subsidiary of UTStarcom Holdings Corp. (NASDAQ: UTSI), a global telecom infrastructure provider, focused on delivering innovative carrier-class broadband transport and access (both Wi-Fi and fixed line) products and solutions, optimised for mobile backhaul, metro aggregation, broadband access and Wi-Fi data offloading. Between January 2010 to May 2012, Mr. Loong was the chief financial officer of China Ming Yang Wind Power Group Ltd. (NYSE: MY), a wind turbine manufacturer in China, listed on the New York Stock Exchange, focusing on designing, manufacturing, selling and servicing megawatt-class wind turbines.

Mr. Loong graduated from the University of Washington with a Bachelor of Arts degree in business administration in June 1978 and was qualified as a certified public accountant in New Jersey in the United States in February 1990.

NON-EXECUTIVE DIRECTORS

Mr. Gao Songtao (高松濤), aged 49, is a non-executive Director of our Company. Mr. Gao joined the Group on 23 March 2017 when he was appointed as a non-executive Director of our Company with effect from 23 March 2017.

Mr. Gao, graduated from the University of Electronic Science and Technology of China with a bachelor degree in July 1991, and he received a master's degree in economics from the Renmin University of China in June 2006 and an IMBA degree jointly from the Fudan University and the University of Hong Kong. Mr. Gao is currently the vice president of Sino-IC Capital Ltd.* (華芯投資管理有限責任公司), the general partner of China Integrated Circuit Industry Investment Fund Co., Ltd.* (國家集成電路產業投資基金股份有限公司) ("China IC Fund"). China IC Fund indirectly holds the entire share capital of Xinxin (Hongkong) Capital Co., Limited* (鑫芯(香港)投資有限公司), one of our cornerstone investors during the global offering of the Shares in 2016.

董事簡歷

DIRECTORS' BIOGRAPHY

高先生目前還擔任深交所上市公司北京北斗星通導航技術股份有限公司(股票代碼:002151)、上交所上市公司深圳市匯頂科技股份有限公司(股票代碼:603160)、移動互聯網領域的芯片設計及解決方案供應商瑞芯微電子股份有限公司的董事。

曾之傑先生, 51歲, 為本公司非執行董事。曾先生於二零一五年九月加入本集團, 並於二零一五年九月二十日起獲委任為本公司非執行董事。曾先生自二零零八年二月起任SMIT Corporation的董事。

曾先生現任鴻泰基金董事長、創始合夥人。元禾厚望成長基金創始合夥人。曾先生曾在香港任職於中信泰富有限公司及在日本任職於三菱商事株式會社。之後於二零零一年一月至二零零七年十二月期間, 擔任華登國際董事總經理, 負責中國和亞洲其他國家的風險投資業務。自二零零八年起至二零一七年擔任中信資本控股有限公司高級董事總經理、開信創業投資總經理, 負責中信資本的創投及成長期業務。除國微技術控股有限公司外, 曾先生現亦擔任中軟國際有限公司(香港聯交所股份代號:354)獨立董事職務。

曾先生於一九九六年三月獲日本長崎大學頒發經濟學學士學位, 及於二零零一年六月獲史丹福大學頒發管理學理學碩士學位, 於二零一七年獲中國社會科學院經濟學博士學位。

關重遠先生, 61歲, 為本公司的非執行董事。關先生於二零一五年九月加入本集團, 於二零一五年九月二十日起獲委任為本公司非執行董事。關先生自二零零八年二月起任SMIT Corporation的董事。

Mr. Gao is currently a director of Beijing BDStar Navigation Co., Ltd.* (北京北斗星通導航技術股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002151), Shenzhen Goodix Technology Co.,Ltd. (深圳市匯頂科技股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 603160), Rockchip Electronics Co.,Ltd (瑞芯微電子股份有限公司), a solution provider and chip designer in mobile Internet.

Mr. Zeng Zhijie (曾之傑), aged 51, is a non-executive Director of our Company. Mr. Zeng joined our Group in September 2015 and was appointed as a non-executive Director of our Company with effect from 20 September 2015. Mr. Zeng has been a director of SMIT Corporation since February 2008.

Currently Mr. Zeng has been chairman, founder and partner of Hongtai Fund, also founder and partner of Yuan He Hou Wang Growth Fund. Mr. Zeng once served in CITIC Limited at Hong Kong and Mitsubishi Corporation in Japan. Between January 2001 and December 2007, Mr. Zeng served as a managing director of Walden International and mainly responsible for venture investments in China and other Asian countries. Between 2008 and 2017, Mr. Zeng was appointed as the senior managing director of CITIC Capital Holdings Limited and general manager of Kaixin Investment, responsible for venture capital investment and business growth of CITIC capital. Besides SMIT Holdings Limited, Mr. Zeng also served as director or independent director of ChinaSoft International Limited (HKSE: 354).

Mr. Zeng obtained a bachelor's degree in economics from the University of Nagasaki, Japan in March 1996, a master of science degree in management from Stanford University in June 2001 and a doctor degree in economics from Chinese Academy of Social Sciences in 2017.

Mr. Kwan, Allan Chung-yuen (關重遠), aged 61, is a non-executive Director of our Company. Mr. Kwan joined our Group in September 2015 and was appointed as a non-executive Director of our Company with effect from 20 September 2015. Mr. Kwan has been a director of SMIT Corporation since February 2008.

董事簡歷

DIRECTORS' BIOGRAPHY

於二零零一年七月至二零零六年一月，彼擔任Yahoo! International 北亞區的區域副總裁兼董事總經理，自二零零六年一月至二零零七年四月擔任副總裁。關先生自二零零七年四月起一直為Oak Management Corporation(一家風險投資公司，Oak Investment Partners X, L.P.的聯屬公司)的投資合夥人。彼自二零零八年十一月起一直為董事，並擔任NeoPhotonics Corporation(紐約證券交易所股份代號：NPTN)(一家在紐約證券交易所上市的光子集成電路模塊設計公司兼製造商)的審核委員會成員，直至二零一五年十一月。

關先生於一九八二年五月獲英屬哥倫比亞大學頒發機械工程學士學位，於一九八七年五月獲賓夕法尼亞大學華頓商學院頒發工商管理碩士學位，以及於一九八七年五月獲賓夕法尼亞大學頒發文學碩士學位。

獨立非執行董事

張俊傑先生，49歲，為本公司獨立非執行董事。張先生於二零一六年三月六日加入本集團，並於二零一六年三月六日起獲委任為本公司獨立非執行董事。

張先生於投資銀行業積逾10年經驗。張先生自二零零五年二月起擔任國信證券股份有限公司投資銀行業務部總經理。

張先生於一九九二年六月取得江漢石油學院(現稱長江大學)石油開發及鑽井工程學士學位，於一九九九年六月取得武漢科技大學產業經濟學碩士學位。彼亦於二零一二年十月取得長江商學院行政工商管理碩士學位。

He served as the regional vice president and managing director of North Asia from July 2001 to January 2006 and the vice president from January 2006 to April 2007 in Yahoo! International. Mr. Kwan has been a venture partner of Oak Management Corporation, a venture capital firm which is an affiliate of Oak Investment Partners X, L.P., since April 2007. He has served as a director since November 2008 and was a member of the audit committee for NeoPhotonics Corporation (NYSE: NPTN), a designer and manufacturer of photonic integrated circuit based modules listed in the New York Stock Exchange until November 2015.

Mr. Kwan obtained a bachelor's degree in mechanical engineering from the University of British Columbia in May 1982, a master of business administration degree from the Wharton School of University of Pennsylvania in May 1987, and a Master of Arts degree from the University of Pennsylvania in May 1987.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Junjie (張俊傑), aged 49, is an independent non-executive Director of our Company. Mr. Zhang joined the Group on 6 March 2016, and was appointed as an independent non-executive Director of our Company with effect from 6 March 2016.

Mr. Zhang has over 10 years of experience in the investment banking industry. Mr. Zhang has served as the general manager in the business department of the investment bank, Guosen Securities Company Limited since February 2005.

Mr. Zhang received a bachelor's degree in oil development and drilling engineering from the Jiangnan Petroleum University (now known as Yangtze University) in June 1992. He received a master's degree in industrial economics from Wuhan University of Technology in June 1999. Mr. Zhang also received an executive master of business administration degree from Cheung Kong Graduate School of Business in October 2012.

董事簡歷

DIRECTORS' BIOGRAPHY

胡家棟先生，50歲，為本公司獨立非執行董事。胡先生於二零一六年三月六日加入本集團，並於二零一六年三月六日起獲委任為本公司獨立非執行董事。

胡先生於會計及金融服務業積逾20年經驗。胡先生於香港安達信會計師事務所開展其事業，並於該事務所獲得專業資格。彼於一九九七年十一月至二零零四年三月任荷蘭商業銀行投資銀行部副總裁，負責資本及企業併購的諮詢與運作，二零零六年六月至二零零六年八月擔任中信證券(香港)有限公司常務董事，負責企業融資部。於二零零七年八月至二零一零年六月，胡先生擔任Credit Suisse (Hong Kong) Limited (一家領先的金融服務公司)的投資銀行部董事。胡先生加入鐵江現貨有限公司(香港聯交所股份代號：1029)(一家在聯交所主板上市的工業商品生產商)，於二零一零年六月至二零一五年三月擔任執行董事，並自此被調任為鐵江現貨有限公司的非執行董事。胡先生自二零一一年四月起擔任遠大中國控股有限公司(香港聯交所股份代號：2789)(一家於聯交所主板上市的公司，主要從事生產及銷售幕牆)的獨立非執行董事。

胡先生於一九九二年四月獲澳洲新南威爾士大學頒發商學學士學位。胡先生於一九九六年十一月獲認可為澳洲會計師公會執業會計師及於二零零五年四月獲認可為香港會計師公會資深會員。

金玉豐先生，58歲，為本公司的獨立非執行董事。金先生於二零一六年三月六日加入本集團並獲委任為本公司獨立非執行董事，自二零一六年三月六日起生效。

Mr. Woo Kar Tung, Raymond (胡家棟), aged 50, is an independent non-executive Director of our Company. Mr. Woo joined the Group on 6 March 2016, and was appointed as an independent non-executive Director of our Company with effect from 6 March 2016.

Mr. Woo has over 20 years of experience in the accounting and financial services industry. He began his career at Arthur Andersen & Co where he qualified. From November 1997 to March 2004, Mr. Woo served as a vice president of capital markets advisory M&A execution, investment banking division of ING Bank H.V.. From June 2006 to August 2006, Mr. Woo served as managing director and head of finance corporate at CITIC Securities (HK) Company Limited. From August 2007 to June 2010, Mr. Woo served as a director in the investment banking department of Credit Suisse (Hong Kong) Limited, a leading financial services company. Mr. Woo joined IRC Limited (HKSE: 1029), an industrial commodities producer listed on the Main Board of the Stock Exchange as an executive director between June 2010 to March 2015 and he has since then been re-designated as a non-executive director of IRC Limited. Mr. Woo has served as an independent non-executive director of Yuanda China Holdings Limited (HKSE: 2789), a company principally engaged in the manufacturing and sale of curtain walls listed on the Main Board of the Stock Exchange, since April 2011.

Mr. Woo received a bachelor's degree of commerce in the University of New South Wales, Australia in April 1992. Mr. Woo became a certified practising accountant of the Australian Society of Certified Practising Accountants in November 1996, and a fellow member of the Hong Kong Institute of Certified Public Accountants in April 2005.

Mr. Jin Yufeng (金玉豐), aged 58, is an independent non-executive Director of our Company. Mr. Jin joined the Group on 6 March 2016, and was appointed as an independent non-executive Director of our Company with effect from 6 March 2016.

董事簡歷

DIRECTORS' BIOGRAPHY

金先生於電子工程行業有逾20年研究經驗。於一九八五年四月至一九九九年三月，金先生在中國電子科技集團公司第五十五研究所擔任工程師和高級工程師，該研究所專門研發電子元件。於一九九九年四月至二零零一年二月，金先生是北京大學微電子學研究院的博士後研究員。於二零零一年十一月至二零零四年十月，金先生擔任Singapore Institute of Manufacturing Technology的高級研究工程師。彼自二零零六年八月起擔任北京大學信息科學技術學院教授。金先生於二零零七年八月至二零零七年十一月擔任香港應用科技研究院有限公司的顧問。金先生自二零一三年十二月起任上海貝嶺股份有限公司(上交所股份代號：600171)(於上海證券交易所上市的IC設計及應用程序開發商)的獨立董事。

金先生於一九八二年七月及一九八五年七月分別取得東南大學(前稱南京工學院)電子工程學士學位及電子工程碩士學位。彼於一九九九年三月取得東南大學物理及電子學博士學位。

Mr. Jin has over 20 years of research experience in the electronic engineering industry. From April 1985 to March 1999, Mr. Jin worked as an engineer and senior engineer in the 55th Research Institute of China Electronics Technology Group Corporation* (中國電子科技集團公司第五十五研究所), which is specialised in the research and development on electronic components. From April 1999 to February 2001, Mr. Jin was a post-doctoral research fellow in the Institute of Microelectronics, Peking University (北京大學微電子學研究院). November 2001 to October 2004, Mr. Jin served as a senior research engineer of Singapore Institute of Manufacturing Technology. He has been a professor in the School of Electronics Engineering and Computer Science* (信息科學技術學院) in Peking University since August 2006. Mr. Jin was a consultant of the Hong Kong Applied Science and Technology Research Institute Company Limited (香港應用科技研究院有限公司) from August 2007 to November 2007. Mr. Jin has served as an independent director of Shanghai Belling Co., Ltd* (上海貝嶺股份有限公司) (SHSE: 600171), an IC designer and application developer listed on the Shanghai Stock Exchange, since December 2013.

Mr. Jin received his bachelor's degree in electronic engineering and master's degree in electronic engineering from Southeast University (previously known as Nanjing Institute of Technology (南京工學院)) in July 1982 and July 1985 respectively. He received his doctorate degree in physics and electronics from Southeast University in March 1999.

董事簡歷

DIRECTORS' BIOGRAPHY

公司秘書

鄭啟培先生，35歲，為本公司的公司秘書。鄭先生於會計及相關財務管理方面擁有約13年經驗。鄭先生自二零零六年九月起任職於陳與陳會計師事務所有限公司，彼於二零一一年五月離職時為該會計師事務所的助理審計監督。於二零一一年五月至二零一二年八月期間，彼於冰雪製作有限公司先後擔任高級會計師及財務經理。於二零一二年十月至二零一三年三月期間，彼於歷寶會計師事務所有限公司擔任審計經理。於二零一三年五月至二零一四年七月期間，鄭先生擔任瀚洋物流控股有限公司(香港聯交所股份代號：1803)(一家在聯交所主板上市的公司)的助理會計經理。鄭先生於二零零六年七月取得香港樹仁學院(現稱為香港樹仁大學)商學士學位，主修會計。鄭先生於二零一二年十月取得香港理工大學專業會計學碩士學位。彼自二零一零年五月起獲認可為香港會計師公會的執業會計師。

COMPANY SECRETARY

Mr. Cheng Kai Pui, Eric (鄭啟培), aged 35, is the company secretary of our Company. Mr. Cheng has approximately 13 years of experience in accounting and related financial management. Mr. Cheng worked in the audit department of Kreston CAC CPA Limited (previously named as Chan and Chan) from September 2006 and left the firm as an assistant audit supervisor in May 2011. Between May 2011 and August 2012, he worked as a senior accountant and subsequently as a finance manager in Icicle Production Company Limited. Between October 2012 and March 2013, he served as an audit manager of L & P CPA Limited. From May 2013 to July 2014, Mr. Cheng served as an assistant accounting manager of ASR Logistics Holdings Limited (HKSE: 1803), a company listed on the Main Board of the Stock Exchange. Mr. Cheng obtained a bachelor of commerce degree in accounting from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in July 2006. Mr. Cheng received a master of professional accounting degree from Hong Kong Polytechnic University in October 2012. He has been registered as a certified public accountant of the Hong Kong Institute of Certified Public Accountants since May 2010.

董事會報告

REPORT OF THE DIRECTORS

董事謹此提呈彼等的報告及截至二零一八年十二月三十一日止年度的經審核綜合財務報表。

主要業務

本集團是全球付費電視廣播接收及中國移動銷售終端(或mPOS)支付系統的領先安全裝置供應商，通過銷售可讓終端用戶接收付費電視內容的條件接收模塊(或視密卡)產品，為全世界付費電視行業設計、開發及營銷安全裝置。本集團亦為中國硬件移動支付行業開發及營銷移動銷售終端(或mPOS)機，讓用戶可靈活地利用其智能電話或平板電腦，毋須在傳統的固定POS終端進行信用卡或借記卡交易。此外，本集團在二零一八年收購了S2C Tech Inc.，一家從事快速驗證系統和軟件的研發與銷售的公司。

業務回顧

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載於本年報第5至21頁「主席報告」及「管理層討論及分析」章節。

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及本集團於該日之綜合財政狀況，詳列於第94至255頁之財務報表內。

董事建議派發末期股息每股1港仙(相等於約0.1美仙)，合共402,964美元。

Directors are pleased to present their reports and the audited consolidated financial statements for the year ended 31 December 2018.

PRINCIPAL OPERATIONS

The Group is a leading security devices provider globally for pay TV broadcasting access and for mobile point-of-sales, or mPOS, payment systems in China. The Group designs, develops and markets security devices primarily for the pay TV industry worldwide through sales of conditional access module, or CAM, products which provide end users with access to pay TV content. The Group also develops and markets mobile point-of-sale, or mPOS devices for the hardware-based mobile payment industry in China, which enable users to make credit and debit card transactions with mobility using their smartphones or tablets rather than a traditional stationary POS terminal. In 2018 the Group acquired S2C Tech Inc., a company engaged in the development and sales of rapid verification system and software.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2018 is set out in the section head "Chairman's Statement" and "Management Discussion and Analysis" on pages 5 to 21 of this Annual Report.

BUSINESS RESULTS AND APPROPRIATION

For the details of the results of the Group for the year ended 31 December 2018 and the financial condition of the Group at that date, please refer to the consolidated financial statements on page 94 to 255.

The Directors recommend the payment of a final dividend of HK1 cent (equivalent to approximately USD0.1cents) per share, totaling USD402,964.

董事會報告 REPORT OF THE DIRECTORS

可分派儲備

於二零一八年十二月三十一日，有關本公司可供分派儲備的詳情載於綜合財務報表附註37。

捐款

本集團於截至二零一八年十二月三十一日止年度的慈善組織捐款為31,295美元(二零一七年：無)。

年內已發行股份

於截至二零一八年十二月三十一日止年度內，本公司的股本變動詳情載於綜合財務報表附註25。

DISTRIBUTABLE RESERVES

Details of the Company's distributable reserves as at 31 December 2018 are set out in Note 37 to the consolidated financial statements.

DONATIONS

During the year ended 31 December 2018, the Group had of USD31,295 (2017: Nil) to charitable organisations.

SHARES ISSUED IN THE YEAR

Details of the movements in the Company's share capital for the year ended 31 December 2018 are set out in Note 25 to the consolidated financial statements.

董事會報告

REPORT OF THE DIRECTORS

購股權計劃

首次公開發售前購股權計劃

為確認及認可其部分僱員、董事及顧問對SMIT Corporation發展作出的貢獻，SMIT Corporation於二零零八年二月二十一日採納一項股份激勵計劃（「二零零八年股份計劃」）。作為籌備本公司上市而進行的重組的一部分，本公司透過於二零一五年九月十五日通過的唯一股東書面決議案採納二零零八年股份計劃作為首次公開發售前購股權計劃（「首次公開發售前購股權計劃」），承擔SMIT Corporation根據二零零八年股份計劃授出的購股權的所有權利及責任，而SMIT Corporation與該等購股權持有人訂立的所有購股權協議（以根據二零零八年股份計劃授出的所有該等購股權及其作用，以及訂立的購股權協議及其作用為限）按照其條款將為有效、具約束力及對本公司可強制執行，猶如該等購股權已由本公司根據首次公開發售前購股權計劃授出。

首次公開發售前購股權計劃為一項股份激勵計劃，乃為確認及認可合資格參與人士（定義見下文）已經或可能已經對本公司作出的貢獻而設立。首次公開發售前購股權計劃的目的在於為經選定人士提供機會，透過購買本公司股份於本公司的成功發展中擁有所有權權益或增加該等權益。

首次公開發售前購股權計劃的合資格參與人士（統稱「合資格參與人士」）包括以下人士：(i)本公司、其任何母公司或其任何附屬公司的僱員；(ii)並非本公司僱員的本公司董事會成員；或(iii)本公司、其任何母公司或其任何附屬公司的顧問。

每項購股權協議均須訂明根據首次公開發售前購股權計劃應向各承授人授出整份或任何部分購股權的日期。購股權協議內須訂明根據首次公開發售前購股權計劃向各承授人授出購股權的期限及在任何情況下，該期限均不得超過自授出日期起計10年。購股權行使價乃由SMIT Corporation董事釐定。

SHARE OPTION SCHEME

Pre-IPO Share Option Scheme

To recognise and acknowledge the contributions made by certain of its employees, directors and consultants to the growth of SMIT Corporation, SMIT Corporation adopted a share incentive plan on 21 February 2008 (the “2008 Share Plan”). As part of the reorganisation in preparation for the listing of the Company, the Company assumed the 2008 Share Plan as the Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) by resolutions in writing of the sole shareholder passed on 15 September 2015, and assumed all the rights and obligations under options granted by SMIT Corporation under the 2008 Share Plan, and all share option agreements entered into between SMIT Corporation and the holders of such options, to the intent and effect that all such share options granted under, and such share option agreements entered, under the 2008 Share Plan will be valid, binding and enforceable against the Company in accordance with their terms, as if such options had been granted by the Company under the Pre-IPO Share Option Scheme.

The Pre-IPO Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined below) have or may have made to the Company. The purpose of the Pre-IPO Share Option Scheme is to offer selected persons an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by purchasing Shares of the Company.

The eligible participants (collectively the “Eligible Participants”) under the Pre-IPO Share Option Scheme include any individual who is (i) an employee of the Company, any of its parent companies or any of its subsidiaries; (ii) a member of the board of directors of the Company who is not an employee of the Company; or (iii) a consultant to the Company, any of its parent companies or any of its subsidiaries.

Each share option agreement shall specify the date on which all or any instalment of the option shall be granted to each grantee under the Pre-IPO Share Option Scheme. The term of options granted to each grantee under the Pre-IPO Share Option Scheme shall be specified in the share option agreement and, in any case, shall not exceed 10 years from the date of grant. The exercise price of the options were determined by the directors of SMIT Corporation.

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REPORT OF THE DIRECTORS

於上市日期或之後，概無購股權根據首次公開發售前購股權計劃進一步授出。

以下載列首次公開發售前購股權計劃項下於二零一八年十二月三十一日尚未行使購股權的詳情：

No further options were granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

Set out below are details of the outstanding options under the Pre-IPO Share Option Scheme as 31 December 2018:

承授人類別/名稱 Category/ Name of Grantee	授出購股權 相關股份數目 Number of Share underlying the options	授出日期 Date of Grant	行使價 Exercise Price	歸屬日期 Vesting Date	到期日 Expiration Date	在行使日期前	於二零一八年	於二零一八年	於二零一八年	截至二零一八年 十二月三十一日 尚未行使 Outstanding as of 31 December
						加權平均收市價 Weighted average closing price before the exercise dates	財政年度 所行使 Exercised during the financial year 2018	財政年度 所註銷 Cancelled during the financial year 2018	財政年度 所失效 Lapsed during the financial year 2018	
董事 Directors										
黃學良 Huang Xueliang	36,904	二零零八年三月九日 09/03/2008	0.01 美元 USD0.01	二零一零年三月九日 09/03/2010	二零一八年三月八日 08/03/2018	3.75 港元 HK\$3.75	36,904	—	—	—
	73,807	二零零八年三月九日 09/03/2008	0.01 美元 USD0.01	二零一零年三月九日 09/03/2010	二零一八年三月八日 08/03/2018	3.75 港元 HK\$3.75	73,807	—	—	—
	590,454	二零零八年三月九日 09/03/2008	0.01 美元 USD0.01	二零一零年三月九日 09/03/2010	二零一八年三月八日 08/03/2018	3.75 港元 HK\$3.75	590,454	—	—	—
	1,476,134	二零零九年七月二十六日 26/07/2009	0.04 美元 USD0.04	二零一三年七月二十六日 26/07/2013	二零一八年三月八日 08/03/2018	3.75 港元 HK\$3.75	1,476,134	—	—	—
	1,476,134	二零一零年三月五日 05/03/2010	0.04 美元 USD0.04	二零一四年三月五日 05/03/2014	二零一九年五月十五日 15/05/2019	5.39 港元 HK\$5.39	1,476,134	—	—	—
	4,578,278	二零一零年九月一日 01/09/2010	0.54 美元 USD0.54	二零一四年九月一日 01/09/2014	二零二零年八月三十一日 31/08/2020	—	—	—	—	4,578,278
	2,372,208	二零一一年三月一日 01/03/2011	1.06 美元 USD1.06	二零一五年三月一日 01/03/2015	二零二一年三月一日 01/03/2021	—	—	—	—	2,372,208
	737,847	二零一二年九月三十日 30/09/2012	0.62 美元 USD0.62	二零一六年九月三十日 30/09/2016	二零二二年四月二十五日 25/04/2022	—	—	—	—	737,847
	738,067	二零一三年八月一日 01/08/2013	0.56 美元 USD0.56	二零一七年八月一日 01/08/2017	二零二三年七月三十一日 31/07/2023	—	—	—	—	738,067
關重遠 ⁽¹⁾ Kwan Allan Chung-yuen ⁽¹⁾	236,182	二零零九年七月二十六日 26/07/2009	0.04 美元 USD0.04	二零一三年七月二十六日 26/07/2013	二零一八年三月八日 08/03/2018	6.68 港元 HK\$6.68	236,182	—	—	—
	1,585,138	二零一零年九月一日 01/09/2010	0.54 美元 USD0.54	二零一四年九月一日 01/09/2014	二零二零年八月三十一日 31/08/2020	—	—	—	—	1,585,138
	285,787	二零一一年三月一日 01/03/2011	1.06 美元 USD1.06	二零一五年三月一日 01/03/2015	二零二一年三月一日 01/03/2021	—	—	—	—	285,787

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承授人類別/名稱 Category/ Name of Grantee	二零一八年 一月一日 授出購股權 相關股份數目 Number of Share underlying the options				到期日 Expiration Date	在行使 日期前加權 平均收市價 Weighted average closing price before the exercise dates				截至 二零一八年 十二月三十一日 尚未行使 Outstanding as of 31 December 2018
	授出日期 Date of Grant	行使價 Exercise Price	歸屬日期 Vesting Date	到期日 Expiration Date		於二零一八年 財政年度 所行使 Exercised during the financial year 2018	於二零一八年 財政年度 所註銷 Cancelled during the financial year 2018	於二零一八年 財政年度 所失效 Lapsed during the financial year 2018		
曾之傑 Zeng Zhijie	36,904	二零一八年三月九日 09/03/2008	0.01 美元 USD0.01	二零一零年三月九日 09/03/2010	二零一八年三月八日 08/03/2018	4.35 港元 HK\$4.35	36,904	—	—	—
	36,904	二零一八年三月九日 09/03/2008	0.01 美元 USD0.01	二零一二年三月九日 09/03/2012	二零一八年三月八日 08/03/2018	4.35 港元 HK\$4.35	36,904	—	—	—
	236,182	二零一零年七月二十六日 26/07/2009	0.04 美元 USD0.04	二零一三年七月二十六日 26/07/2013	二零一八年三月八日 08/03/2018	5.36 港元 HK\$5.36	236,182	—	—	—
	442,841	二零一零年三月五日 05/03/2010	0.04 美元 USD0.04	二零一四年三月五日 05/03/2014	二零一四年五月十五日 15/05/2014	—	—	—	—	442,841
	73,807	二零一一年三月一日 01/03/2011	1.06 美元 USD1.06	二零一五年三月一日 01/03/2015	二零一二年三月一日 01/03/2015	—	—	—	—	73,807
帥紅宇 Shuai Hongyu	200,000	二零一零年七月二十六日 26/07/2009	0.04 美元 USD0.04	二零一三年七月二十六日 26/07/2013	二零一八年三月八日 08/03/2018	—	—	—	—	200,000
	1,182,153	二零一零年三月五日 05/03/2010	0.04 美元 USD0.04	二零一四年三月五日 05/03/2014	二零一四年五月十五日 15/05/2014	—	—	—	—	1,182,153
	1,800,633	二零一零年九月一日 01/09/2010	0.54 美元 USD0.54	二零一四年九月一日 01/09/2014	二零一零年八月三十一日 31/08/2010	—	—	—	—	1,800,633
	679,022	二零一一年三月一日 01/03/2011	0.06 美元 USD1.06	二零一五年三月一日 01/03/2015	二零一二年三月一日 01/03/2015	—	—	—	—	679,022
	730,120	二零一二年九月三十日 30/09/2012	0.62 美元 USD0.62	二零一六年九月三十日 30/09/2016	二零一二年四月二十五日 25/04/2012	—	—	—	—	730,120
龍文駿 Loong, Manfred Man-tsun	590,454	二零一三年八月一日 01/08/2013	0.56 美元 USD0.56	二零一二年十一月一日 01/11/2013	二零一三年七月三十一日 31/07/2013	—	—	—	—	590,454
	6,544,129	二零一三年八月一日 01/08/2013	0.14 美元 USD0.14	二零一三年十一月一日 01/11/2013	二零一三年七月三十一日 31/07/2013	—	—	—	—	6,544,129

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承授人類別/名稱 Category/ Name of Grantee	二零一八年 一月一日	授出日期 Date of Grant	行使價 Exercise Price	歸屬日期 Vesting Date	到期日 Expiration Date	在行使	於二零一八年	於二零一八年	於二零一八年	截至
	授出購股權 相關股份數目 Number of Share underlying the options granted as at 1 January 2018					日期前加權 平均收市價 Weighted average closing price before the exercise dates	於二零一八年 財政年度 所行使 Exercised during the financial year 2018	於二零一八年 財政年度 所註銷 Cancelled during the financial year 2018	於二零一八年 財政年度 所失效 Lapsed during the financial year 2018	二零一八年 十二月三十一日 尚未行使 Outstanding as of 31 December 2018
關連人士 Connected persons										
白玉 Bai Yu	11,810	二零一八年三月九日 09/03/2008	0.01 美元 USD0.01	二零一二年三月九日 09/03/2012	二零一八年三月八日 08/03/2018	5.70 港元 HK\$5.70	11,810	—	—	—
	29,523	二零一八年七月二十六日 26/07/2009	0.04 美元 USD0.04	二零一三年七月二十六日 26/07/2013	二零一八年三月八日 08/03/2018	7.50 港元 HK\$7.50	29,523	—	—	—
	41,332	二零一零年三月五日 05/03/2010	0.04 美元 USD0.04	二零一四年三月五日 05/03/2014	二零一八年五月十五日 15/05/2019	7.28 港元 HK\$7.28	41,332	—	—	—
	73,807	二零一零年十二月三十一日 31/12/2010	0.75 美元 USD0.75	二零一四年十二月三十一日 31/12/2014	二零二零年十二月三十日 30/12/2020	—	—	—	—	73,807
	73,807	二零一二年九月三十日 30/09/2012	0.62 美元 USD0.62	二零一六年九月三十日 30/09/2016	二零二零年四月二十五日 25/04/2022	—	—	—	—	73,807
	73,807	二零一三年八月一日 01/08/2013	0.56 美元 USD0.56	二零一七年八月一日 01/08/2017	二零二零年七月三十一日 31/07/2023	7.28 港元 HK\$7.28	73,807	—	—	—
Cykorp Limited ^(a)	36,904	二零一八年三月九日 09/03/2008	0.01 美元 USD0.01	二零一二年三月九日 09/03/2012	二零一八年三月八日 08/03/2018	6.68 港元 HK\$6.68	36,904	—	—	—
	442,841	二零一八年七月二十六日 26/07/2009	0.04 美元 USD0.04	二零一三年七月二十六日 26/07/2013	二零一八年三月八日 08/03/2018	6.68 港元 HK\$6.68	442,841	—	—	—
	442,841	二零一零年三月五日 05/03/2010	0.04 美元 USD0.04	二零一四年三月五日 05/03/2014	二零一八年五月十五日 15/05/2019	—	—	—	—	442,841

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REPORT OF THE DIRECTORS

承授人類別/名稱 Category/ Name of Grantee	二零一八年 一月一日	授出日期 Date of Grant	行使價 Exercise Price	歸屬日期 Vesting Date	到期日 Expiration Date	在行使	於二零一八年	於二零一八年	於二零一八年	截至
	授出購股權 相關股份數目 Number of Share underlying the options granted as at 1 January 2018					日期前加權 平均收市價 Weighted average closing price before the exercise dates	於二零一八年 財政年度 所行使 Exercised during the financial year 2018	於二零一八年 財政年度 所註銷 Cancelled during the financial year 2018	於二零一八年 財政年度 所失效 Lapsed during the financial year 2018	二零一八年 十二月三十一日 尚未行使 Outstanding as of 31 December 2018
僱員 Employees	553,553	二零一八年三月九日 09/03/2008	0.01美元 USD0.01	二零一零年三月九日 09/03/2010	二零一八年三月八日 08/03/2018	8.72港元 HK\$8.72	479,745	—	73,808	—
	580,273	二零一八年三月九日 09/03/2008	0.01美元 USD0.01	二零一零年三月九日 09/03/2010	二零一八年三月八日 08/03/2018	6.34港元 HK\$6.34	506,466	—	73,807	—
	2,188,744	二零一零年七月二十六日 26/07/2009	0.04美元 USD0.04	二零一三年七月二十六日 26/07/2013	二零一八年三月八日 08/03/2018	6.56港元 HK\$6.56	1,627,666	—	561,078	—
	1,513,051	二零一零年三月五日 05/03/2010	0.04美元 USD0.04	二零一四年三月五日 05/03/2014	二零一九年五月十五日 15/05/2019	8.35港元 HK\$8.35	61,999	—	—	1,451,052
	1,527,810	二零一零年九月一日 01/09/2010	0.54美元 USD0.54	二零一四年九月一日 01/09/2014	二零二零年八月三十一日 31/08/2020	7.34港元 HK\$7.34	306,650	—	—	1,221,160
	2,247,440	二零一零年十二月三十一日 31/12/2010	0.75美元 USD0.75	二零一四年十二月三十一日 31/12/2014	二零二零年十二月三十一日 30/12/2020	7.85港元 HK\$7.85	280,230	—	—	1,967,210
	548,781	二零一一年一月八日 08/01/2011	0.75美元 USD0.75	二零一五年一月八日 08/01/2015	二零二一年一月八日 08/01/2021	—	—	—	—	548,781
	548,781	二零一一年三月一日 01/03/2011	0.54美元 USD0.54	二零一五年三月一日 01/03/2015	二零二一年三月一日 01/03/2021	—	—	—	—	548,781
	2,228,970	二零一一年三月一日 01/03/2011	1.06美元 USD1.06	二零一五年三月一日 01/03/2015	二零二一年三月一日 01/03/2021	8.95港元 HK\$8.95	79,034	—	—	2,149,936
	2,716,103	二零一二年九月三十日 30/09/2012	0.62美元 USD0.62	二零一六年九月三十日 30/09/2016	二零二二年四月二十五日 25/04/2022	6.42港元 HK\$6.42	59,046	—	—	2,657,057
	2,133,024	二零一二年八月一日 01/08/2013	0.56美元 USD0.56	二零一七年八月一日 01/08/2017	二零二三年七月三十一日 31/07/2023	4.86港元 HK\$4.86	1,000	—	—	2,132,024

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REPORT OF THE DIRECTORS

承授人類別/名稱 Category/ Name of Grantee	二零一八年 一月一日 授出購股權 相關股份數目 Number of Share underlying the options granted as at 1 January 2018	授出日期 Date of Grant	行使價 Exercise Price	歸屬日期 Vesting Date	到期日 Expiration Date	在行使 日期前加權 平均收市價 Weighted average closing price before the exercise dates	於二零一八年 財政年度 所行使 during the financial year 2018	於二零一八年 財政年度 所註銷 Cancelled during the financial year 2018	於二零一八年 財政年度 所失效 Lapsed during the financial year 2018	截至 二零一八年 十二月三十一日 尚未行使 Outstanding as of 31 December 2018
	1 January 2018	Date of Grant	Exercise Price	Vesting Date	Date	dates	year 2018	year 2018	year 2018	2018
其他合資格參與者 (包括前僱員及顧問)	36,904	二零零八年三月九日 09/03/2008	0.01美元 USD0.01	二零一零年三月九日 09/03/2010	二零一八年三月八日 08/03/2018	7.65港元 HK\$7.65	36,904	—	—	—
Other eligible participants (including former employees and consultants)	258,324	二零零八年三月九日 09/03/2008	0.01美元 USD0.01	二零一零年三月九日 09/03/2010	二零一八年三月八日 08/03/2018	9.29港元 HK\$9.29	258,324	—	—	—
	1,180,910	二零零九年七月二十六日 26/07/2009	0.04美元 USD0.04	二零一三年七月二十六日 26/07/2013	二零一八年三月八日 08/03/2018	6.40港元 HK\$6.40	442,842	—	738,068	—
	3,086,368	二零一零年三月五日 05/03/2010	0.04美元 USD0.04	二零一四年三月五日 05/03/2014	二零一九年五月十五日 15/05/2019	2.57港元 HK\$2.57	147,614	—	10,334	2,928,420
	834,567	二零一零年九月一日 01/09/2010	0.54美元 USD0.54	二零一四年九月一日 01/09/2014	二零二零年八月三十一日 31/08/2020	—	—	—	14,762	819,805
	348,197	二零一零年十二月三十一日 31/12/2010	0.75美元 USD0.75	二零一四年十二月三十一日 31/12/2014	二零二零年十二月三十一日 30/12/2020	—	—	—	73,807	274,390
	295,227	二零一一年三月一日 01/03/2011	1.06美元 USD1.06	二零一五年三月一日 01/03/2015	二零二二年三月一日 01/03/2021	—	—	—	221,421	73,806
	274,390	二零一二年三月一日 01/03/2012	1.21美元 USD1.21	二零一六年三月一日 01/03/2016	二零二二年三月一日 01/03/2022	8.00港元 HK\$8.00	154,995	—	—	119,395
	154,995	二零一二年九月三十日 30/09/2012	0.62美元 USD0.62	二零一六年九月三十日 30/09/2016	二零二二年四月二十五日 25/04/2022	—	—	—	132,853	22,142
	274,390	二零一三年三月一日 01/03/2013	0.62美元 USD0.62	二零一七年三月一日 01/03/2017	二零二三年三月一日 01/03/2023	—	—	—	—	274,390
總計 Total	51,497,563					6.15港元 HK\$6.15	9,278,337	—	1,899,938	40,319,288

董事會報告

REPORT OF THE DIRECTORS

附註：

- (1) 關重遠先生於根據首次公開發售前購股權計劃授出可認購股份的購股權中擁有權益，持有情況如下：(i) 關先生以個人身份持有購股權；及(ii) Cykorp Limited(關先生全資擁有的公司)持有購股權。
- (2) Cykorp Limited由關重遠先生全資擁有。

於報告期，本公司因本集團購股權持有人行使首次公開發售前購股權而發行合共9,278,337股股份。於緊接首次公開發售前購股權獲行使前當日的股份的加權平均收市價為6.15港元。

於報告期，概無首次公開發售前購股權獲註銷。

於報告期，合共1,899,938份首次公開發售前購股權根據首次公開發售前購股權的條款失效。

除上文所披露者外，於報告期，概無其他首次公開發售前購股權行使、註銷或失效。

於二零一八年十二月三十一日，根據首次公開發售前購股權計劃授出的購股權所涉及的發行在外股份數目為40,319,288股股份，可按介乎每股股份0.04美元至每股股份1.06美元的各自行使價行使，相當於本公司於二零一八年十二月三十一日已發行股本約12.75%。

Notes:

- (1) Mr. Kwan, Allan Chung-yuen is interested in share options granted under the Pre-IPO Share Option Scheme to subscribe for Shares which are held as follows: (i) options held in Mr. Kwan's personal capacity, and (ii) options held by Cykorp Limited, a company wholly owned by Mr. Kwan.
- (2) Cykorp Limited is wholly owned by Mr. Kwan, Allan Chung-yuen.

During the Reporting Period, a total number of 9,278,337 Shares were issued by the Company upon exercise of Pre-IPO Share Options by option holders of the Group. The weighted average closing price of the Shares immediately before the date on which the Pre-IPO Share Options were exercised is HK\$6.15.

During the Reporting Period, none of the Pre-IPO Share Options were cancelled.

During the Reporting Period, a total number of 1,899,938 Pre-IPO Share Options had lapsed in accordance with the terms of the Pre-IPO Share Option Scheme.

Save as disclosed above, no other Pre-IPO Share options were exercised, cancelled or lapsed during the Reporting Period.

The number of outstanding Shares subject to the options granted under the Pre-IPO Share Option Scheme as at 31 December 2018 was 40,319,288 Shares, exercisable at the respective exercise price between US\$0.04 per Share and US\$1.06 per Share, representing approximately 12.75% of the issued share capital of the Company as at 31 December 2018.

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REPORT OF THE DIRECTORS

購買、出售或贖回證券

截至二零一八年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何股份。

稅務減免

本公司並不知悉股東可因持有本公司股份而獲得任何稅務減免。

優先認股權

本公司的公司細則並無有關優先認股權的條文規定，而開曼公司法例亦無有關本公司須向現有股東以按比例基準發售新股份的權利的限制。

五年財務概要

本集團於過去五個年度的業績及財務狀況概要載於第256頁。

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2018.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares of the Company.

PRE-EMPTIVE RIGHTS

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

FIVE-YEAR FINANCIAL SUMMARY

The summary of the business results and financial position of the Group for the past five years is set out in page 256.

董事會報告

REPORT OF THE DIRECTORS

董事

於截至二零一八年十二月三十一日止年度及直至本報告日期的董事為：

執行董事

黃學良(首席執行官)
帥紅宇
龍文駿

非執行董事

曾之傑
關重遠
高松濤

獨立非執行董事

張俊傑
金玉豐
胡家棟

董事的服務合約

於本報告日期，非執行董事(包括獨立非執行董事)已各自與本公司訂立服務合約，為期三年，除非及直至本公司向董事發出不少於三個月的通知而終止。

根據本公司的公司細則第84及第85條，三分之一董事須至少每三年於本公司股東週年大會上輪值告退及膺選連任。

概無董事與本集團或本集團任何成員公司訂立不可於一年內不付賠償(法定賠償除外)而終止的服務合約。

DIRECTORS

During the year ended 31 December 2018 and as of the date of this Report, Directors are:

Executive Directors

Huang Xueliang (*Chief Executive*)
Shuai Hongyu
Loong, Manfred Man-tsun

Non-executive Directors

Zeng Zhijie
Kwan, Allan Chung-yuen
Gao Songtao

Independent non-executive Directors

Zhang Junjie
Jin Yufeng
Woo Kar Tung, Raymond

DIRECTORS' SERVICE CONTRACTS

As of the date hereof, each of the non-executive Directors (including independent non-executive Directors) has entered into a service agreement with the Company for a term of three years unless and until it is terminated by not less than three months' notice served by the Company to the Director.

Pursuant to Articles 84 and 85 of the Articles of Association of the Company, one-third of Directors are subject to retirement by rotation and offer themselves for re-election at annual general meeting of the Company at least once every three years.

None of the Directors has entered into any service contract with the Group or any member of the Group which is not determinable within one year without payment of compensation (other than statutory compensation).

董事會報告 REPORT OF THE DIRECTORS

董事及高級管理層履歷詳情

董事及高級管理層的履歷詳情載於第48至54頁。

獲准許的彌償條文

董事之獲准許的彌償條文現時及於本財政年度生效。於整個年度，本公司已為董事投購董事責任保險，為本集團董事提供適當保障。

重大交易、安排或合約

除本報告「持續關連交易」一節所披露者外，概無於二零一八年十二月三十一日或於截至二零一八年十二月三十一日止年度任何時間存在，而本公司或其任何附屬公司為其中一方及董事或與董事有關的實體於或曾經於其中擁有重大權益（無論直接或間接）的重大交易、安排或合約，亦無於二零一八年十二月三十一日或於截至二零一八年十二月三十一日止年度任何時間存在，而本公司與其任何附屬公司及本公司或其任何附屬公司的控股股東訂立的重大合約。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Directors' and senior management's biographical details are set out in pages 48 to 54.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained Directors' liability insurance throughout the year, which provides appropriate cover for the Directors of the Group.

TRANSACTIONS, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Continuing Connected Transaction" in this report, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted as at 31 December 2018 or at any time during the year ended 31 December 2018, and no contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted as at 31 December 2018 or at any time during the year ended 31 December 2018.

董事會報告

REPORT OF THE DIRECTORS

董事於競爭業務的權益

於截至二零一八年十二月三十一日止年度，概無董事於與本集團業務構成競爭或可能構成競爭(無論直接或間接)的任何業務中擁有權益。

董事及高級管理層薪酬

以下載列截至二零一八年十二月三十一日止年度向董事及高級管理層支付的薪酬詳情(按薪酬範圍計)：

薪酬範圍	Remuneration band	人數 No. of Individuals
100,000美元或以下	USD100,000 or below	6
100,001美元以上至200,000美元	USD100,001 to USD200,000	0
200,000美元以上	More than USD200,000	3

董事酬金乃經參考董事職務、職責及表現以及本集團的業績而釐定。此外，董事薪酬由本公司的薪酬委員會每年檢討。董事薪酬的詳情載於綜合財務報表附註38。

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2018, none of the Directors was interested in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

Details of remuneration paid to members of the Directors and senior management by band for the year ended 31 December 2018 is set out below:

Directors' emoluments are determined with reference to Directors' duties, responsibilities and performance and the results of the Group. In addition, the Directors' remuneration is reviewed by the remuneration committee of the Company annually. Details of the Directors' remuneration are set out in note 38 of the consolidated financial statements.

董事會報告

REPORT OF THE DIRECTORS

董事及最高行政人員於本公司股份、相關股份及債券或本公司任何特定業務中的權益及淡倉

於二零一八年十二月三十一日，董事及本公司最高行政人員於須根據證券及期貨條例第352條記存的本公司權益登記冊內所記錄的或根據標準守則知會本公司及聯交所的本公司及其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債權中的權益及淡倉載列如下：

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY

As at 31 December 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

董事姓名 Name of Director	身份 Capacity	所持股份數目 Number of Shares held	權益概約百分比(%) Approximate percentage of interest (%)
黃學良 ^{附註2} Huang Xueliang ^{Note 2}	實益擁有人／於受控法團權益 Beneficial owner/interest in controlled corporation	172,049,090 股股份(L) 172,049,090 Shares(L)	54.40
曾之傑 ^{附註3} Zeng Zhijie ^{Note 3}	實益擁有人 Beneficial owner	516,648 股股份(L) 516,648 Shares(L)	0.16
關重遠 ^{附註4} Kwan, Allan Chung-yuen ^{Note 4}	實益擁有人 Beneficial owner	2,992,311 股股份(L) 2,992,311 Shares(L)	0.95
帥紅宇 ^{附註5} Shuai Hongyu ^{Note 5}	實益擁有人 Beneficial owner	6,356,853 股股份(L) 6,356,853 Shares(L)	2.02
龍文駿 ^{附註6} Loong, Manfred Man-tsun ^{Note 6}	實益擁有人 Beneficial owner	6,544,129 股股份(L) 6,544,129 Shares(L)	2.08

附註：

1. 字母「L」代表股份好倉。
2. 於二零一八年十二月三十一日，黃學良先生於5,043,624股股份擁有權益及於可認購8,426,400股股份的購股權擁有權益。黃先生亦於Green Flourish Limited持有100%權益、於Infortune International Limited持有100%權益及於Statemicroelectronics International Co., Ltd.持有50%權益。因此，於最後實際可行日期，黃先生被視為於分別由Green Flourish Limited、Infortune International Limited及Statemicroelectronics International Co., Ltd.擁有權益的128,656,454股股份、13,965,149股股份及15,957,463股股份中擁有權益。

Notes:

1. The letter "L" denotes a long position.
2. As at 31 December 2018, Mr. Huang Xueliang was interested in 5,043,624 Shares and was interested in share options to subscribe for 8,426,400 Shares. Mr. Huang also held 100% interest in Green Flourish Limited, 100% interest in Infortune International Limited and a 50% interest in Statemicroelectronics International Co., Ltd. Mr. Huang was therefore also deemed to be interested in the 128,656,454 Shares, 13,965,149 Shares and 15,957,463 Shares interested by Green Flourish Limited, Infortune International Limited and Statemicroelectronics International Co., Ltd. respectively as at the Latest Practicable Date.

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3. 於二零一八年十二月三十一日，曾之傑先生於可認購516,648股股份的購股權中擁有權益。
4. 於二零一八年十二月三十一日，關重遠先生於223,418股股份中擁有權益且於可認購2,313,766股股份的購股權中擁有權益。關先生亦持有Cykorp Limited的全部權益。因此，關先生被視作於455,127股股份及可認購Cykorp Limited於其中擁有權益的442,841股股份的購股權中擁有權益。
5. 於二零一八年十二月三十一日，帥紅宇先生於1,174,471股股份中擁有權益，以及於可認購5,182,382股股份的購股權中擁有權益。
6. 於二零一八年十二月三十一日，龍文駿先生於可認購6,544,129股股份的購股權中擁有權益。

除上文所披露者外，於二零一八年十二月三十一日，概無董事及／或本公司最高行政人員於須根據證券及期貨條例第352條記存的本公司登記冊內記錄或須根據標準守則知會本公司及香港聯交所的本公司或任何相聯法團(定義見證券及期貨條例第XV部)股份、相關股份或債權中擁有任何權益或淡倉。

3. As at 31 December 2018, Mr. Zeng Zhijie was interested in share options to subscribe for 516,648 Shares.
4. As at 30 December 2018, Mr. Kwan, Allan Chung-yuen was interested in 223,418 Shares and was interest in share options to subscribe for 2,313,766 Shares. Mr. Kwan also held 100% interest in Cykorp Limited. Mr. Kwan is therefore deemed to be interested in the 455,127 Shares and share options to subscribe for 442,841 Shares in by CyKorp Limited.
5. As at 31 December 2018, Mr. Shuai Hongyu was interested in 1,174,471 Shares and was interested in share options to subscribe for 5,182,382 Shares.
6. As at 31 December 2018, Mr. Loong, Manfred Man-tsun was interested in share options to subscribe for 6,544,129 Shares.

Save as disclosed above, as at 31 December 2018, none of the Directors and/or the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

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主要股東於本公司股份及相關股份的權益及淡倉

於二零一八年十二月三十一日，據本公司董事所知悉，主要股東／其他人士（除董事及本公司最高行政人員外）於須根據證券及期貨條例第336條記存的本公司登記冊內記錄的本公司股份及相關股份中的權益或淡倉如下：

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2018, so far as is known to the Directors of the Company, the interests or short positions of substantial shareholders/other persons (other than Directors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

股東姓名／名稱 Name of shareholder	身份／權益性質 Capacity/nature of interest	證券數目及類別 ⁽¹⁾ Number and class of securities ⁽¹⁾	持股概約百分比 Approximate percentage of shareholding
Statemicroelectronics International Co., Ltd.	實益擁有人	15,957,463 股股份 (L)	5.05%
Statemicroelectronics International Co., Ltd.	Beneficial owner	15,957,463 Shares(L)	
祝昌華先生 ⁽²⁾ Mr. Zhu Changhua ⁽²⁾	於受控法團的權益 Interest in controlled corporation	22,013,014 股股份 (L) 22,013,014 Shares(L)	6.96%
Junjie International Co., Ltd.	實益擁有人 Beneficial owner	19,140,656 股股份 (L) 19,140,656 Shares(L)	6.05%
宮俊先生 ⁽³⁾ Mr. Gong Jun ⁽³⁾	於受控法團的權益 Interest in controlled corporation	19,362,077 股股份 (L) 19,362,077 Shares(L)	6.12%
鑫芯(香港)投資有限公司 Xinxin (Hongkong) Capital Co., Limited	實益擁有人 Beneficial owner	29,999,000 股股份 (L) 29,999,000 Shares(L)	9.48%
鑫芯(上海)投資有限公司 ⁽⁴⁾ Xunxin (Shanghai) Investment Co., Ltd. ⁽⁴⁾	於受控法團的權益 Interest in a controlled corporation	29,999,000 股股份 (L) 29,999,000 Shares(L)	9.48%
國家集成電路產業投資基金股份有限公司 ⁽⁴⁾ China Integrated Circuit Industry Investment Fund Co., Ltd. ⁽⁴⁾	於受控法團的權益 Interest in a controlled corporation	29,999,000 股股份 (L) 29,999,000 Shares(L)	9.48%
民生商銀國際控股有限公司 CMBC International Holdings Limited	於股份中擁有抵押權益的個人 Person having a security interest in shares	142,621,603 股股份 (L) 142,621,603 Shares(L)	45.09%
中國民生銀行股份有限公司 China Minsheng Banking Corp., Ltd.	於受控制法團的權益 Interest in controlled corporation	142,621,603 股股份 (L) 142,621,603 Shares(L)	45.09%

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附註：

- (1) 「L」字母代表股份為好倉。
- (2) 祝昌華先生於二零一八年十二月三十一日持有可認購73,807股股份的購股權。祝昌華先生亦分別於Capital Tower Profits Limited及Statemicroelectronics International Co., Ltd.持有100%及50%的權益。因此，祝昌華先生於二零一八年十二月三十一日被視為於Capital Tower Profits Limited及Statemicroelectronics International Co., Ltd.分別持有的5,981,744股股份及15,957,463股股份中擁有權益。
- (3) 宮俊先生於二零一八年十二月三十一日持有可認購221,421股股份的購股權。宮俊先生亦於Junjie International Limited持有100%的權益。因此，宮俊先生於二零一八年十二月三十一日被視為於Junjie International Limited持有的19,140,656股股份中擁有權益。
- (4) 據董事所知，國家集成電路產業投資基金股份有限公司持有鑫芯(上海)投資有限公司的100%權益，鑫芯(上海)投資有限公司繼而持有鑫芯(香港)投資有限公司的100%權益。因此，於二零一八年十二月三十一日，國家集成電路產業投資基金股份有限公司及鑫芯(上海)投資有限公司各自被視為於鑫芯(香港)投資有限公司所持有的29,999,000股股份中擁有權益。

除上文所披露者外，於二零一八年十二月三十一日，概無其他人士於須根據證券及期貨條例第336條記存的本公司登記冊內被記錄為於本公司股份或相關股份中擁有權益或淡倉。

Notes:

- (1) The letter "L" denotes a long position.
- (2) Mr. Zhu Changhua held share options to subscribe for 73,807 Shares as at 31 December 2018. Mr. Zhu Changhua also held a 100% interest in Capital Tower Profits Limited and a 50% interest in Statemicroelectronics International Co., Ltd.. Mr. Zhu Changhua was therefore deemed to be interested in the 5,981,744 Shares and 15,957,463 Shares held by Capital Tower Profits Limited and Statemicroelectronics International Co., Ltd. respectively as at 31 December 2018.
- (3) Mr. Gong Jun held share options to subscribe for 221,421 Shares as at 31 December 2018. Mr. Gong Jun also held a 100% interest in Junjie International Limited. Mr. Gong Jun was therefore deemed to be interested in the 19,140,656 Shares held by Junjie International Limited as at 31 December 2018.
- (4) To the best of our Directors' knowledge, China Integrated Circuit Industry Investment Fund Co., Ltd. held a 100% interest in Xunxin (Shanghai) Investment Co., Ltd. which in turn held a 100% interest in Xinxin (Hongkong) Capital Co., Limited. Each of China Integrated Circuit Industry Investment Fund Co., Ltd. and Xunxin (Shanghai) Investment Co., Ltd. is therefore deemed to be interested in the 29,999,000 Shares held by Xinxin (HongKong) Capital Co., Limited as at 31 December 2018.

Save as disclosed above, as at 31 December 2018, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company.

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持續關連交易

以下為載於綜合財務報表附註36並根據上市規則第十四A章構成持續關連交易而須在本報告中披露的關聯方交易如下：

深圳市國微科技有限公司(「深圳國微科技」)(作為業主)與本集團公司國微集團(深圳)有限公司(「SMIT深圳」,本公司全資附屬公司)(作為租戶)訂立日期為二零一五年八月二十八日的物業租賃框架協議(「物業租賃框架協議」),內容有關租賃位於中國深圳市南山區科技園南區高新南一道15號國微大廈1至2層以及國微大廈附樓1層及2層A室,面積約3,722平方米(該租賃可按本集團業務需要作出調整)的物業(「該物業」),為期三年,自二零一五年九月一日起,並於二零一八年八月三十一日屆滿,租金參考鄰近地區類似物業的通行市價(即就樓宇面積及樓齡而言)以及中國深圳城市房屋租賃管理部門政策所載的租金指引。該物業由SMIT深圳的主要營業場所組成。有關物業租賃框架協議的詳情已於本公司二零一六年三月十六日的招股說明書內披露。截至二零一八年十二月三十一日止財政年度的交易額年度上限為人民幣2,251,750元。於二零一八年一月一日至二零一八年三月三十一日,當物業租賃框架協議由新租賃協議(定義見下文)所取代時,本集團就有關物業支付的租金為人民幣1,201,530元。

CONTINUING CONNECTED TRANSACTIONS

Set out below are related party transactions set out in Note 36 to the consolidated financial statements that constitute continuing connected transactions under Chapter 14A of the Listing Rules and are required to be disclosed in this report:

A property leasing framework agreement dated 28 August 2015 (the "Property Leasing Framework Agreement") was entered into between State Micro Science and Technology Co. Ltd. ("State Micro Science and Technology") as landlord and our Group company, a wholly-owned subsidiary of the Company, Shenzhen State Micro Technology Co., Ltd ("SMIT Shenzhen"), as tenant in respect of the premises located at 1-2F SSMEC Building and Room A, 1F and 2F of the Annex Building of SSMEC Building, 15, Gaoxinnan 1st Avenue, High-tech Park South, Nanshan District, Shenzhen, China (the "Premises") with an area of approximately 3,722 sq.m. (subject to adjustment as required by the business needs of the Group). The lease was for a term of three years commencing on 1 September 2015 and expiring on 31 August 2018 at a rent with reference to the prevailing market rates for similar properties (e.g. with respect to floor space and age of the building) in the vicinity and the rent guidelines set out in the city housing tenancy management department policy in Shenzhen, the PRC. The Premises consist of the major operation site of SMIT Shenzhen. Details of the Property Leasing Framework Agreement were disclosed in the Company's prospectus dated 16 March 2016. The annual cap of this transaction for the financial year ended 31 December 2018 is RMB2,251,750. Between 1 January 2018 and 31 March 2018, when the Property Leasing Framework Agreement was replaced by the New Tenancy Agreement (as defined below), the Group paid rents of RMB1,201,530 for the Premises.

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深圳國微科技由本公司執行董事及控股股東黃學良先生擁有約65.89%的控制權，因此，根據上市規則，為本公司關連人士的聯繫人。根據上市規則第14.07條就物業租賃框架協議按年計算的適用百分比率將低於25%及總代價低於10,000,000港元。因此，物業租賃框架協議項下的持續關連交易獲豁免遵守上市規則第十四A章所載通函及股東批准的規定，但須遵守年度審核、申報及公告的規定。

於二零一八年三月二十六日，深圳市國微科技有限公司與SMIT深圳簽訂新租賃協議（「新租賃協議」），租期由二零一八年四月一日至二零二一年三月三十一日（包括首尾兩日），為期三年。新租賃協議取代物業租賃框架協議。有關新租賃協議的詳情，於本公司日期為二零一八年三月二十六日的公告中披露。全年租金及有關空調及公共設施的成本與費用的年度上限於二零一八年四月一日至二零一八年十二月三十一日期間為人民幣3,883,126.5元，於截至二零一九年十二月三十一日止財政年度為人民幣5,177,502元，於截至二零二零年十二月三十一日止年度為人民幣5,177,502元，以及於二零二一年一月一日至二零二一年三月三十一日期間為人民幣1,294,375.5元。新租賃協議的條款乃經訂約方參考(i)本集團就租金及有關空調及公共設施的成本與費用支付予深圳市國微科技有限公司的歷史金額；(ii)鄰近地區類似物業（既就樓宇面積及樓齡而言）的通行市場收費；(iii)中國深圳城市房屋租賃管理部門政策的租金指引；及(iv)該物業的預計面積，按公平基準磋商釐定。

State Micro Science and Technology is controlled as to approximately 65.89% by Mr. Huang Xueliang, an executive Director and the controlling shareholder of the Company, and is therefore an associate of a connected person of the Company under the Listing Rules. The applicable percentage ratios under Rule 14.07 of the Listing Rules for the Property Leasing Framework Agreement on an annual basis will be less than 25% and the total consideration is less than HK\$10,000,000. Therefore, the continuing connected transaction under the Property Leasing Framework Agreement is exempted from the circular and shareholders' approval requirements but is subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules.

On 26 March 2018, State Micro Science and Technology Co. Ltd. and SMIT Shenzhen signed a new tenancy agreement (the "New Tenancy Agreement") for a term of three years starting from 1 April 2018 to 31 March 2021 (both days included). The New Tenancy Agreement replaced the Property Leasing Framework Agreement. Details of the New Tenancy Agreement were disclosed in the Company's announcement dated 26 March 2018. The annual caps of annual rents and costs and fees relating to air-conditioning and public utilities are RMB3,883,126.5 for the period from 1 April 2018 to 31 December 2018, RMB5,177,502 for the financial year ending 31 December 2019, RMB5,177,502 for the financial year ending 31 December 2020, and RMB1,294,375.5 for the period from 1 January 2021 to 31 March 2021. The terms of the New Tenancy Agreement were determined after arm's length negotiation between the parties with reference to (i) the historical amounts paid by the Group to State Micro Science and Technology for rent and the costs and fees relating to air-conditioning and public utilities, (ii) prevailing market rates for similar properties (e.g. with respect to floor space and age of the building) in the vicinity, (iii) the rent guidelines set out in the city housing tenancy management department policy of Shenzhen, the PRC, and (iv) the estimated area of the Premises.

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由於新租賃協議的年度上限的適用百分比率高於0.1%但低於5%，新租賃協議項下擬進行交易須遵守上市規則第十四A章的匯報、公告及年度審閱規定，但獲豁免遵守通函(包括獨立財務顧問)及股東批准的規定。

於二零一八年十二月十四日，深圳數位電視與SMIT深圳(本公司全資附屬公司)訂立租賃協議，租期由二零一八年十二月十五日起至二零一九年六月十四日(包括首尾兩天)止，為期六個月。同日，SMIT深圳與深圳數位電視及深圳市卓越物業訂立物業管理服務協議，租期由二零一八年十二月十五日起至二零一九年六月十四日(包括首尾兩天)止，為期六個月。深圳卓越物業為獨立第三方物業管理公司，與本公司並無關聯。

由於本公司執行董事兼控股股東黃學良先生持有深圳前海國微投資有限公司100%權益，而深圳前海國微投資有限公司持有深圳數位電視約65.62%股份，故深圳數位電視為本公司關連人士。因此，根據上市規則第十四A章，租賃協議及物業管理服務協議項下擬進行的交易構成本公司的持續關連交易。

有關新租賃協議及新物業管理服務協議的詳情，於本公司日期為二零一八年十二月十四日的公告中披露。於二零一八年十二月十五日起至二零一九年六月十四日期間，每年租金的年度上限為人民幣3,292,228元，年度上限乃於各有關期間根據租賃協議按實際租金以計算。於二零一八年十二月十五日起至二零一九年六月十四日期間，每年管理費費用的年度上限為人民幣518,928元。年度上限乃於各有關期間根據管理費用實際支付以及公司根據正常業務運營預估的雜項物業費用以計算。

As all the applicable percentage ratios in respect of the annual caps for the New Tenancy Agreement are more than 0.1% but less than 5%, the transaction contemplated under the New Tenancy Agreement is subject to the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 14 December 2018, Shenzhen Digital TV entered into the Tenancy Agreement for a term of 6 months starting from 15 December 2018 to 14 June 2019 (both days included) with SMIT Shenzhen, a wholly-owned subsidiary of the Company. On the same date, SMIT Shenzhen entered into a Property Management Services Agreement for a term of 6 months starting from 15 December 2018 to 14 June 2019 (both days included) with Shenzhen Digital TV and Shenzhen Excellence Property, an independent third party property management company and not connected to the Company.

Shenzhen Digital TV is a connected person of the Company as it is controlled as to 65.62% by Shenzhen Qianhai Guowei Investment* (深圳前海國微投資有限公司), which in turn is 100% owned as to Mr. Huang Xueliang, an executive Director and a controlling shareholder of the Company. Accordingly, the transactions contemplated under the Tenancy Agreement and Property Management Services Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the New Tenancy Agreement were disclosed in the Company's announcement dated 14 December 2018. During 15 December 2018 to 14 June 2019, the annual cap amount for the Tenancy Agreement is RMB3,292,228. The annual cap for the Tenancy Agreement above is determined based on the actual rent payable under the Tenancy Agreement for the relevant period. During 15 December 2018 to 14 June 2019, the annual cap amount for the Management Fees is at RMB518,928. The annual cap amount for the Management Fees is determined based on the actual fees payable together with the Company's estimate of miscellaneous property maintenance fees to be incurred based on normal business activity level during the term of the Property Management Services Agreement.

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租賃協議及服務管理服務協議項下的該物業為SMIT深圳的拓展營業場所的一部分。租賃協議及服務管理服務協議條款乃由訂約方按公平基準磋商而釐定，並已參考(i)鄰近地區類似物業(例如，在樓面面積及建築物樓齡方面)的現行市價；(ii)中國深圳城市住房租賃管理部門政策列出的租金指引；及(iii)該物業的預測面積；以及(iv)物業管理服務成本的現行市場價格，參考中國政府公佈的年度消費物價指數及影響物業管理公司的最低工資波動。

由於新租賃協議的年度上限的適用百分比率高於0.1%但低於5%，新租賃協議項下擬進行交易須遵守上市規則第十四A章的匯報、公告及年度審閱規定，但獲豁免遵守通函(包括獨立財務顧問)及股東批准的規定。

有關本集團的關聯方交易詳情，載於綜合財務報表附註36。概無關聯方交易構成上市規則所界定及規定需予披露的關連交易，惟本節「持續關連交易」所述者除外，上市規則的第十四A章規定的有關披露規定經已遵守。

於報告期內，獨立非執行董事已審核上述持續關連交易，並確認該等交易已：

- (i) 在本集團之一般及日常業務中訂立；
- (ii) 按照一般商業條款或更優越的條款進行；及
- (iii) 根據有關交易的協議進行，條款公平合理，並符合股東的整體利益。

The terms of the Tenancy Agreement and the Property Services Management Agreement have been determined after arm's length negotiation between the parties with reference to (i) prevailing market rates for similar properties (e.g. with respect to floor space and age of the building) in the vicinity, (ii) the rent guidelines set out in the city housing tenancy management department policy of Shenzhen, the PRC, (iii) the estimated area of the Premises and (iv) prevailing market rates of property management service costs with reference to annual consumer price index published by the PRC government and minimum wage fluctuations affecting property management companies in the vicinity.

As all the applicable percentage ratios in respect of the annual caps for the New Tenancy Agreement are more than 0.1% but less than 5%, the transaction contemplated under the New Tenancy Agreement is subject to the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the related party transactions of the Group are set out in note 36 to the consolidated financial statements. None of these related party transactions constitute a connected transaction as defined and required to be disclosed under the Listing Rules, except for those described in this section headed "Continuing Connected Transactions", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

During the Reporting Period, the independent non-executive Directors reviewed the above continuing connected transactions and confirmed such transaction has been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

董事會報告

REPORT OF THE DIRECTORS

本公司的核數師羅兵咸永道會計師事務所已發出其無保留意見函件，當中載有根據上市規則第14A.56條於上文披露有關於截至二零一八年十二月三十一日止年度及直至本報告日期的持續關連交易的若干發現及結論。

管理合約

截至二零一八年十二月三十一日，概無訂立或存在任何與本公司全部或任何重大業務的管理及行政有關的合約。

主要客戶及供應商

截至二零一八年十二月三十一日止年度，本集團主要客戶和供應商的應佔銷售和採購百分比如下：

採購

—最大供應商	27.2%
—五大供應商合計	68.5%

銷售

—最大客戶	23.8%
—五大客戶合計	60.9%

向截至二零一八年十二月三十一日止年度本集團最大客戶深圳科技公司(「科技公司」)出售包括區塊鏈服務器產品之銷售總額約9.6百萬美元，佔本集團銷售總額約23.8%。

PricewaterhouseCoopers, the auditor of the Company, has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transaction for the year ended 31 December 2018 and up to the date of this report as disclosed above in accordance with Rule 14A.56 of the Listing Rules.

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 as at 31 December 2018.

MAJOR CUSTOMERS AND SUPPLIERS

Set out below are the percentages of sales and purchases for the year ended 31 December 2018 attributable to the Group's major customers and suppliers:

Purchases

– The largest supplier	27.2%
– Five largest suppliers in aggregate	68.5%

Sales

– The largest customer	23.8%
– Five largest customers in aggregate	60.9%

Total sales of blockchain servers to one Shenzhen-based technology company (the "Technology Company"), being the Group's largest customer for the year ended 31 December 2018, which amounted to approximately USD9.6 million, accounted for 23.8% of Group's total sales.

董事會報告

REPORT OF THE DIRECTORS

執行董事黃學良先生(截至二零一八年十二月三十一日，直接或間接擁有我們已發行股本54.40%)持有科技公司5.31%的股權。此外，我們的執行董事帥紅宇先生亦持有科技公司1.63%的股權，且擔任科技公司的九名董事之一。但黃學良先生和帥紅宇先生並非科技公司的僱員，亦不參與科技公司的日常運營。

向本年度本集團五大客戶之一的iBoxpay International Inc. (「盒子支付」)出售包括mPOS產品之銷售總額約4.4百萬美元，佔銷售總額約10.7%。

我們的執行董事黃學良先生(截至二零一八年十二月三十一日，擁有本公司已發行股本54.40%)持有盒子支付(本集團於截至二零一八年十二月三十一日止年度的五大客戶之一)0.67%的間接股權。此外，黃學良先生及Pacven Walden共同通過SMIT Investment Limited(「SMIT Investment」)擁有盒子支付7.99%的股權。黃學良先生以SMIT Investment於盒子支付之權益的董事代表身份擔任盒子支付的六名董事之一，惟黃學良先生並非盒子支付的僱員，亦不參與其日常運營。

除上文所披露者外，概無據董事所知擁有本公司股本超過5%之董事、彼等之緊密聯繫人或任何股東於上述主要客戶或供應商中擁有權益。

董事進行證券交易的標準守則

本公司已採納標準守則所規定的標準，作為本公司全體董事買賣本公司證券時的行為守則。經本公司向本公司全體董事作出特定查詢後，本公司確認董事在截至二零一八年十二月三十一日止年度一直遵守標準守則的規定。

Mr. Huang Xueliang, an executive Director who directly and indirectly owns 54.40% of our issued share capital as at 31 December 2018, holds a 5.31% equity interest in the Technology Company. Furthermore, our executive Director Mr. Shuai Hongyu, also holds a 1.63% equity interest in the Technology Company and acts as one of the technology company's nine directors. However, Mr. Huang Xueliang and Mr. Shuai Hongyu are not its employees, and are not involved in the Technology Company's daily operation.

The total sales included the mPOS products sold to ShenZhen iBOXPAY Information Technology Co., Ltd. ("iBoxpay Shenzhen"), which amounted to approximately USD4.4 million (representing approximately 10.7% of the total sales amount), being one of the Group's five largest customer for the year.

Mr. Huang Xueliang, our executive Director who owns 54.40% of the Company's issued share capital as at 31 December 2018, holds a 0.67% indirect equity interest in iBoxpay International Inc. ("iBoxpay"), which is the holding company of iBoxpay Shenzhen, one of the five largest customers of the Group for the year ended 31 December 2018. In addition, Mr. Huang Xueliang and Pacven Walden, amongst others, collectively own a 7.99% equity interest in iBoxpay through SMIT Investment Limited ("SMIT Investment"). Mr. Huang Xueliang serves as one of the six directors of iBoxpay by virtue of being the director representative of SMIT Investment interest in iBoxpay. However, Mr. Huang Xueliang is not an employee of iBoxpay, and is not involved in its daily operations.

Save as disclosed, none of the Directors, their close associates or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the major customers or suppliers noted above.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted the standards set out in the Model Code as a code of conduct for the trading in securities of the Company by all Directors of the Company. Having made specific enquiry to all Directors, the Company confirmed that the Directors have complied with the Model Code throughout the year ended 31 December 2018.

董事會報告 REPORT OF THE DIRECTORS

董事資料變動

根據上市規則第 13.51B(1) 條須披露董事資料。獨立非執行董事胡家棟先生於二零一八年六月七日自啟迪國際有限公司(香港聯交所股份代號：872)(一家在聯交所主板上市的汽車安全公司)卸任執行董事及首席財務官一職。

足夠公眾持股量

根據本公司現有公開資料及就董事所知，董事確認，本公司於年內維持上市規則規定的公眾持股量。

報告期後重大事項

於二零一八年十二月三十一日後直至本報告日期，並無重大事項。

環境政策及表現

本集團根據環境規例制定了一些政策，其中包括：在設計、研究及開發階段，於作出任何採購決定前，為各類原料或機器評估環境影響；透過環境保護活動、培訓課程及推廣，提高全體僱員之環保意識；本集團最高層管理人員制定相應責任、範圍及政策綱領，在建立清晰界定之環境管理架構及系統上擔當核心角色等。

在實際日常運營中，本集團一直緊密關注國內及國際環保法例發展的最新狀況，確保環境政策不但符合國內及國際標準，同時確保能與全球同業步伐一致。

CHANGES IN DIRECTORS' INFORMATION

As Directors' information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, our Independent Non-executive Director Mr. Woo Kar Tung Raymond tendered his resignation as an executive director and the chief financial officer of TUS International Limited (HKSE: 872), an automotive safety company listed on the Main Board of the Stock Exchange, with effect from 7 June 2018.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There are no important events after 31 December 2018 up to the date of this report.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group has formulated certain policies in accordance with environmental regulations, including: environmental impact assessment on various raw materials or machinery before making any purchasing decisions in the design, research and development phase; improvement of environmental awareness of all employees through environmental protection activities, training courses and promotion; and the appropriate responsibilities, scope, policies and guidelines developed by the Group's top management that played a central role in establishing clearly defined environmental management framework and system.

In day-to-day operations, the Group has been closely monitoring the latest developments in domestic and international environmental legislation to ensure that its environmental policies are consistent with domestic and international standards while ensuring consistency with global peers.

董事會報告

REPORT OF THE DIRECTORS

遵守法律及法規

本集團之業務主要由本公司於香港及中國之附屬公司進行，而本公司之股份於香港聯合交易所有限公司上市。本集團之設立及經營須遵守香港、中國及本公司及其附屬公司各自註冊成立地之相關法律及法規。此外，本公司須遵守上市規則及證券及期貨條例之規定。

於截至二零一八年十二月三十一日止年度及直至本報告日期，就本公司所知悉，本集團並不存在對本集團業務及營運造成重大影響之適用法律及法規之重大違背或不合規情況。

與主要利益相關者的關係

本集團的成功亦依賴主要利益相關者，包括僱員、客戶、供應商、監管機構及股東的支持。

僱員

僱員被視為本集團最重要及具價值的資產。本集團人力資源管理的目的乃藉提供合理的薪酬福利以獎勵及表揚表現優秀的員工，有關本集團薪酬政策詳情，請參閱本報告上文「僱員及薪酬政策」一段。另外，本集團透過根據不同崗位及職務、職稱制定適當的培訓計劃，並提供一定的機會和平台協助彼等在本集團內發展事業及晉升。

COMPLIANCE WITH LAWS AND REGULATIONS

The Company's business is principally carried out by the Company's subsidiaries in Hong Kong and China, the shares of the Company are listed on The Stock Exchange of Hong Kong Limited. The establishment and operation of the Group are subject to the relevant laws and regulations of Hong Kong, China and respective places of incorporation of the Company and its subsidiaries. In addition, the Company shall comply with the provisions of the Listing Rules and the Securities and Futures Ordinance.

For the year ended 31 December 2018 and up to the date of this report, so far as the Company is aware, the Group is not involved in any material breach of or irregularity against the applicable laws and regulations that have a material effect on the Group's business and operations.

RELATIONSHIP WITH KEY STAKEHOLDERS

The success of the Group also relies on the support from key stakeholders, including employees, customers, suppliers, regulators and shareholders.

Employees

Employees are regarded as the most important and valuable assets of the Group. The Group's human resource management is designed to reward and recognise excellent employees by providing reasonable compensation and benefits. Details of the Group's remuneration policy are set out in the paragraph headed "Employees and Remuneration Policies" above in this report. In addition, the Group develops appropriate training programmes specific to different posts, duties and titles, and provides certain opportunities and platforms to assist them in developing their career and seek promotion within the Group.

董事會報告

REPORT OF THE DIRECTORS

客戶

我們的視密卡客戶主要包括條件接收供應商、廣播運營商、電視製造商及分銷商。其次，我們向包括各類公司及個人在內的一次性客戶銷售，並通過第三方互聯網平台向終端用戶直銷。我們目前主要向盒子支付銷售 mPOS 機，其次向國內其他基於硬件的移動支付服務供應商銷售。本集團旨在為客戶提供優質的產品和服務以爭取在銷售收入和盈利能力方面獲得持續增長。本集團已建立各種方式，以加強客戶與本集團之間的溝通，以提供卓越優質的產品和服務增加市場滲透及拓展不同業務。

供應商

本集團與供應商維持良好關係在供應鏈、面對業務挑戰和監管要求時至為重要，其可產生成本效益及促進長遠商業利益。主要供應商包括原材料供應商、系統及設備供應商、提供專業服務的外聘顧問、辦公用品或商品供應商及向本集團提供增值服務的其他業務夥伴。

監管機構

本公司在香港上市，由香港的證券及期貨事務監察委員會、香港聯合交易所有限公司、中國國家安全生產監督管理總局、中國質量監督檢驗檢疫總局及其他相關機構監管。本集團期望不斷更新及確保遵守新規則及規例。本集團其中一個企業目標是為股東提升企業價值。本集團促進業務發展以實現可持續盈利增長，並考慮到資本充足方面。

Customers

Our CAM customers consist mainly of CA providers, broadcasting operators, TV manufacturers and distributors. To a lesser extent, we sell to one-off customers including various companies and individuals, as well as direct sales to end users through third-party internet platforms. We currently sell mPOS devices primarily to iBoxpay and to a much lesser extent, to other hardware-based mobile payment service providers in the PRC. The Group aims to provide customers with quality products and services to seek sustained growth in sales revenue and profitability. The Group has established various ways to enhance communication between its customers and the Group, in an effort to provide superior quality products and services to increase market penetration and expand various businesses.

Suppliers

The Group maintains good relationship with its suppliers, a crucial element in the supply chain and when facing business challenges and regulatory requirements, which can be cost-effective and promote business interests in the long run. Major suppliers include raw material suppliers, system and equipment suppliers, external consultants providing professional services, suppliers of office supplies or goods and other business partners providing value-added services to the Group.

Regulators

The Company is listed in Hong Kong and is regulated by the Securities and Futures Commission of Hong Kong, The Stock Exchange of Hong Kong Limited, the State Administration of Work Safety, the General Administration of Quality Supervision, Inspection and Quarantine of China and other relevant authorities. The Group expects to keep up-to-date and ensure compliance with the new rules and regulations. To enhance corporate value for shareholders is one of the Group's corporate objectives. The Group promotes business development to achieve sustainable earnings growth while taking capital adequacy into account.

董事會報告

REPORT OF THE DIRECTORS

主要風險及不確定因素

本集團業務經營所在行業受市況變動、不斷變化的行業標準、行業競爭及不斷變化的客戶需求所影響。本集團及時應對可能對本集團業務及財務業績造成不利影響之該等變化至關重要。本集團於一般業務過程中亦面臨其他金融風險，如流動資金風險、利率風險及貨幣風險。本集團金融風險管理的詳情載於綜合財務報表附註3。

國際制裁

於截至二零一八年十二月三十一日止年度，本集團向位於俄羅斯的客戶銷售視密卡，有關銷售額佔本集團截至二零一八年十二月三十一日止年度總收益的7.6%，本集團亦向位於巴爾幹半島及烏克蘭的客戶銷售，有關銷售額佔本集團截至二零一八年十二月三十一日止年度總收益的13.5%，惟本集團於白俄羅斯、埃及及黎巴嫩並無銷售。於截至二零一八年十二月三十一日止年度，來自位於受國際制裁的司法權區的客戶的收益貢獻百分比由截至二零一八年十二月三十一止年度的5.8%增加至21.1%，主要因來自位於若干司法權區的客戶銷售額大幅下降，其於截至二零一七年錄得可觀的收益。

來年，本集團預期繼續向位於俄羅斯、巴爾幹半島及烏克蘭的客戶銷售，但預期向該等司法權區的客戶的銷售額不會有任何重大增減。本集團亦預期位於白俄羅斯、埃及及黎巴嫩的客戶將不會有銷售或銷售額甚微。於截至二零一八年十二月三十一日止年度，本集團並無且目前或將來亦無意於受國際制裁的司法權區，或與名列任何國際制裁名單上的個人及實體進行任何交易，而本集團認為會使本集團或其投資者蒙受波動風險或成為國際制裁對象的風險。

Major Risks and Uncertainties

The Group's business operations are affected by changes in market conditions, the changing industry standards, industry competition and the ever-changing customer demands. It is essential that the Group responds in a timely manner to such changes which may adversely affect the Group's business and financial results. The Group also faces other financial risks in the ordinary course of business, such as liquidity risk, interest rate risk and currency risk. Details of financial risk management are set out in Note 3 to the consolidated financial statements.

INTERNATIONAL SANCTIONS

During the year ended 31 December 2018, the Group had CAM sales to customers located in Russia, which accounted for 7.6% of the Group's total revenue for the year ended 31 December 2018, as well as sales to customers located in the Balkans and Ukraine, which in aggregate accounted for 13.5% of the Group's total revenue for the year ended 31 December 2018. During the year ended 31 December 2018, the Group had no sales to Belarus, Egypt and Lebanon. The percentage of revenue contribution from relevant customers located in jurisdictions which are targeted with international sanctions in the year ended 31 December 2018 increased to 21.1% from 5.8% during the year ended 31 December 2017, mainly attributable to a substantial decrease in sales from customers located in certain jurisdictions which recorded strong revenue in the year ended 2017.

In the coming year, the Group is expected to continue its sales to customers located in Russia, the Balkans and Ukraine and does not expect any significant increase or decrease in the Group's sales to customers located in those jurisdictions. The Group also expects no sales or immaterial sales to customers located in Belarus, Egypt and Lebanon. During the year ended 31 December 2018, the Group did not, and has no present or future intention to, enter into any transactions in the jurisdictions which are targeted with international sanctions or with persons and entities which are listed on any international sanctions list that the Group believes would put the Group or its investors at risk of violating or becoming the target of international sanctions.

董事會報告 REPORT OF THE DIRECTORS

核數師

財務報表已由羅兵咸永道會計師事務所審核，彼等將於本公司應屆股東週年大會退任並符合資格並願獲重新委任。

代表董事會
主席
黃學良

香港，二零一九年二月二十八日

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for reappointment.

On behalf of the Board
Huang Xueliang
Chairman

Hong Kong, 28 February 2019

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



致國微技術控股有限公司股東
(於開曼群島註冊成立的有限公司)

意見

我們已審計的內容

國微技術控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第94頁至第255頁的綜合財務報表，包括：

- 於二零一八年十二月三十一日的綜合財務狀況表；
- 截至該日止年度的綜合收益表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，包括重大會計政策概要。

我們的意見

我們認為，該等綜合財務報表已根據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」)真實而中肯地反映了貴集團於二零一八年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

羅兵咸永道

To the Shareholders of SMIT Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of SMIT Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 94 to 255, which comprise:

- the consolidated statement of financial position as at 31 December 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)，我們獨立於 貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概述如下：

- 業務合併
- 非上市投資估值

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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.

Key audit matters identified in our audit are summarised as follows:

- Business combination
- Valuation of unlisted investments

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KEY AUDIT MATTER

KEY AUDIT MATTER

Business combination

Refer to note 4.7 and note 35 of the consolidated financial statements.

On 29 November 2018, the Group completed the acquisition of S2C Tech Inc.. Management assessed the nature of the acquisition by assessing if there are economic resources and associated business processes. Management determined that the assets acquired and liabilities assumed under the acquisition constituted a business and therefore the transaction was accounted for as a business combination.

Accounting for business combination requires the Group to allocate the purchase price to the assets acquired, liabilities assumed, and identified intangible assets based on their estimated fair values at the date of acquisition.

The Group assessed the fair values of the assets acquired, liabilities assumed and identified intangible assets based on an independent valuation report prepared by an independent external valuer. In aggregate, identified intangible assets of license use rights and goodwill recognised in the consolidated financial statements as at 31 December 2018 amounted to USD4.6 million and USD15.9 million, respectively.

The fair values of the assets acquired, liabilities assumed and identified intangible assets were determined by using the discounted cash flow ("DCF") approach and various key assumptions and estimates including revenue growth rate, discount rate and terminal growth rate.

We focused on this area because the carrying values of the identifiable intangible assets and the goodwill are significant to the consolidated financial statements and the valuation methodology and key assumptions require the use of significant judgements and estimates. These estimations are also subject to uncertainties.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We discussed and inquired management on the basis in determining the nature of the transaction to assess the economic resources and business processes associated with the acquisition and thus management's assessment of the acquisition being accounted for as a business combination.

We assessed the competency, capability and objectivity of the independent external valuer by considering its qualification, relevant experience and relationship with the Group.

We involved our internal valuation specialist in our discussion with management and the independent external valuer to understand and assess the appropriateness of the methodology used and the assumptions and estimates applied.

We evaluated the reasonableness of the discount rate by considering the weighted average cost of capital and the risk profile of the investee.

We assessed the reasonableness of the key assumptions used such as revenue growth rate and terminal growth rate by comparing these assumptions against relevant market data and industry research.

We tested the arithmetical accuracy on the calculation of the fair values of identified net assets, goodwill and intangible assets.

Based on the procedures described above, we considered the methodology used and key assumptions and estimates applied in the valuation of the Group's business combination are supportable by available evidence.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

關鍵審計事項

關鍵審計事項

業務合併

請參閱綜合財務報表附註4.7及附註35。

二零一八年十一月二十九日，貴集團完成收購S2C Tech Inc.。管理層透過評估有無經濟資源及相關業務流程來評估收購事項的性質。管理層釐定收購事項涉及的收購資產及承擔負債構成一項業務，故將交易按業務合併列賬。

業務合併入賬處理需要 貴集團按於收購日期的相關估計公平值分配購買價格至收購資產、承擔負債及已識別無形資產。

貴集團根據獨立外部估值師編製的獨立估值報告評估收購資產、承擔負債及已識別無形資產的公平值。已識別無形資產中的許可使用權及商譽於二零一八年十二月三十一日的綜合財務報表內分別確認為合共4.6百萬美元及15.9百萬美元。

收購資產、承擔負債及已識別無形資產的公平值透過使用貼現現金流量(「貼現現金流量」)法及多種關鍵假設及估計釐定，包括收益增長率、貼現率及永久增長率。

我們關注這方面，因為可識別無形資產的賬面值及商譽對綜合財務報表具有重大意義，而估值技術及關鍵假設需要使用重大判斷及估計。這些估計也有不確定性。

我們的審計如何處理關鍵審計事項

我們討論並向管理層作出查詢有關於釐定交易性質時的基準，以評估是否存在與收購事項有關的經濟資源及業務流程，故管理層評估收購事項按業務合併列賬。

我們通過考慮獨立外部估值師的資格、相關經驗及與 貴集團的關係，評估了獨立外部估值師是否稱職、其能力及客觀性。

我們在與管理層及獨立外部估值師的討論中，涉及我們的內部估值專家，以了解及評估所採用方法的適用性以及所應用的假設及估計。

我們通過考慮被投資公司的加權平均資本成本及風險情況評估貼現率的合理性。

我們評估所用收益增長率及永久增長率等關鍵假設的合理性，方法為將這些假設與相關市場數據及行業研究進行對比。

我們測試計算已識別資產淨值、商譽及無形資產公平值的算術準確性。

根據上述程序，我們認為 貴集團業務合併評估所採用的方法及所應用的關鍵假設及估計有可得的憑證支持。

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER

Valuation of unlisted investments

Refer to note 4.6, note 3.3(a) and note 19 of the consolidated financial statements.

Unlisted investments of the Group were recognised at fair value through profit or loss on initial recognition and requires subsequent re-measurement at fair value at each period end. The Group has applied valuation techniques to determine the fair value of these investments that are not quoted in active markets. These valuation techniques require significant unobservable inputs which involve significant management judgements and assumptions and thus involved a higher degree of uncertainty in the valuations.

Fair value of one of the unlisted investments was determined by using DCF approach. The fair value of this unlisted investment amounted to USD5.6 million as at 31 December 2018 was assessed based on independent valuation prepared by an independent external valuer. The related fair value gain recognised in the consolidated income statement during the year ended 31 December 2018 in relation to this unlisted investment amounted to USD3.8 million.

Key underlying assumptions and estimates of the valuation include revenue growth rate, discount rate, terminal growth rate and gross profit margin used in the business plan of the investee.

We focused on this area because the carrying values of the unlisted investments are significant to the consolidated financial statements and significant judgements and estimates were used in the valuation techniques. These estimations are also subject to uncertainties.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We assessed the competency, capability and objectivity of independent external valuers by considering their qualification, relevant experience and relationship with the Group.

We involved our internal valuation specialist in our discussion with management and independent external valuers to understand and assess the appropriateness of the methodology used and the assumptions and estimates applied in DCF.

We obtained and assessed the business plan of the investee that supports the cash flow projections used in DCF through inquiry of management and obtaining supporting documents including agreements and contracts to corroborate our understanding of the business growth of the investee.

We evaluated the reasonableness of the discount rate by considering the investee's weighted average cost of capital and the risk profile of the investee.

We assessed the reasonableness of the revenue growth rate, gross profit margin and terminal growth rate by comparing these assumptions against relevant market data and historical experience of the investee.

Based on the procedures described above, we considered the key assumptions and estimates used in the valuation of the Group's unlisted investment are supportable by available evidence.

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關鍵審計事項

非上市投資估值

請參閱綜合財務報表附註4.6、附註3.3(a)及附註19。

貴集團非上市投資初步確認時按透過損益按公平值入賬確認，並需要在每個期間結算日以公平值進行後續重新計量。貴集團已應用估值技術釐定此等無活躍市場報價投資的公平值。此等估值技術需要涉及管理層重大判斷及假設的重大不可觀察輸入數據，故估值時涉及較大程度的不確定性。

其中一項非上市投資的公平值採用貼現現金流量法釐定。於二零一八年十二月三十一日，該為數5.6百萬美元的非上市投資根據獨立外部估值師編製的獨立估值評估公平值。就此非上市投資於截至二零一八年十二月三十一日止年度綜合收益表確認的相關公平值收益為3.8百萬美元。

估值關鍵相關假設及估計包括被投資公司業務計劃所用收益增長率、貼現率、永久增長率及毛利率。

我們關注這方面，因為非上市投資的賬面值對綜合財務報表具有重大意義，且估值技術使用重大判斷及估計。這些估計也有不確定性。

我們的審計如何處理關鍵審計事項

我們通過考慮獨立外部估值師的資格、相關經驗及與貴集團的關係，評估獨立外部估值師是否稱職、其能力及客觀性。

我們在與管理層及獨立外部估值師的討論中，涉及我們的內部估值專家，以了解及評估所採用方法的適用性以及貼現現金流量所應用的假設及估計。

我們通過詢問管理層並獲得包括協議及合同在內的支持性文件，獲取及評估支持貼現現金流量中使用的現金流量預測的被投資公司的業務計劃，以證實我們對被投資公司業務增長的了解。

我們通過考慮被投資公司的加權平均資本成本及被投資公司的風險情況評估貼現率的合理性。

我們評估收益增長率、毛利率及永久增長率的合理性，方法為將這些假設與被投資公司的相關市場數據及過往經驗進行對比。

根據上述程序，我們認為貴集團對非上市投資的估值所用關鍵假設及估計有可得的憑證支持。

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

貴公司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》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備綜合財務報表時，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。

審核委員會須負責監督 貴集團的財務報告過程。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company 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 Audit Committee is responsible for overseeing the Group's financial reporting process.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

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. We report our opinion solely to you, as a body, 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 HKSA's 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.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism 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.

獨立核數師報告

INDEPENDENT AUDITOR'S REPORT

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。
- 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.

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

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.

獨立核數師報告 INDEPENDENT AUDITOR'S REPORT

我們還向審核委員會提交聲明，說明我們已符合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我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是林曉音。

羅兵咸永道會計師事務所
執業會計師

香港，二零一九年二月二十八日

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 Audit Committee, 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.

The engagement partner on the audit resulting in this independent auditor's report is Lam Hiu Yam, Winnie.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 February 2019

綜合收益表

CONSOLIDATED INCOME STATEMENT

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

		截至十二月三十一日止年度		
		Year ended 31 December		
		二零一八年	二零一七年	
		2018	2017	
		美元	美元	
		USD	USD	
收益	Revenue	5, 6	41,318,578	91,780,923
銷售成本	Cost of sales	7	(27,641,807)	(59,277,526)
毛利	Gross profit		13,676,771	32,503,397
其他收益／(虧損)·淨額	Other gains/(losses), net	6	3,967,391	(1,982,646)
其他收入	Other income	6	1,013,346	1,045,476
研發開支	Research and development expenses	7	(7,799,119)	(7,765,265)
銷售及分銷開支	Selling and distribution expenses	7	(2,663,959)	(2,982,378)
一般及行政開支	General and administrative expenses	7	(8,862,635)	(7,248,639)
金融資產之減值淨虧損	Net impairment losses on financial assets	7	(759,318)	—
經營(虧損)／溢利	Operating (loss)/profit		(1,427,523)	13,569,945
融資收入·淨額	Finance income, net	9	1,149,740	461,282
除所得稅前(虧損)／溢利	(Loss)/profit before income tax		(277,783)	14,031,227
所得稅抵免／(開支)	Income tax credit/(expense)	11	1,593,307	(2,932,359)
年內溢利	Profit for the year		1,315,524	11,098,868
以下各項應佔溢利：	Profit is attributable to:			
本公司擁有人	Owners of the Company		1,317,734	11,098,868
非控股權益	Non-controlling interests		(2,210)	—
			1,315,524	11,098,868
本公司擁有人應佔每股盈利：	Earnings per share attributable to owners of the Company:			
每股基本盈利(每股美元)	Basic earnings per share (USD per share)	12	0.004	0.037
每股攤薄盈利(每股美元)	Diluted earnings per share (USD per share)	12	0.004	0.035

上述綜合收益表應與隨附附註一併閱讀。

The above consolidated income statement should be read in conjunction with the accompanying notes.

綜合全面收益表

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
年內溢利	Profit for the year	1,315,524	11,098,868
其他全面(虧損)/收益： 後續可能重新分類至損益的項目	Other comprehensive (loss)/income: <i>Item that may be reclassified subsequently to profit or loss</i>		
換算差額	Translation differences	(3,807,022)	4,282,023
年內其他全面(虧損)/收益， 扣除稅項	Other comprehensive (loss)/income for the year, net of tax	(3,807,022)	4,282,023
年內全面(虧損)/收益總額	Total comprehensive (loss)/income for the year	(2,491,498)	15,380,891
以下各項應佔：	Attributable to:		
本公司擁有人	Owners of the Company	(2,487,783)	15,380,891
非控股權益	Non-controlling interests	(3,715)	—
		(2,491,498)	15,380,891

上述綜合全面收益表應與隨附附註一併閱讀。

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一八年十二月三十一日 As at 31 December 2018

		於十二月三十一日 As at 31 December		
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD	
		附註 Note		
資產	ASSETS			
非流動資產	Non-current assets			
物業、廠房及設備	Property, plant and equipment	14	1,735,894	2,006,053
其他無形資產	Other intangible assets	15	5,053,319	86,311
商譽	Goodwill	24	22,151,954	6,570,079
貿易及其他應收款項及 預付款項	Trade and other receivables and prepayments	18	41,750	545,554
透過損益按公平值入賬的 金融資產	Financial assets at fair value through profit or loss	19	18,246,807	3,808,986
遞延所得稅資產	Deferred income tax assets	23	2,770,689	1,022,564
			50,000,413	14,039,547
流動資產	Current assets			
存貨	Inventories	16	9,981,613	16,727,865
貿易及其他應收款項及 預付款項	Trade and other receivables and prepayments	18	20,836,355	13,291,275
可收回所得稅	Income tax recoverable		138,006	—
短期銀行存款	Short-term bank deposits	22	—	3,523,375
受限制銀行存款	Restricted bank deposit	20	5,000,000	—
現金及現金等價物	Cash and cash equivalents	21	54,962,324	84,100,969
			90,918,298	117,643,484
總資產	Total assets		140,918,711	131,683,031
權益及負債	EQUITY AND LIABILITIES			
權益	Equity			
股本	Share capital	25	6,326	6,140
股份溢價	Share premium	25	100,982,947	98,362,681
合併儲備	Merger reserve	26	(48,810,141)	(48,810,141)
以股份為基礎的付款儲備	Share-based payment reserve	26	16,955,752	19,401,056
法定儲備	Statutory reserve	26	4,913,464	4,913,464
保留盈利	Retained earnings		37,866,410	36,548,676
資本儲備	Capital reserve	26	1,212,543	1,212,543
匯兌儲備	Exchange reserve		(1,108,347)	2,697,170
本公司擁有人應佔資本及儲備	Capital and reserves attributable to owners of the Company		112,018,954	114,331,589
非控股權益	Non-controlling interests		240,480	—
總權益	Total equity		112,259,434	114,331,589

上述綜合財務狀況表應與隨附附註一併閱讀。

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

於二零一八年十二月三十一日 As at 31 December 2018

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
負債	Liabilities		
非流動負債	Non-current liabilities		
其他應付款項	Other payable	28	1,507,404
遞延收入	Deferred income	29	6,568,365
遞延稅項負債	Deferred tax liabilities	23	692,730
			8,768,499
流動負債	Current liabilities		
貿易應付款項	Trade payables	27	4,089,422
應計費用及其他應付款項	Accruals and other payables	28	5,048,584
合約負債	Contract liabilities		740,720
銀行借款	Bank borrowings	30	5,335,126
遞延收益	Deferred income	29	4,669,282
應付所得稅	Income tax payable		7,644
			19,890,778
總負債	Total liabilities		17,351,442
總權益及負債	Total equity and liabilities		140,918,711

上述綜合財務狀況表應與隨附附註一併閱讀。

第94至255頁的綜合財務報表已於二零一九年二月二十八日經董事會批准並代為簽署。

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 94 to 255 were approved by the Board of Directors on 28 February 2019 and were signed on its behalf.

主席
Huang Xueliang
Chairman
黃學良

董事
Loong, Manfred Man-tsun
Director
龍文駿

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

		本公司擁有人應佔 Attributable to owners of the Company								
		股本	股份溢價	合併儲備	以股份為 基礎的 付款儲備	法定儲備	資本儲備	匯兌儲備	保留盈利	總權益
		Share capital	Share premium	Merger reserve	Share-based payment reserve	Statutory reserve	Capital reserve	Exchange reserve	Retained earnings	Total equity
		美元	美元	美元	美元	美元	美元	美元	美元	美元
		USD	USD	USD	USD	USD	USD	USD	USD	USD
截至二零一七年	For the year ended									
十二月三十一日止年度	31 December 2017									
於二零一七年一月一日的結餘	Balance at 1 January 2017	6,037	97,421,918	(48,810,141)	20,483,902	4,099,819	1,212,543	(1,584,853)	26,263,453	99,092,678
全面收益	Comprehensive income									
年內溢利	Profit for the year	—	—	—	—	—	—	—	11,098,868	11,098,868
換算差額	Translation differences	—	—	—	—	—	—	4,282,023	—	4,282,023
年內全面收益總額	Total comprehensive income for the year	—	—	—	—	—	—	4,282,023	11,098,868	15,380,891
與擁有人的交易	Transactions with owners									
以股份為基礎的薪酬	Share-based compensation	—	—	—	14,272	—	—	—	—	14,272
提取至法定儲備	Appropriation to statutory reserves	—	—	—	—	813,645	—	—	(813,645)	—
根據員工股份激勵計劃發行股份	Issuance of shares under employee share award scheme	20	302,563	—	—	—	—	—	—	302,583
行使購股權	Exercise of share options	83	1,219,046	—	(1,097,118)	—	—	—	—	122,011
二零一七年五月派付二零一六年相關股息	Dividend relating to 2016 paid in May 2017	—	(580,846)	—	—	—	—	—	—	(580,846)
與擁有人的交易，直接於權益確認	Transactions with owners, recognised directly in equity	103	940,763	—	(1,082,846)	813,645	—	—	(813,645)	(141,980)
於二零一七年十二月三十一日的結餘	Balance at 31 December 2017	6,140	98,362,681	(48,810,141)	19,401,056	4,913,464	1,212,543	2,697,170	36,548,676	114,331,589
即：	Representing:									
資本	Capital	6,140	—	—	—	—	—	—	—	6,140
儲備	Reserves	—	97,560,148	(48,810,141)	19,401,056	4,913,464	1,212,543	2,697,170	36,548,676	113,522,916
二零一七年建議末期派息	2017 final dividend proposed	—	802,533	—	—	—	—	—	—	802,533
		6,140	98,362,681	(48,810,141)	19,401,056	4,913,464	1,212,543	2,697,170	36,548,676	114,331,589

上述綜合權益變動表應與隨附附註一併閱讀。

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

		本公司擁有人應佔									
		Attributable to owners of the Company									
		以股份為 基礎的 付款儲備							非控股 權益		總權益
股本	股份溢價	合併儲備	Share-based	法定儲備	資本儲備	匯兌儲備	保留盈利	總計	Non-	總權益	
Share	Share	Merger	payment	Statutory	Capital	Exchange	Retained	Total	controlling	Total	
capital	premium	reserve	reserve	reserve	reserve	reserve	earnings	Total	interests	equity	
美元	美元	美元	美元	美元	美元	美元	美元	美元	美元	美元	
USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	
截至二零一八年 十二月三十一日止年度	For the year ended 31 December 2018										
於二零一八年一月一日的結餘	Balance at 1 January 2018										
	6,140	98,362,681	(48,810,141)	19,401,056	4,913,464	1,212,543	2,697,170	36,548,676	114,331,589	—	114,331,589
全面(虧損)/收益	Comprehensive (loss)/income										
年內溢利	—	—	—	—	—	—	—	1,317,734	1,317,734	(2,210)	1,315,524
換算差額	—	—	—	—	—	—	(3,805,517)	—	(3,805,517)	(1,505)	(3,807,022)
年內全面(虧損)/收益總額	Total comprehensive (loss)/income for the year										
	—	—	—	—	—	—	(3,805,517)	1,317,734	(2,487,783)	(3,715)	(2,491,498)
與擁有人的交易	Transactions with owners										
以股份為基礎的薪酬	—	—	—	187	—	—	—	—	187	—	187
行使購股權	186	3,422,799	—	(2,445,491)	—	—	—	—	977,494	—	977,494
收購附屬公司	—	—	—	—	—	—	—	—	—	244,195	244,195
二零一八年六月派付 二零一七年相關股息	—	(802,533)	—	—	—	—	—	—	(802,533)	—	(802,533)
與擁有人的交易，直接於權益確認	Transactions with owners, recognised directly in equity										
	186	2,620,266	—	(2,445,304)	—	—	—	—	175,148	244,195	419,343
於二零一八年十二月三十一日的結餘	Balance at 31 December 2018										
	6,326	100,982,947	(48,810,141)	16,955,752	4,913,464	1,212,543	(1,108,347)	37,866,410	112,018,954	240,480	112,259,434
即：	Representing:										
資本	Capital										
	6,326	—	—	—	—	—	—	—	6,326	—	6,326
儲備	Reserves										
	—	100,579,983	(48,810,141)	16,955,752	4,913,464	1,212,543	(1,108,347)	37,866,410	111,609,664	—	111,609,664
非控股權益	Non-controlling interests										
	—	—	—	—	—	—	—	—	—	240,480	240,480
二零一八年建議末期派息	2018 final dividend proposed										
	—	402,964	—	—	—	—	—	—	402,964	—	402,964
	6,326	100,982,947	(48,810,141)	16,955,752	4,913,464	1,212,543	(1,108,347)	37,866,410	112,018,954	240,480	112,259,434

上述綜合權益變動表應與隨附附註一併閱讀。

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

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

			二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
		附註 Note		
經營活動所得現金流量	Cash flows from operating activities			
經營所得現金	Cash generated from operations	32(a)	442,945	21,047,044
已付利息	Interest paid		(4,276)	—
已付所得稅	Income tax paid		(799,093)	(1,217,937)
經營活動(所用)/所得現金淨額	Net cash (used in)/generated from operating activities		(360,424)	19,829,107
投資活動所得現金流量	Cash flows from investing activities			
收購附屬公司付款， 扣除所得現金	Payment for acquisition of subsidiaries, net of cash acquired	35	(18,547,386)	—
購買物業、廠房及設備	Purchases of property, plant and equipment		(415,325)	(818,410)
出售物業、廠房及設備所得款項	Proceeds from disposal of property, plant and equipment	32(b)	320	217,319
短期銀行存款減少	Decrease in short-term bank deposits		3,523,375	9,745,647
受限制銀行存款增加	Increase in restricted bank deposit		(5,000,000)	—
已收利息收入	Interest income received		1,129,014	437,841
購買其他無形資產	Purchases of other intangible assets		(280,793)	(62,654)
購買透過損益按公平值入賬的 金融資產	Purchase of financial assets at fair value through profit or loss		(11,966,085)	(3,467,702)
投資活動(所用)/所得現金淨額	Net cash (used in)/generated from investing activities		(31,556,881)	6,052,041
融資活動所得現金流量	Cash flows from financing activities			
支付股息	Payment for dividend		(802,533)	(580,846)
銀行借款所得款項	Proceeds from bank borrowings	32(c)	5,335,126	—
行使購股權	Exercise of share options		977,494	122,011
融資活動所得/(所用)現金淨額	Net cash generated from/(used in) financing activities		5,510,087	(458,835)
現金及現金等價物(減少)/ 增加淨額	Net (decrease)/increase in cash and cash equivalents		(26,407,218)	25,422,313
年初現金及現金等價物	Cash and cash equivalents at beginning of year		84,100,969	56,409,071
現金及現金等價物匯率變動 之影響	Effect of exchange rate changes on cash and cash equivalents		(2,731,427)	2,269,585
年末現金及現金等價物	Cash and cash equivalents at end of year	21	54,962,324	84,100,969

上述綜合現金流量表應與隨附附註一併閱讀。

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 一般資料

國微技術控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要從事條件接收模塊(「視密卡」)及移動銷售終端(「mPOS」)機的開發及銷售，其可分別確保將數字內容分發及傳輸至電視及確保移動支付交易。年內本集團亦從事供應區塊鏈晶片及服務器。

年內，本公司收購於開曼群島註冊成立的獲豁免有限公司S2C Tech Inc.。S2C Tech Inc. 連同其附屬公司主要從事開發及銷售快速驗證系統及軟件。

本公司為於開曼群島註冊成立及存冊的有限公司。其於開曼群島的註冊辦事處為Maples Corporate Services Limited，位於PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands，而其於中華人民共和國(「中國」)的註冊辦事處位於中國深圳市南山區高新科技園南區高新南一道國微大廈。

本公司在香港聯合交易所有限公司主板上市。

除非另有指明，否則綜合財務報表以美元(「美元」)呈列。

1 GENERAL INFORMATION

SMIT Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in the development and sales of conditional access modules (“CAM”) and mobile point-of-sales (“mPOS”) that enable secure distribution and delivery of digital content to television and secure mobile payment transactions respectively. The Group is also engaged in the supply of blockchain chipsets and servers during the year.

During the year, the Company acquired S2C Tech Inc., an exempted company incorporated in the Cayman Islands with limited liability. S2C Tech Inc., together with its subsidiaries, are principally engaged in the development and sales of rapid verification system and software.

The Company is a limited liability company incorporated and domiciled in the Cayman Islands. The address of its registered office in the Cayman Islands is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and its registered office in the People’s Republic of China (the “PRC”) is SSMEC Building, Gao Xin Nan First Avenue, High-Tech Park South, Nanshan District, Shenzhen, PRC.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements are presented in United States dollars (“USD”), unless otherwise stated.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要

編製該等綜合財務報表所應用的主要會計政策載列如下。除非另有指明，否則該等政策於呈列的所有年度一直貫徹採用。

2.1 編製基準

本集團的綜合財務報表乃根據香港財務報告準則（「香港財務報告準則」）及香港公司條例（第622章）的規定編製。綜合財務報表乃按歷史成本法編製，結合透過損益按公平值入賬的金融資產及應付或有代價（按公平值計量）修訂。

按照香港財務報告準則編製綜合財務報表需要使用若干重要會計估計，亦需要管理層在應用本集團會計政策的過程中作出判斷。涉及較高程度判斷或複雜性較高的領域，或對綜合財務報表而言屬重大的假設及估計的領域披露於附註4。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss and contingent consideration payable, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.1 編製基準(續)

(a) 本集團採納的新訂及經修訂準則

本集團已於二零一八年一月一日開始的年度報告期間首次應用以下準則及修訂：

香港會計準則第 40 號(修訂本)

HKAS 40 (Amendment)

香港財務報告準則第 2 號(修訂本)

HKFRS 2 (Amendment)

香港財務報告準則第 4 號(修訂本)

HKFRS 4 (Amendment)

香港財務報告準則第 9 號

HKFRS 9

香港財務報告準則第 15 號

HKFRS 15

香港財務報告準則第 15 號(修訂本)

HKFRS 15 (Amendment)

香港(國際財務報告詮釋委員會)－詮釋第 22 號

HK(IFRIC)-Int 22

年度改進項目(修訂本)

Annual Improvements Project (Amendment)

採納附註 2.2 所披露的香港財務報告準則第 9 號及香港財務報告準則第 15 號後本集團須變更其會計政策。採納其他新訂及經修訂準則並無對本期間或任何過往期間產生任何重大影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

投資性房地產的轉讓

Transfers of Investment Property

以股份為基礎的付款交易的分類及計量

Classification and Measurement of

Share-Based Payment Transactions

應用香港財務報告準則第 9 號

金融工具時一併應用香港

財務報告準則第 4 號保險合約

Applying HKFRS 9 Financial

Instruments with HKFRS 4

Insurance Contracts

金融工具

Financial Instruments

與客戶之間的合同產生的收入

Revenue from Contracts with Customers

香港財務報告準則第 15 號之澄清

Clarifications to HKFRS 15

外幣交易及提前考慮

Foreign Currency Transactions and

Advance Consideration

年度改進(二零一四年至二零一六年週期)

Annual Improvements 2014 – 2016 Cycle

The Group had to change its accounting policies following the adoption of HKFRS 9 and HKFRS 15 which are disclosed in Note 2.2. The adoption of other new and amended standards did not have any material impact on the current period or any prior periods.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.1 編製基準(續)

(b) 本集團尚未採納的新訂及經修訂準則及詮釋

以下為已頒佈但尚未於二零一八年一月一日開始的財政年度生效的新訂及經修訂準則及新詮釋，本集團並未提前採納此等準則及詮釋。

		於下列日期或 之後開始的 會計年度生效 Effective for accounting year beginning on or after
香港會計準則第19號(修訂本) HKAS 19 (Amendment)	計劃修訂、縮減或結清 Plan Amendment, Curtailment or Settlement	二零一九年一月一日 1 January 2019
香港會計準則第28號(修訂本) HKAS 28 (Amendment)	於聯營公司及合營企業的長期權益 Long-term Interests in Associates and Joint Ventures	二零一九年一月一日 1 January 2019
香港財務報告準則第9號(修訂本) HKFRS 9 (Amendment)	具負補償的預付款項特性 Prepayment Features with Negative Compensation	二零一九年一月一日 1 January 2019
香港財務報告準則第16號 HKFRS 16	租賃 Leases	二零一九年一月一日 1 January 2019
香港財務報告準則第17號 HKFRS 17	保險合約 Insurance Contracts	二零二一年一月一日 1 January 2021
香港財務報告準則第10號及 香港會計準則第28號(修訂本) HKFRS 10 and HKAS 28 (Amendments)	投資者及其聯營公司或合營企業之間 資產出售或注資 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	待釐定 To be determined
香港(國際財務報告 詮釋委員會)－詮釋第23號 HK(IFRIC)-Int 23	不確定所得稅的處理 Uncertainty over Income Tax Treatments	二零一九年一月一日 1 January 2019
年度改進項目(修訂本) Annual Improvements Project (Amendment)	年度改進(二零一五年至二零一七年週期) Annual Improvements 2015 – 2017 Cycle	二零一九年一月一日 1 January 2019
二零一八年財務報告概念框架 Conceptual Framework for Financial Reporting 2018	經修訂財務報告概念框架 Revised Conceptual Framework for Financial Reporting	二零二零年一月一日 1 January 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards and interpretations not yet adopted by the Group

The following new and amended standards and new interpretations have been issued but are not effective for the financial year beginning on 1 January 2018 and have not been early adopted by the Group.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.1 編製基準(續)

(b) 本集團尚未採納的新訂及經修訂準則及詮釋(續)

該等新訂及經修訂準則生效後，本集團將採納該等新訂及經修訂準則。本集團已評估採納上述新訂及經修訂準則及新詮釋產生的有關影響，除下文載列者外，預期概不會對本集團的綜合財務報表造成重大影響：

香港財務報告準則第16號「租賃」*變動的性質*

香港財務報告準則第16號於二零一六年一月頒佈，其將導致承租人將幾乎所有租賃於綜合財務狀況表內確認，此乃由於經營與融資租賃的劃分已被刪除。根據新準則，資產(該租賃項目的使用權)與支付租金的金融負債被確認。豁免僅適用於短期及低價值租賃。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) **New and amended standards and interpretations not yet adopted by the Group** (Continued)

The Group will adopt the new and amended standards when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new and amended standards and new interpretations, none of which is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 16 “Leases”*Nature of change*

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.1 編製基準(續)

(b) 本集團尚未採納的新訂及經修訂準則及詮釋(續)

香港財務報告準則第16號「租賃」(續)

影響

此準則將主要影響本集團經營租賃之會計處理。於報告日期，本集團有不可撤銷的經營租賃承擔2,587,721美元(附註34)。

香港財務報告準則第16號載列租賃會計處理的新規定，當中不再允許承租人於綜合財務狀況表外確認租賃，而將所有租賃均須以資產(若為使用權)及金融負債(若為付款責任)的形式於綜合財務狀況表內確認。少於十二個月的短期租賃及低價值資產租賃獲豁免遵守申報責任。因此，新準則將導致本集團綜合財務狀況表內終止確認預付經營租賃，增加使用權資產及增加租賃負債。於本集團綜合收益表內，在相同情況下，預付經營租賃的年租及攤銷開支將會減少，而金融負債所產生的使用權資產折舊及利息開支將會增加。

本集團預期，相較現行會計政策，採納香港財務報告準則第16號將不會對本集團業績產生重大影響，且預期有關租賃承擔的資產使用權及租賃負債將須於綜合財務狀況表中確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards and interpretations not yet adopted by the Group (Continued)

HKFRS 16 "Leases" (Continued)

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of USD2,587,721 (Note 34).

HKFRS 16 provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the consolidated statement of financial position. Instead, all leases must be recognised in the form of assets (for the right of use) and financial liabilities (for the payment obligations) in the consolidated statement of financial position. Short-term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation. The new standard will therefore result in derecognition of prepaid operating leases, increase in right-of-use assets and increase in lease liabilities in the Group's consolidated statement of financial position. In the Group's consolidated income statement, the annual rental and amortisation expenses of prepaid operating lease under otherwise identical circumstances will decrease, while depreciation of right of use of assets and interest expense arising from the financial liabilities will increase.

The Group does not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results and it is expected that right of use asset and lease liabilities of these lease commitments will be required to be recognised in the consolidated statement of financial position.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.1 編製基準(續)

(b) 本集團尚未採納的新訂及經修訂準則及詮釋(續)

*香港財務報告準則第16號「租賃」(續)**本集團採納之日期*

本集團將自該準則強制採納日期二零一九年一月一日起應用該準則。本集團擬應用簡單過渡方式，且將不會重列首次採納之前年度的比較數字。物業租賃使用權資產將於過渡時計量，猶如已一直應用新規則。所有其他使用權資產將於採用時按租賃負債的金額計量(經任何預付或應付租賃開支調整)。

概無其他尚未生效的準則預期會對本集團現時或未來之報告期，以及可預見未來之交易產生重大影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) **New and amended standards and interpretations not yet adopted by the Group** (Continued)*HKFRS 16 "Leases"* (Continued)*Date of adoption by the Group*

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.2 會計政策的變動

本附註解釋採納香港財務報告準則第9號及香港財務報告準則第15號對本集團綜合財務報表的影響。

(a) 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號取代香港會計準則第39號有關金融資產及金融負債的確認、分類及計量、終止確認金融工具、金融資產減值及對沖會計的條文。

於二零一八年一月一日起採納香港財務報告準則第9號「金融工具」引致會計政策變動。新會計政策載於下文附註2.10。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the Group's consolidated financial statements.

(a) HKFRS 9 “Financial Instruments”

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 “Financial Instruments” from 1 January 2018 resulted in changes in accounting policies. The new accounting policies are set out in Note 2.10 below.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.2 會計政策的變動(續)

(a) 香港財務報告準則第9號「金融工具」(續)

(i) 分類及計量

於二零一八年一月一日(初步應用香港財務報告準則第9號之日)，本集團管理層評估應就本集團所持有的金融資產採用何種業務模式，並已將其金融工具分類至香港財務報告準則第9號項下適當的類別。此分類所產生之主要影響如下：

金融資產

Financial assets

貿易應收款項
Trade receivables
票據及其他應收款項
Notes and other receivables
短期銀行存款
Short-term bank deposits
現金及現金等價物
Cash and cash equivalents
透過損益按公平值入賬的金融資產
Financial assets at fair value through profit or loss

金融負債

Financial liabilities

貿易應付款項
Trade payables
應計費用及其他應付款項
Accruals and other payables

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

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

(i) Classification and measurement

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

根據香港會計準則
第39號計量類別Measurement Category
under HKAS 39根據香港財務報告準則
第9號計量類別Measurement Category
under HKFRS 9

攤銷成本	攤銷成本
Amortised cost	Amortised cost
攤銷成本	攤銷成本
Amortised cost	Amortised cost
攤銷成本	攤銷成本
Amortised cost	Amortised cost
攤銷成本	攤銷成本
Amortised cost	Amortised cost
透過損益按公平值入賬	透過損益按公平值入賬
Fair value through profit or loss	Fair value through profit or loss
攤銷成本	攤銷成本
Amortised cost	Amortised cost
攤銷成本	攤銷成本
Amortised cost	Amortised cost

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.2 會計政策的變動(續)

(a) 香港財務報告準則第9號「金融工具」(續)

(ii) 金融資產減值

本集團的重大金融資產受新的預期信用損失模型所規限，包括貿易應收款項以及票據及其他應收款項。

儘管現金及現金等價物亦須遵守香港財務報告準則第9號的減值要求，但已確認的減值損失並不重大。

就票據及其他應收款項而言，管理層認為其信用風險自初步確認後並未因參考對方歷史違約率及當前財務狀況而大幅增加。按12個月預期信用損失釐定的減值撥備為零。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

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

(ii) Impairment of financial assets

The Group’s significant financial assets which are subject to the new expected credit loss model include trade receivables and notes and other receivables.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

For notes and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is zero.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.2 會計政策的變動(續)

(a) 香港財務報告準則第9號「金融工具」(續)

(ii) 金融資產減值(續)

就貿易應收款項而言，本集團應用香港財務報告準則第9號所訂明的簡化方法就預期信用損失作出撥備，該規定允許對所有貿易應收款項採用全期的預期損失。為計量預期信用損失，貿易應收款項已根據攤佔信用風險特點及過期天數分類。於二零一八年一月一日，採用香港財務報告準則第9號規定的簡化預計損失方法並未導致貿易應收款項產生任何額外減值損失。

當不存在可收回的合理預期時，本集團會核銷貿易應收款項。該情況通常出現在本集團認為債務人沒有資產或收入來源可產生足夠現金流量以償還應撇銷的金額。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

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

(ii) *Impairment of financial assets* (Continued)

For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade receivables as at 1 January 2018.

Trade receivables are written off when there is no reasonable expectation 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.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.2 會計政策的變動(續)

(b) 香港財務報告準則第15號「與客戶之間的合同產生的收入」

自二零一八年一月一日起，本集團已採納香港財務報告準則第15號「與客戶之間的合同產生的收入」，導致會計政策變更。根據香港財務報告準則第15號的過渡性條文，比較數字尚未重列。

(i) 採納香港財務報告準則第15號對本集團之綜合財務狀況之影響如下：

採納香港財務報告準則第15號的影響與合約負債的列報有關。於二零一八年一月一日進行重新分類，以與香港財務報告準則第15號所用術語一致：

- 預先從客戶收到的合約負債之前列報為應計費用及其他應付款項。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) HKFRS 15 “Revenue from Contracts with Customer”

The Group has adopted HKFRS 15 “Revenue from Contracts with Customers” from 1 January 2018 which resulted in changes in accounting policies. In accordance with the transitional provisions in HKFRS 15, comparative figures have not been restated.

(i) The impact on the Group’s consolidated financial position by the application of HKFRS 15 is as follows:

The effects of the adoption of HKFRS 15 are related to presentation of contract liabilities. Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities for receipt in advance from customers were previously presented as accruals and other payables.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.2 會計政策的變動(續)

(b) 香港財務報告準則第15號「與客戶之間的合同產生的收入」(續)

- (i) 採納香港財務報告準則第15號對本集團之綜合財務狀況之影響如下：
(續)

總括而言，於二零一八年一月一日首次應用當日對綜合財務狀況表所確認的金額作出以下調整：

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) HKFRS 15 "Revenue from Contracts with Customer" (Continued)

- (i) The impact on the Group's consolidated financial position by the application of HKFRS 15 is as follows:
(Continued)

In summary, the following adjustments were made to the amounts recognised in the consolidated statement of financial position at the date of initial application on 1 January 2018:

	香港會計準則 第18號賬面值 HKAS 18 carrying amount 於二零一七年 十二月三十一日 as at 31 December 2017 美元 USD	重新分類 Reclassification	香港 財務報告準則 第15號賬面值 HKFRS 15 carrying amount 於二零一八年 一月一日 as at 1 January 2018 美元 USD	
綜合財務狀況表(摘錄)	Consolidated statement of financial position (extract)			
應計費用及其他應付款項	Accruals and other payables	7,670,160	(763,981)	6,906,179
合約負債	Contract liabilities	—	763,981	763,981

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.2 會計政策的變動(續)

(b) 香港財務報告準則第15號「與客戶之間的合同產生的收入」(續)

(ii) 已確認有關合約負債的收益

本集團於若干客戶履行合約前向彼等收取款項。下表顯示於本報告期間已確認與承前合約負債有關的收益金額。

	截至二零一八年 十二月三十一日 止年度 Year ended 31 December 2018 美元 USD
年初計入於合約負債結餘的已確認收益	Revenue recognised that was included in the contract liabilities balance at the beginning of the year
	258,438

(iii) 有關貨品銷售的未履行合約

本集團已採取權宜之法豁免披露其餘履約責任，乃由於所有相關合約為期一年或以下。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(b) HKFRS 15 "Revenue from Contracts with Customer" (Continued)

(ii) Revenue recognised in relation to contract liabilities

The Group receives payments from certain customers in advance of the performance under the contracts. The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

(iii) Unsatisfied contracts related to sales of goods

The Group has applied the practical expedient to exempt the disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.3 附屬公司

(a) 合併入賬

附屬公司為本集團擁有控制權的所有實體。當本集團透過參與該實體的活動而獲得或享有可變回報，且有能力透過其對該實體的權力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移至本集團當日起合併入賬，並自控制權終止當日起終止合併入賬。

集團間交易、集團公司間的交易結餘及未變現收益會予以對銷。未變現虧損亦會予以對銷。附屬公司的會計政策經已於必要時變更，以確保與本集團採納的政策一致。

當本集團失去控制權時，於實體的任何保留權益按失去控制權當日的公平值重新計量，賬面值變動於綜合收益表確認。就其後入賬列作聯營公司、合資企業或金融資產的保留權益而言，其公平值為初始賬面值。此外，先前於其他全面收益確認與該實體有關的任何金額按猶如本集團已直接出售有關資產或負債的方式入賬。此可能意味著先前在其他全面收益確認的金額重新分類至綜合收益表。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Subsidiaries

(a) Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.3 附屬公司(續)

(b) 獨立財務報表

於附屬公司的投資按成本扣除減值入賬。成本包括投資的直接應佔成本。附屬公司的業績由本公司按已收及應收股息基準入賬。

倘股息超出附屬公司於宣派股息期間的全面收益總額，或獨立財務報表的投資賬面值超出綜合財務報表所示被投資公司的資產淨值(包括商譽)的賬面值，則於收取該等投資的股息時須對該等附屬公司的投資進行減值測試。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Subsidiaries (Continued)

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.4 業務合併

本集團採用收購會計法將所有業務合併入賬，而不論是否已收購權益工具或其他資產。收購一間附屬公司轉讓的代價包括：

- 所轉讓資產的公平值；
- 被收購業務前擁有人所產生的負債；
- 本集團已發行股權；
- 或然代價安排產生的任何資產或負債公平值；及
- 於附屬公司的任何先前股權的公平值。

在業務合併中所收購的可識別資產以及所承擔的負債及或然負債初步按其於收購日期的公平值計量(少數例外情況除外)。本集團根據個別收購基準按公平值或非控股股東權益享有被收購實體可識別資產淨值的份額比例確認於被收購實體的任何非控股權益。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.4 業務合併(續)

收購相關成本於產生時支銷。

所轉讓代價、被收購實體的任何非控股權益金額及先前於被收購實體的任何股權於收購日期的公平值超出所收購可識別資產淨值的公平值時，其差額以商譽列賬。倘該等款項低於所收購業務的可識別資產淨值的公平值，則差額將直接於損益中確認為議價購買。

倘任何部分現金代價的結算獲遞延，日後應付金額貼現至彼等於兌換日期的現值。所用的貼現率乃該實體的新增借貸利率，即根據相若的條款及細則可從獨立金融家獲得同類借貸的利率。或然代價分類為權益或金融負債。分類為金融負債的金額隨後重新計量其公平值，而公平值變動則於損益內確認。

2.5 分部報告

經營分部的報告方式與向主要營運決策人提供的內部報告方式一致。主要營運決策人(「主要營運決策人」)負責分配資源及評估經營分部的表現，主要營運決策人已被確定為作出策略決策的本公司執行董事。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combination (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company who make strategic decisions.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.6 外幣換算

(a) 功能及呈列貨幣

本集團旗下各實體的財務報表所載項目均採用有關實體經營所在主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務報表以本公司的功能貨幣及本集團的呈列貨幣美元呈列。

(b) 交易及結餘

外幣交易按交易當日或項目重新計量的估值日期的匯率換算為功能貨幣。結算該等交易及按年末匯率換算以外幣計值的貨幣資產及負債而產生的外匯收益及虧損一般於綜合收益表確認。

按公平值計量及以外幣計值的非貨幣項目按釐定公平值當日的匯率換算。按公平值入賬的資產及負債的匯兌差額乃呈報為公平值收益或虧損的一部分。例如，非貨幣資產及負債(如透過損益按公平值入賬而持有的權益)的匯兌差額於綜合收益表確認為公平值收益或虧損的一部分。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements is presented in USD, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated at foreign currencies at year-end exchange rates are generally recognised in the consolidated income statement.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in the consolidated income statement as part of the fair value gains or losses.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.6 外幣換算(續)

(c) 集團公司

功能貨幣與呈列貨幣不同的境外營運(其概無嚴重通脹經濟的貨幣)的業績及財務狀況按以下方式換算為呈列貨幣：

- 各財務狀況表呈列的資產及負債按該財務狀況表日期的收市匯率換算；
- 各收益表及全面收益表的收入及支出按平均匯率(除非該匯率並非於交易日期的現行匯率累計影響的合理約數，在此情況下，收入及開支於交易日期換算)換算；及
- 就此產生的所有貨幣換算差額於其他全面收益確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.6 外幣換算(續)

(c) 集團公司(續)

於合併入賬時，因換算於境外實體的任何投資淨額所產生的匯兌差額於其他全面收益確認。當境外營運被出售時，相關匯兌差額則作為出售收益或虧損的一部分重新分類至綜合收益表。

因收購境外營運而產生的商譽及公平值調整被視為該境外營運的資產及負債，並按收市匯率換算。

(d) 出售境外營運及部分出售

對於出售境外營運(即本集團於境外營運的全部權益的出售或涉及喪失對一家附屬公司(含境外營運)的控制權的出售)，本公司擁有人應佔的於權益累計有關該營運的全部貨幣匯兌差額乃重新分類至綜合收益表。

在未導致本集團喪失對一家附屬公司(含境外營運)的控制權的部分出售的情況下，累計貨幣換算差額按比例分佔的份額重新歸屬於非控股權益且不會於綜合收益表確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies (Continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to the consolidated income statement, as part of the gain or loss on sale.

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.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the consolidated income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.7 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊及累計減值虧損列賬。歷史成本包括收購項目直接應佔支出。

其後成本僅於與該項目有關的未來經濟利益有可能流入本集團，且該項目的成本能可靠計量時，方會列入資產的賬面值或確認為獨立資產(如適用)。入賬列為獨立資產的任何部分的賬面值於被替換時取消確認。所有其他維修及保養均於其產生的報告期間於綜合收益表扣除。

物業、廠房及設備折舊採用直線法計算，以於彼等估計可使用年內分配成本，如下：

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is 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 any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged in the consolidated income statement during the reporting period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.7 物業、廠房及設備(續)

租賃物業裝修

Leasehold improvements

傢俬、裝置及設備

Furniture, fixtures and equipment

汽車

Motor vehicles

資產的可使用年期於各報告期末檢討，並在適當情況下作出調整。

倘資產的賬面值高於其估計可收回金額，則其賬面值即時撇減至其可收回金額(附註2.9)。

出售的收益及虧損乃透過比較所得款項淨額與相關資產的賬面值釐定，並於綜合收益表內的「一般及行政開支」內確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment (Continued)

租期或5年(以較短期限為準)

Shorter of lease term or 5 years

3至5年

3 – 5 years

5至10年

5 – 10 years

The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amounts of the relevant assets, and are recognised within 'general and administrative expenses' in the consolidated income statement.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.8 無形資產

(a) 商譽

收購附屬公司的商譽納為無形資產。商譽不予攤銷，惟每年進行減值測試，或如事件或情況轉變顯示可能存在減值，則更頻密地測試，並按成本減去累計減值虧損列賬。出售實體的收益及虧損包括與所出售實體有關的商譽的賬面值。

商譽會被分配至現金產生單位以進行減值測試。有關分配乃向預期將從商譽產生的業務合併中獲益的該等現金產生單位或現金產生單位組別作出。單位或單位組別乃就內部管理目的而於監察商譽的最低層次(即經營分部)識別。

(b) 其他無形資產

其他無形資產包括電腦軟件及許可使用權。彼等按成本減累計攤銷及減值虧損(如有)入賬。攤銷採用直線法於彼等估計可使用年期3至15年內計算。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Other intangible assets

Other intangible assets consist of computer software and licence use rights. They are carried at cost less accumulated amortisation and impairment loss, if any. Amortisation is computed using the straight-line method over their estimated useful lives of 3 to 15 years.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.8 無形資產(續)

(c) 研發成本

研究活動有關的成本在產生時確認為開支。由本集團控制的可識別資產在設計及測試中直接應佔開發成本在符合以下標準後方獲確認為無形資產：

- (i) 完成產品以致其可供使用在技術上可行；
- (ii) 管理層擬完成產品以及使用或出售產品；
- (iii) 有能力使用或出售產品；
- (iv) 能證實產品將如何產生未來可能出現的經濟利益；
- (v) 擁有足夠技術、財務及其他資源完成開發，並且可使用或出售產品；及
- (vi) 產品在其開發期間內應佔的開支可被可靠計量。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets (Continued)

(c) Research and development costs

Costs associated with research activities are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable assets controlled by the Group are recognised as intangible assets when the following criteria are met:

- (i) it is technically feasible to complete the product so that it will be available for use;
- (ii) management intends to complete the product and use or sell it;
- (iii) there is an ability to use or sell the product;
- (iv) it can be demonstrated how the product will generate probable future economic benefits;
- (v) adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- (vi) the expenditure attributable to the product during its development can be reliably measured.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.8 無形資產(續)

(c) 研發成本(續)

資本化為產品一部分的直接應佔成本包括產品開發僱員成本及相關生產費用的適當部分。

未能符合該等標準的其他開發開支將在產生時確認為開支。過往確認為開支的開發成本並不會於往後期間確認為資產。

2.9 非金融資產減值

倘發生事件或情況變動，表明賬面值可能無法收回時，則會審閱須作出折舊或攤銷的資產的減值情況。減值虧損按資產賬面值超出其可收回金額的金額確認。可收回金額為資產公平值減銷售成本與使用價值兩者中的較高者。就評估減值而言，資產按可獨立識別現金流量(現金產生單位)的最低水平劃分組別。除商譽外，遭受減值的非金融資產於各報告日期檢討減值可否撥回。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Intangible assets (Continued)

(c) Research and development costs (Continued)

Directly attributable costs that are capitalised as part of the product include the product development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.9 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產

(a) 分類

自二零一八年一月一日起，本集團按以下計量類別對金融資產進行分類：

- 其後按公平值計量(不論計入其他全面收益(「其他全面收益」)或損益)的金融資產；及
- 按攤銷成本計量的金融資產。

該分類取決於該實體管理金融資產的業務模式以及合約現金流量特徵。

對於按公平值計量的金融資產，其收益及虧損計入損益或其他全面收益。對於非持作交易的權益工具投資，其將取決於本集團在初始確認時是否作出不可撤銷的選擇而將其按公平值計入其他全面收益(「按公平值計入其他全面收益」)入賬。

僅當管理該等資產的業務模式發生變化時，本集團才對債務投資進行重新分類。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets

(a) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (“OCI”) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產(續)

(b) 確認及終止確認

常規方式購買及出售的金融資產於交易日確認。交易日是指本集團承諾購買或出售資產的日期。當收取金融資產現金流量的權利已到期或已轉讓，且本集團已轉移金融資產所有權上絕大部份風險及報酬，金融資產即終止確認。

(c) 計量

於初步計量時，本集團按金融資產的公平值另加(倘金融資產並非按公平值計入損益(「按公平值計入損益」))收購金融資產直接應佔的交易成本計量金融資產。按公平值計入損益的金融資產之交易成本於綜合收益表支銷。

在確定具有嵌入衍生工具的金融資產的現金流量是否僅支付本金和利息時，需從金融資產的整體進行考慮。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, which is the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產(續)

(c) 計量(續)

債務工具

債務工具的後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量種計量類別：

攤銷成本：為收取合約現金流量而持有，且現金流量僅為支付本金及利息之資產按攤銷成本計量。該等金融資產之利息收入按實際利率法計入財務收入。終止確認產生的任何收益或虧損直接於損益確認，並於其他收益／(虧損)中與外匯收益及虧損一併列示。減值虧損於綜合收益表中作為獨立項目列示。

按公平值計入損益：不符合攤銷成本標準或按公平值計入其他全面收益的資產乃按公平值計入損益計量。隨後按公平值計入損益計量的債務投資的收益或虧損於損益中確認，並於產生期間按淨額呈列於其他收益／(虧損)中。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(c) Measurement (Continued)

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 two measurement categories into which the Group classifies its debt instruments:

Amortised cost: 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. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產(續)

(c) 計量(續)

股本工具

本集團所有股本投資隨後按公平值計量。倘本集團管理層已選擇將股本投資的公平值收益及虧損於其他全面收益呈列，則終止確認投資後，概無後續重新分類公平值收益及虧損至損益。本集團收取付款的權利確立時，有關投資的股息繼續於損益中確認為其他收入。

按公平值計入損益的金融資產公平值變動乃於綜合損益表中其他收益／(虧損)中確認(如適用)。按公平值計入其他全面收益計量的股本投資減值虧損(及減值虧損之撥回)不會與其他公平值變動分開呈報。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(c) Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產(續)

(d) 減值

自二零一八年一月一日起，本集團按前瞻性基準評估按攤銷成本列賬的債務工具相關的預期信用損失。所採用減值方法視乎信用風險是否大幅增加而定。

對於貿易應收款項，本集團採用香港財務報告準則第9號允許的簡化方法，該方法要求從應收款項的初始確認中確認全期的預期損失，詳情見附註3.1(b)(ii)及附註18。

對於應收票據及其他應收款項，減值撥備乃按12個月預期信用損失釐定。

(e) 二零一七年十二月三十一日前應用的會計政策

本集團已追溯應用香港財務報告準則第9號，但選擇不重列比較數據。因此，所提供的比較資料繼續按本集團的先前會計政策進行入賬。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(d) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 (b)(ii) and Note 18 for further details.

For notes and other receivables, the impairment provision is determined based on the 12-month expected credit losses.

(e) Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產(續)

(e) 二零一七年十二月三十一日前應用的會計政策(續)

(i) 分類

本集團將其金融資產分為以下類別：透過損益按公平值入賬的金融資產以及貸款及應收款項。該分類取決於收購金融資產的目的。管理層於初步確認時釐定其金融資產的分類。

– 透過損益按公平值入賬的金融資產

透過損益按公平值入賬的金融資產為開始時指定透過損益按公平值入賬及並無分類為持作買賣但受到管理的金融資產，該等金融資產的表現按公平值基礎評估。倘該類資產預計於報告期末後十二個月內結算，則呈列為流動資產，否則分類為非流動資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(e) Accounting policies applied until 31 December 2017 (Continued)

(i) Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

– *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets designated at fair value through profit or loss at inception that are not classified as held for trading, but are managed, and their performance is evaluated on a fair value basis. Assets in this category are presented as current assets if they are expected to be settled within twelve months after the end of the reporting period; otherwise, they are classified as non-current assets.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產(續)

(e) 二零一七年十二月三十一日前應用的會計政策(續)

(i) 分類(續)

– 貸款及應收款項

貸款及應收款項為於活躍市場並無報價、具有固定或可確定付款額的非衍生金融資產。倘款項預期於一年或以內收回，則分類為流動資產，否則分類為非流動資產。本集團的貸款及應收款項包括綜合財務狀況表中的貿易及其他應收款項、短期銀行存款及現金及現金等價物。

(ii) 確認及取消確認

以常規方式購買及出售金融資產於交易日期(即本集團承諾購買或出售資產的日期)確認。倘從金融資產中收取現金流量的權利已屆滿或已轉讓且本集團已轉讓擁有權的絕大部分風險及回報，則終止確認金融資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(e) Accounting policies applied until 31 December 2017 (Continued)

(i) Classification (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. If collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, short-term bank deposits and cash and cash equivalents in the consolidated statements of financial position.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, i.e. the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產(續)

(e) 二零一七年十二月三十一日前應用的會計政策(續)

(iii) 計量

於初步確認時，本集團按金融資產的公平值另加(如為並非透過損益按公平值入賬的金融資產)收購該金融資產直接應佔的交易成本計量金融資產。透過損益按公平值入賬的金融資產的交易成本於綜合收益表支銷。

貸款及應收款項隨後採用實際利率法按攤銷成本入賬。

透過損益按公平值入賬的金融資產隨後按公平值入賬。公平值變動導致的收益或虧損於綜合收益表「其他收益／(虧損)，淨額」內確認。

透過損益按公平值入賬的金融資產的股息於本集團收取付款的權利確立時於綜合收益表中確認為其他收入的一部分。透過損益按公平值入賬的金融資產以及貸款及應收款項採用實際利率法計算的利息收入列入綜合收益表「融資收入」內。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(e) Accounting policies applied until 31 December 2017 (Continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated income statement.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised in the consolidated income statement within "other gains/(losses), net".

Dividends on financial assets at fair value through profit or loss are recognised in consolidated income statement as part of other income when the Group's right to receive payments is established. Interest income from financial assets at fair value through profit or loss and loans and receivables calculated using the effective interest method is included in the consolidated income statement within "finance income, net".

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.10 金融資產(續)

(e) 二零一七年十二月三十一日前應用的會計政策(續)

(iii) 計量(續)

如何釐定金融工具公平值的詳情於附註3.3披露。

(iv) 減值

本集團於各報告期評估是否存在客觀證據證明一項金融資產或一組金融資產出現減值。僅當因資產的初步確認後發生一宗或多宗事件(「虧損事件」)導致存在客觀減值證據，而虧損事件對一項金融資產或一組金融資產的估計未來現金流量所造成的影響能可靠估計時，則該項金融資產或該組金融資產出現減值及產生減值虧損。

2.11 抵銷金融工具

倘存在一項可合法執行權利以抵銷已確認金額，且有意按淨額基準結算或同時變現資產及清償負債的情況下，金融資產與負債方可予抵銷，並將淨金額列入綜合財務狀況表內。可合法執行權利不得取決於未來事件，且於正常業務過程中及本公司或交易對手違約、無償還能力或破產的情況下均可執行。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

(e) Accounting policies applied until 31 December 2017 (Continued)

(iii) Measurement (Continued)

Details on how the fair value of financial instruments is determined are disclosed in Note 3.3.

(iv) Impairment

The Group assesses at each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.12 存貨

存貨按成本與可變現淨值兩者中的較低者入賬。成本按加權平均法釐定。製成品的成本包括原材料、直接勞工、其他直接成本及相關生產開支(基於日常經營能力)。其不包括借款成本。可變現淨值為於日常業務過程中的估計售價減適用可變銷售開支。

2.13 貿易應收款項

貿易應收款項為於日常業務過程中向客戶出售商品或提供服務的應收款項。倘貿易及其他應收款項預期於一年或以內收回，則歸類為流動資產，否則分類為非流動資產。

貿易及其他應收款項初步按公平值確認而隨後採用實際利率法按攤銷成本扣除減值撥備計量。有關本集團的貿易及其他應收款項會計處理的進一步資料見附註2.10及有關本集團減值政策的描述見附註3.1(b)。

2.14 現金及現金等價物

於呈列綜合現金流量表而言，現金及現金等價物包括手頭現金及原到期日為三個月或以內的活期銀行存款。

2.15 受限制銀行存款

受限制銀行存款為因銀行融資作為抵押品而向銀行抵押的現金。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. Cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are classified as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 2.10 for further information about the Group's accounting for trade and other receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.14 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with banks with original maturities of three months or less.

2.15 Restricted bank deposit

Restricted bank deposit represent the amounts of cash pledged as collateral to banks for the bank facilities.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.16 股本

普通股歸類為權益。

發行新股份或購股權直接應佔增額成本於權益中呈列為除稅後所得款項減少。

2.17 貿易及其他應付款項

該等款項指於財政年度末前向本集團所提供未獲支付貨品及服務的負債。該等款項為無抵押。除非款項於報告期末後十二個月內到期，否則貿易及其他應付款項呈列為流動負債。該等款項初步按其公平值確認而隨後採用實際利率法按攤銷成本計量。

2.18 借款

借款初步按公平值(經扣除已產生的交易成本)確認。借款其後按攤銷成本計量。所得款項(經扣除交易成本)與償債價值之間的差額乃按實際利息法於借款期間在損益內確認。在貸款很有可能部分或全部提取的情況下，就設立貸款融資支付的費用乃確認為貸款的交易成本。在此情況下，該費用將遞延至提取貸款發生時。在並無跡象顯示該貸款很有可能部分或全部提取的情況下，該費用撥充資本作為流動資金服務的預付款，並於其相關融資期間內予以攤銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.18 借款(續)

當合約中規定的責任解除、取消或屆滿時，借款從綜合財務狀況表中剔除。已消除或轉讓予另一方的金融負債的賬面值與已支付代價(包括任何已轉讓的非現金資產或所承擔的負債)之間的差額，在損益中確認為財務成本。

如金融負債的條款重新商討，而實體向債權人發行股權票據，以消除全部或部分負債(權益與債務掉期)，該項金融負債賬面值與所發行權益票據公平值的差額在損益表中確認為收益或虧損。

除非本集團擁有不附加任何條件的權利將償債時間推遲至報告期後至少12個月，否則借款將分類為流動負債。

2.19 借款成本

因收購、建設或生產合資格資產而直接產生的一般及特定借款成本，在該資產興建完成並達到預定可供用途或用作出售前予以資本化。合資格資產指需耗費大量時間使之實現擬定用途或用作出售的資產。

就特定借款，因有待合資格資產的支出而臨時投資賺取的投資收入，自合資格資本化的借款成本中扣除。

其他借款成本於其產生期間支銷。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Borrowings (Continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get 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 eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.20 即期及遞延所得稅

期內稅項開支包括即期及遞延所得稅。稅項於綜合收益表內確認，惟有關於其他全面收益或直接於權益中確認的項目除外。在此情況下，稅項亦分別於其他全面收益或直接於權益中確認。

(a) 即期所得稅

即期所得稅支出按於報告期末本公司及本公司附屬公司經營所在及產生應課稅收入的國家已頒佈或實質頒佈的稅法為基準計算。管理層定期就適用稅務法規須作出詮釋的情況評估報稅表狀況，並按預期須向稅務機關支付的數額計提適當撥備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting date in the countries where the Company and the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.20 即期及遞延所得稅(續)

(b) 遞延所得稅

遞延所得稅採用負債法就資產及負債的稅基與彼等於綜合財務報表中的賬面金額之間的暫時差額全面計提撥備。然而，倘遞延稅項負債因初步確認商譽而產生，則不會確認。如遞延所得稅乃源自業務合併以外的交易中初步確認資產或負債，而在交易時並不影響會計或應課稅溢利或虧損，則亦不會入賬處理。遞延所得稅按於報告期末前已頒佈或實質頒佈並預期於變現相關遞延所得稅資產或結算遞延所得稅負債時應用的稅率(及法律)釐定。

遞延稅項資產僅在將有未來應課稅金額可供動用該等暫時差額及虧損的情況下方予以確認。

倘公司能夠控制撥回暫時差額之時間，且該等差額可能不會於可見將來撥回，則不會就於境外營運之投資賬面值與稅基之間之暫時差額確認遞延稅項負債及資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Current and deferred income tax (Continued)

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.20 即期及遞延所得稅(續)

(b) 遞延所得稅(續)

倘有法定可強制執行權利抵銷即期稅項資產及負債，以及遞延稅項結餘與同一稅務機關相關，則抵銷遞延稅項資產及負債。倘實體擁有法定可強制執行權利抵銷及擬按淨額基準償付或變現資產及同時償付負債，則抵銷即期稅項資產及稅項負債。

除與於其他全面收益或直接於權益確認的項目相關外，即期及遞延稅項於綜合收益表內確認。於此情況下，稅項亦分別於其他全面收益或直接於權益確認。

(c) 投資津貼及類似稅務獎勵

本集團旗下公司可就於合資格資產的投資或有關合資格開支申請特殊稅項寬減。本集團將有關津貼入賬為稅項抵免，意味著該津貼減少應付所得稅及即期稅項開支。結轉為遞延稅項資產的未報銷稅項抵免乃確認為遞延稅項資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(c) Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.21 僱員福利

(a) 僱員休假權利

僱員的年假權利於其應享有時確認。本集團就截至報告日期止因僱員所提供的服務而產生的年假的估計負債作出撥備。

僱員的病假及產假權利未確認，直至僱員正式休假為止。

(b) 退休金責任

根據中國的規則及法規，本集團的中國僱員參加由中國相關市級及省級政府組織的各種定額供款退休福利計劃，據此本集團及中國僱員須每月向該等計劃繳納按僱員工資百分比計算的供款。

市級及省級政府承諾承擔所有現時及未來退休中國僱員於上述計劃下應付的退休福利責任。除每月供款外，本集團概不對支付其僱員的退休及其他退休後福利承擔進一步責任。該等計劃的資產與本集團由省級政府管理的獨立管理基金中的資產分開持有。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the provincial governments.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.21 僱員福利(續)

(c) 花紅計劃

本集團根據一個計及本公司股東應佔溢利(經作出若干調整)的公式,就花紅確認負債及開支。當出現合約責任或過往慣例引致推定責任時,本集團即確認撥備。

2.22 以股份為基礎的付款

本集團設有多項以權益結算、以股份為基礎的薪酬計劃,據此,實體收取來自僱員的服務,作為本集團權益工具(購股權、受限制股份單位及股份獎勵)的代價。有關該等計劃的資料載於附註25(b)及附註31。

(a) 以權益結算的購股權計劃及受限制股份單位計劃

僱員為換取獲授購股權及受限制股份單位而提供服務的公平值確認為僱員福利開支。將支銷的總金額乃參考所授出購股權及受限制股份單位的公平值而釐定:

- 包括任何市場表現條件(如本公司的股價);

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Employee benefits (Continued)

(c) Bonus plans

The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.22 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (share options, restricted share units ("RSUs") and share award) of the Group. Information relating to these schemes is set out in Note 25(b) and Note 31.

(a) Equity-settled share option scheme and restricted share unit scheme

The fair value of the employee services received in exchange for the grant of the share options and restricted share units is recognised as an employee benefits expense. The total amount to be expensed is determined by reference to the fair value of the share options and restricted share units granted:

- including any market performance conditions (for example, the Company's share price);

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.22 以股份為基礎的付款(續)

(a) 以權益結算的購股權計劃及受限制股份單位計劃(續)

- 不包括任何服務及非市場表現歸屬條件(如盈利能力、銷售增長目標及實體僱員於指定期間內留任)的影響；及
- 包括任何非歸屬條件(如規定僱員儲蓄或在一段指定期間內持有股份)的影響。

於各報告期末，本集團根據非市場表現及服務條件修訂其對預期歸屬的購股權及受限制股份單位數目所作估計，並於綜合收益表中確認該修訂對原估計的影響(如有)，同時對權益作出相應調整。

服務條件包括在有關預期歸屬的購股權及受限制股份單位數目的假設中。開支總額於歸屬期內確認，歸屬期即符合所有特定歸屬條件的期間。此外，在某些情況下，僱員可能在授出日期之前提供服務，因此會估計於授出日期的公平值，以確認服務開始期間至授出日期間的開支。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Share-based payments (Continued)

(a) **Equity-settled share option scheme and restricted share unit scheme** (Continued)

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options and restricted share units that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

Service conditions are included in assumptions about the number of share options and restricted share units that are expected to vest. The total expense is recognised over the vesting period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.22 以股份為基礎的付款(續)

(a) 以權益結算的購股權計劃及受限制股份單位計劃(續)

倘對條款及條件進行修改，使所授予權益工具的公平值增加，則本集團於計量就餘下歸屬期已接受服務而確認的金額時計入已授出的公平值增額。公平值增額為經修改權益工具的公平值與原有權益工具公平值間的差額，兩者均於修改日期作出估計。基於公平值增額的開支於修改日期至經修改權益工具歸屬之日止期間內確認，不包括關於原有工具的任何金額，該金額應持續於餘下原有歸屬期間內確認。

當購股權獲行使且受限制股份單位獲授出時，授出有關購股權及受限制股份單位的相關實體發行新股份。所得款項淨額(扣除任何直接應佔交易成本)計入股本及股份溢價。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Share-based payments (Continued)

(a) Equity-settled share option scheme and restricted share unit scheme (Continued)

Where there is modification of terms and conditions which increase the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

When the share options are exercised and the restricted share units are granted, the respective entities granting such share options and restricted share units issue new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.22 以股份為基礎的付款(續)

(b) 股份激勵計劃

根據僱員股份激勵計劃，本公司按零現金代價向本集團僱員發行的股份於授出日期即時歸屬。於此日，所發行股份的市值確認為僱員福利開支，並於權益作出相應增加。

(c) 集團實體間以股份為基礎的付款交易

本公司向為本集團工作之附屬公司僱員所授出其股本工具之獎勵股份及購股權乃被視為出資。所獲得僱員服務之公平值乃參考授出日期之公平值計量，於歸屬期內確認為增加對附屬公司之投資，並相應計入母公司實體賬目內之權益。

2.23 撥備

當本集團現時因過往事件而涉及法律或推定責任；履行責任可能須耗用資源；及金額已被可靠估計時會確認撥備。並不就未來經營虧損確認撥備。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Share-based payments (Continued)

(b) Share award scheme

Under the employee share award scheme, shares issued by the Company to employees of the Group for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

(c) Share-based payment transactions among group entities

The grant by the Company of award shares and options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.23 撥備(續)

倘有多項同類責任，會整體考慮責任類別以釐定償付時可能須耗用的資源。即使與同一責任類別所涉及的任何一個項目相關的資源流出的可能性極低，仍會確認撥備。

撥備按管理層估計償付報告期末的現時責任所需開支的現值計量。釐定現值所使用的貼現率為反映當時市場對該責任特定的貨幣時間值及風險的評估的除稅前貼現率。隨時間過去而產生的撥備增加確認為利息開支。

2.24 收益確認

收益按已收或應收代價的公平值計量，指供應商品的應收款項(扣除回扣及折扣)。授予客戶的回扣及折扣歸類為收益減少。當收益金額能可靠計量及未來經濟利益可能將流入實體，且本集團下文所述活動的特定標準均已達到時，則本集團會確認收益。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Provisions (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's estimate of the expenditures required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, net of rebates and discounts. Rebates and discounts granted to customers are classified as a reduction of revenue. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.24 收益確認(續)

(a) 貨品銷售

銷售額於轉移產品的控制權時(即產品交付客戶且並無可能會影響客戶接收產品的未履行責任時)確認。當產品已運送到指定地點，產品陳舊及遺失的風險已轉移至客戶，及客戶按照銷售合約接收產品，接收條款已失效，或本集團有客觀證據證明所有接收標準均已達成時，交付即告完成。

當貨品交付時確認為應收款項，此乃代價成為無條件的時點，原因為有關款項只須經過一段時間方會到期。

(b) 利息收入

按公平值計入損益的金融資產的利息收入計入該等資產的公平值收益/(虧損)淨額。

按攤銷成本列賬的金融資產的利息收入採用實際利率法計算，作為其他收入的一部分分於綜合收入表內確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Revenue recognition (Continued)

(a) Sales of goods

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of other income.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.24 收益確認(續)

(b) 利息收入(續)

出於現金管理目的而持有的自金融資產賺取的利息收入呈列為財務收入。任何其他利息收入計入其他收入中。

利息收入乃通過將實際利率應用於金融資產總賬面值計算，惟其後出現信貸減值的金融資產除外。就信貸減值金融資產而言，實際利率應用於金融資產賬面淨值(經扣除虧損撥備)。

2.25 政府補助

政府補助於可合理地確定將會收取補助且本集團將遵守所有隨附條件時，按公平值確認。

有關成本的政府補助均會於符合擬補償成本所需期間遞延並在綜合收益表內確認。

與物業、廠房及設備有關的政府補助於非流動負債內列為遞延政府補助且於有關資產的預期年限內按直線法計入綜合收益表。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Revenue recognition (Continued)

(b) Interest income (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.25 Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 重大會計政策概要(續)

2.26 租賃

當擁有權的大部分風險及回報並未轉讓予本集團(作為承租人)，租賃分類為經營租賃。根據經營租賃支付的款項(扣除出租人給予的任何獎勵)於租期內按直線法在綜合收益表內扣除。

2.27 股息分派

向本公司股東進行的股息分派，在本公司股東或董事(如適用)批准股息的期間於綜合財務報表內確認為負債。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of lease.

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理

3.1 財務風險因素

本集團的活動使其面臨多種財務風險：市場風險（包括外匯風險及現金流量及公平值利率風險）、信用風險及流動資金風險。本集團的整體風險管理程序集中於金融市場的不可預測性並尋求將對本集團財務表現的潛在不利影響最小化。本集團並無使用任何衍生金融工具對沖風險。

財務風險管理由財務部門於本公司首席執行官（「首席執行官」）的監督下實行。首席執行官為整體風險管理提供原則。

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use any derivative financial instruments to hedge the risk exposures.

Financial risk management is carried out by the finance department under the supervision of the Chief Executive Officer ("CEO") of the Company. The CEO provides principles for overall risk management.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險

(i) 外匯風險

本集團主要於中國及歐洲經營且面臨因多種貨幣風險導致的外匯風險(主要與人民幣(「人民幣」)及歐元(「歐元」)有關)。外匯風險因未來商業交易產生或已確認金融資產及負債以並非為實體功能貨幣的貨幣計值。

於二零一八年十二月三十一日，倘在所有其他變量不變的情況下美元兌人民幣升值／貶值5%，則除稅後溢利及權益總額將分別增加／減少約1,787,000美元(二零一七年：1,971,000美元)，主要是由於功能貨幣為人民幣的實體以美元計值的應收款項及現金及現金等價物的換算產生的外匯收益／虧損。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC and Europe, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi (“RMB”) and Euro (“EUR”). Foreign exchange risk arises from future commercial transactions or recognised financial assets and liabilities are denominated in a currency that is not the entity’s functional currency.

As at 31 December 2018, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the post-tax profit and total equity would have been approximately USD1,787,000 (2017: USD1,971,000) higher/lower, respectively, mainly as a result of foreign exchange gains/losses on translation of USD denominated receivables and cash and cash equivalents in entities whose functional currency is RMB.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(i) 外匯風險(續)

於二零一八年十二月三十一日，倘在所有其他變量不變的情況下美元兌歐元升值／貶值5%，則除稅後溢利及權益總額將分別減少／增加約87,000美元(二零一七年：171,000美元)，主要是由於以歐元計值的應收款項、現金及現金等價物以及應付款項的換算產生的外匯虧損／收益。

(ii) 現金流量及公平值利率風險

由於除銀行存款(其詳情已披露於附註20至22)外，本集團並無重大按浮動利率計息的資產及負債，故本集團的收入及經營現金流量在很大程度上獨立於市場利率的變動。銀行借款按固定利率計息，產生的利率風險被視為並不重大。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

As at 31 December 2018, if USD had strengthened/weakened by 5% against EUR with all other variables held constant, the post-tax profit and total equity would have been approximately USD87,000 (2017: USD171,000) lower/higher, respectively, mainly as a result of foreign exchange losses/gains on translation of Euro denominated receivables, cash and cash equivalents and payables.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant assets and liabilities which were interest-bearing at floating rates, except for the deposits in banks, details of which have been disclosed in Notes 20 to 22. Bank borrowings are interest bearing at fixed interest rates and the resulting interest rate risk is considered to be insignificant.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(a) 市場風險(續)

(iii) 價格風險

本集團面臨的股本證券價格風險來自本集團所持投資並於綜合財務狀況表分類為透過損益按公平值入賬的金融資產(附註19)。

本集團透過定期監控權益組合以即時解決任何組合問題而管理其價格風險。

於二零一八年十二月三十一日，倘在所有其他變量不變的情況下透過損益按公平值入賬的金融資產的價格增加／減少10%，則本集團截至二零一八年十二月三十一日止年度的除稅後溢利將增加／減少約1,828,000美元(二零一七年：381,000美元)。

敏感度分析乃根據對未來十二個月潛在估值波動的合理預期釐定。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated statement of financial position as financial assets at fair value through profit or loss (Note 19).

The Group manages its price risk by regularly monitoring equity portfolio to address any portfolio issues promptly.

As at 31 December 2018, if the price of the financial assets at fair value through profit or loss had been 10% higher/lower with all other variables held constant, the Group's post-tax profit for the year ended 31 December 2018 would have been approximately USD1,828,000 (2017: USD381,000) higher/lower.

The sensitivity analysis has been determined based on a reasonable expectation of possible valuation volatility over the next 12 months.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險

信用風險按集團基準管理。本集團的信用風險主要來自現金及現金等價物(不包括手頭現金)及銀行存款和貿易及其他應收款項。管理層採取政策持續監控該等信用風險敞口。

(i) 風險管理

於二零一八年十二月三十一日，就現金及現金等價物(不包括手頭現金)、銀行存款而言，彼等均存入上市銀行或與其交易。本集團並未因該等訂約方過往無法履行合約責任而產生重大虧損，且管理層並不預期未來亦如此。

於二零一八年十二月三十一日，本集團三大客戶佔本集團貿易應收款項約57%(二零一七年：64%)。本集團已與該等客戶建立長期合作關係。鑒於與該等客戶的業務往來記錄及應收彼等的應收款項的收回記錄良好，管理層相信本集團應收該等客戶的尚未收回應收款項結餘本身並無重大信用風險。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk is managed on a group basis. The credit risk of the Group mainly arises from cash and cash equivalents (excluding cash on hand) and deposits with banks and trade and other receivables. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

(i) Risk management

As at 31 December 2018, for cash and cash equivalents (excluding cash on hand), deposits with banks, they are all deposited or traded with listed banks. The Group has not incurred significant loss from non-performance by these parties in the past and management does not expect so in the future.

As at 31 December 2018, top 3 customers of the Group accounted for approximately 57% (2017: 64%) of the trade receivables of the Group. The Group has set up long-term cooperative relationship with these customers. In view of the history of business dealings with the customers and the sound collection history of the receivables due from them, management believes that there is no material credit risk inherent in the Group's outstanding receivable balance due from these customers.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(i) 風險管理(續)

管理層根據過往付款記錄、逾期的長度、債務人的財務實力及是否與債務人之間存在任何爭議就貿易及其他應收款項的可收回性作出定期評估。本集團過往收取貿易及其他應收款項的經驗屬已記錄備抵範圍之內且董事認為已於綜合財務報表中就不可收回應收款項作出充足撥備。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Risk management (Continued)

Management makes periodic assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. The Group's historical experience in collection of trade and other receivables falls within the recorded allowances and the directors are of the opinion that adequate provision for uncollectible receivables has been made in the consolidated financial statements.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值

本集團有兩類金融資產受預期信用損失模型所規限：

- 貿易應收款項；
- 票據及其他應收款項

儘管現金及現金等價物亦須遵守香港財務報告準則第9號的減值要求，但已確認的減值虧損並不重大。

貿易應收款項

本集團應用香港財務報告準則第9號的簡化方法計量預期信用損失，該方法對所有貿易應收款項採用全期的預期虧損撥備。

為計量預期信用損失，貿易應收款項已根據客戶賬目性質、攤佔信用風險特點及逾期天數分類。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables;
- notes and other receivables

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the nature of customer accounts, shared credit risk characteristics and the days past due.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值(續)

貿易應收款項(續)

按個別基準計量預期信用損失

與客戶已知的財務困難有關或對收回應收款項有重大疑問的應收款項，應進行個別評估，以計提減值撥備。於二零一八年十二月三十一日，就該等個別評估的應收款項虧損撥備結餘為1,964,469美元(二零一七年：1,285,214美元)。

下表呈列於二零一八年十二月三十一日及二零一八年一月一日的賬面總值結餘及就個別評估的貿易應收款項的虧損撥備：

	即期	逾期	逾期	逾期	逾期	逾期	總計
		1至30天	31至60天	61至90天	91至180天	180天以上	
	Current	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 180 days past due	Over 180 days past due	Total
	美元	美元	美元	美元	美元	美元	美元
	USD	USD	USD	USD	USD	USD	USD
二零一八年	31 December 2018						
十二月三十一日							
賬面總值	Gross carrying amount -						
— 貿易應收款項	392,239	—	51,354	51,354	154,063	1,315,459	1,964,469
預期虧損率	100%	100%	100%	100%	100%	100%	100%
虧損撥備	(392,239)	—	(51,354)	(51,354)	(154,063)	(1,315,459)	(1,964,469)
二零一八年一月一日	1 January 2018						
賬面總值	Gross carrying amount -						
— 貿易應收款項	—	—	—	—	—	1,285,214	1,285,214
預期虧損率	100%	100%	100%	100%	100%	100%	100%
虧損撥備	—	—	—	—	—	(1,285,214)	(1,285,214)

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

Measurement of expected credit loss on individual basis

Receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for provision for impairment allowance. As at 31 December 2018, the balance of loss allowance in respect of these individually assessed receivables was US\$1,964,469 (2017: US\$1,285,214).

The following table presents the balances of gross carrying amounts and the loss allowance in respect of the individually assessed trade receivables as at 31 December 2018 and 1 January 2018:

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值(續)

貿易應收款項(續)

按共同基準計量預期信用損失

預期信用損失亦通過按共同信用風險特徵對剩餘應收款項進行分組，及對收回的可能性進行共同評估來估計(經計及客戶性質、其地理位置及其賬齡類別)，並將預期信用虧損率應用至各應收款項賬面總值。

預期信用損失乃根據歷史信用虧損釐定，並經過調整以反映影響客戶結算應收款項能力的宏觀經濟因素等的當前及前瞻性信息。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) *Impairment of financial assets* (Continued)

Trade receivables (Continued)

Measurement of expected credit loss on collective basis

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customer, its geographical location and its ageing category, and applying the expected credit loss rates to the respective gross carrying amounts of the receivables.

The expected credit loss rates are determined based on historical credit losses and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值(續)

貿易應收款項(續)

按共同基準計量預期信用損失(續)

下表呈列於二零一八年十二月三十一日及二零一八年一月一日的賬面總值結餘及就共同評估的貿易應收款項的虧損撥備：

		逾期 即期	逾期 1至30天	逾期 31至60天	逾期 61至90天	逾期 91至180天	逾期 180天以上	
		1-30 days	31-60 days	61-90 days	91-180 days	Over 180 days		總計
		past due	past due	past due	past due	past due	past due	Total
		美元	美元	美元	美元	美元	美元	美元
		USD	USD	USD	USD	USD	USD	USD
二零一八年	31 December 2018							
十二月三十一日								
賬面總值—貿易應收款項	Gross carrying amount – trade receivables	4,531,122	3,604,930	618,670	143,272	1,256,936	1,376,145	11,531,075
預期虧損率	Expected loss rate	0.04%	0.04%	0.15%	0.30%	0.38%	0.56%	0.15%
虧損撥備	Loss allowance	(1,760)	(1,338)	(901)	(430)	(4,804)	(7,739)	(16,972)
二零一八年一月一日	1 January 2018							
賬面總值—	Gross carrying amount –							
貿易應收款項	trade receivables	8,493,118	1,879,831	186,668	110,102	15,555	3,674	10,688,948
預期虧損率	Expected loss rate	0.01%	0.01%	0.05%	0.09%	0.40%	0.44%	0.01%
虧損撥備	Loss allowance	(555)	(57)	(85)	(99)	(62)	(16)	(874)

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

Measurement of expected credit loss on collective basis (Continued)

The following table presents the balances of gross carrying amounts and the loss allowance in respect of the collectively assessed trade receivables as at 31 December 2018 and 1 January 2018:

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值(續)

貿易應收款項(續)

貿易應收款項的減值虧損乃以綜合收入表內「金融資產之減值淨虧損」列賬。其後收回過往撇銷款項乃抵銷相同項目。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) *Impairment of financial assets* (Continued)

Trade receivables (Continued)

Impairment losses on trade receivables are presented as “net impairment losses on financial assets” in consolidated income statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值(續)

貿易應收款項(續)

以往的貿易應收款項減值會計政策

上一年度，貿易應收款項的減值乃根據已產生虧損模式來評估。已知不可收回的個別應收款項通過直接削減賬面值的方式撇銷。其他應收款項進行集體評估，以釐定是否存在已發生但尚未識別的減值客觀證據。就該等應收款項而言，估計減值虧損於減值的單獨撥備中確認。本集團認為如存在任何以下指標，表明有減值證據：

- 債務人陷入重大財務困境；

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The Group considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(b) 信用風險(續)

(ii) 金融資產減值(續)

貿易應收款項(續)

以往的貿易應收款項減值會計政策(續)

- 債務人可能進入財務重組破產程序；及
- 違約或逾期付款。

當預期不可收回額外現金時，已確認減值撥備的應收款項就其撥備進行撇銷。

票據及其他應收款項

管理層認為其信用風險自初步確認後並未因參考對方歷史違約率及當前財務狀況而大幅增加。按12個月預期信用損失釐定的減值撥備為零。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

Previous accounting policy for impairment of trade receivables (Continued)

- probability that the debtor will enter bankruptcy or financial reorganisation; and
- default or late payments.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Notes and other receivables

Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit loss which is zero.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險

審慎的流動資金風險管理意味著維持充足的現金及銀行結餘、可獲得來自主要銀行充足承諾信貸額度的資金及使市場倉盤平衡的能力。本集團旨在透過留存充足銀行結餘、可用承諾信貸額度及計息借款維持資金靈活性，以令本集團能於可見未來持續經營業務。

下表為根據綜合財務狀況表日期至合約到期日的尚餘期限將本集團的非衍生金融負債分配至有關到期組別的分析。表中所披露金額為合約未貼現現金流量及本集團須付款的最早日期。由於貼現影響並不重大，故於12個月內的結餘與其賬面結餘相等。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding from an adequate amount of committed credit facilities from leading banks and the ability to close out market position. The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balance within 12 months equal their carrying balances as impact at discounting is not significant.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.1 財務風險因素(續)

(c) 流動資金風險(續)

		1年以內 Within 1 year 美元 USD	1至2年 Between 1 and 2 years 美元 USD	總計 Total 美元 USD
於二零一八年 十二月三十一日	As at 31 December 2018			
貿易應付款項	Trade payables	4,089,422	—	4,089,422
應計費用及 其他應付款項	Accruals and other payables	2,369,824	1,507,404	3,877,228
銀行借款及借款利息	Bank borrowings and interest thereon	5,523,825	—	5,523,825
		11,983,071	1,507,404	13,490,475
於二零一七年 十二月三十一日	As at 31 December 2017			
貿易應付款項	Trade payables	7,552,913	—	7,552,913
應計費用及 其他應付款項	Accruals and other payables	4,547,074	—	4,547,074
		12,099,987	—	12,099,987

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.2 資本管理

本集團資本管理的主要目標是保障本集團的持續經營能力，並維持穩健的資本比率以支持其業務並使股東的價值最大化。

本集團積極定期檢討及管理其資本架構，力求達到最佳的資本架構及股東回報；過程中，本集團考慮的因素計有：本集團日後的資本需求與資本效率、當前及預期的盈利能力、預期營運現金流量、預期資本開支及預期策略投資機會等。

為維持或調整資本結構，本集團可能調整派付予股東的股息金額、向股東退還資金、發行新股份或出售資產。

與業內其他公司一樣，本集團利用負債比率監察資本。該比率按照債務淨額除以權益總額計算。債務淨額為銀行借款總額減去短期銀行存款、受限制銀行存款以及現金及現金等價物。

本集團於二零一八年及二零一七年十二月三十一日處於淨現金狀況。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.2 Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total equity. Net debt is calculated as total bank borrowings less short-term bank deposits, restricted bank deposit and cash and cash equivalents.

The Group was in a net cash position as at 31 December 2018 and 2017.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.3 公平值估計

下表以計量公平值所使用估值方法的輸入數據級別分析本集團於二零一八年及二零一七年十二月三十一日按公平值列賬的金融工具。該等輸入數據乃分類為公平值等級內的以下三個級別：

- 相同資產或負債在活躍市場之報價(未經調整)(第1級)。
- 第1級所包括報價以外之輸入數據，有關輸入數據為資產或負債可從觀察中直接(即價格)或間接(即源自價格)得出(第2級)。
- 並非以可觀察市場數據為根據之資產或負債輸入數據(即不可觀察輸入數據)(第3級)。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2018 and 2017 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.3 公平值估計(續)

於二零一八年
十二月三十一日

資產

透過損益按公平值入賬的
金融資產

Assets

Financial assets at fair
value through
profit or loss

負債

應付或有代價

Liability

Contingent consideration
payable

於二零一七年
十二月三十一日

資產

透過損益按公平值
入賬的金融資產

As at 31 December
2017

Assets

Financial assets at fair
value through
profit or loss

年內第1級、第2級與第3級之間概無轉撥(二零一七年：無)。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation (Continued)

第1級	第2級	第3級	總計
Level 1	Level 2	Level 3	Total
美元	美元	美元	美元
USD	USD	USD	USD

於二零一八年 十二月三十一日	As at 31 December 2018				
資產	Assets				
透過損益按公平值入賬的 金融資產	Financial assets at fair value through profit or loss	—	—	18,246,807	18,246,807
負債	Liability				
應付或有代價	Contingent consideration payable	—	—	(1,507,404)	(1,507,404)
於二零一七年 十二月三十一日	As at 31 December 2017				
資產	Assets				
透過損益按公平值 入賬的金融資產	Financial assets at fair value through profit or loss	—	—	3,808,986	3,808,986

There were no transfers between levels 1, 2 and 3 during the year (2017: Nil).

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.3 公平值估計(續)

(a) 第3級的金融工具

並無於活躍市場買賣的金融工具的公平值乃使用估值方法釐定。該等估計方法最大限度地使用可得的可觀察市場數據及盡可能避免依賴實體的具體估計。倘一項或多項重大輸入數據並非基於可觀察市場數據，則工具被納入第3級。

用於評估按公平值列賬的金融工具的特定估值方法包括：

- 二零一八年一月及二零一八年十一月於非上市股本證券所作投資的公平值乃使用近期可資比較的公平交易釐定。
- 本集團釐定，非上市基金及其他非上市股本證券投資的報告資產淨值指其於報告期末的公平值。

下表呈列第3級工具於截至二零一八年及二零一七年十二月三十一日止年度的變動。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 3

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments carried at fair value include:

- The fair values of investments in unlisted equity securities made in January 2018 and November 2018, respectively, are determined using comparable recent arm's length transactions.
- The Group has determined that the reported net asset values of the unlisted fund and other investments in unlisted equity securities represent their respective fair values at the end of the reporting period.

The following table presents the changes in level 3 instruments for the years ended 31 December 2018 and 2017.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.3 公平值估計(續)

(a) 第3級的金融工具(續)

		透過損益 按公平值入賬 的金融資產 Financial assets at fair value through profit or loss 美元 USD	應付或然代價 (附註(i)) Contingent consideration payable (Note (i)) 美元 USD
於二零一七年一月一日的 年初結餘	Opening balance at 1 January 2017	—	—
年內添置	Additions for the year	3,467,702	—
於綜合收益表確認的收益	Gains recognised in the consolidated income statement	268,950	—
貨幣換算差額	Currency translation difference	72,334	—
於二零一七年十二月 三十一日的年末結餘	Closing balance at 31 December 2017	3,808,986	—
年內添置	Additions for the year	11,966,085	(1,507,404)
於綜合收益表確認的 收益淨額	Net gains recognised in the consolidated income statement	2,821,523	—
貨幣換算差額	Currency translation difference	(349,787)	—
於二零一八年 十二月三十一日 的年末結餘	Closing balance at 31 December 2018	18,246,807	(1,507,404)
		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
於年末所持有資產計入 綜合收益表「其他 收益/(虧損)·淨額」 項下的年內收益總額	Total gains for the year included in the consolidated income statement for assets held at the end of the year, under "other gains/(losses), net"	2,821,523	268,950
於年末計入綜合收益表的 年內未變現淨收益的 變動·淨額	Changes in net unrealised gains, net for the year included in the consolidated income statement at the end of the year	2,821,523	268,950

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 3
(Continued)

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.3 公平值估計(續)

(a) 第3級的金融工具(續)

附註：

- (i) 有關收購本公司附屬公司S2C Tech Inc. 及其附屬公司(統稱為「S2C集團」)應付或然代價的公平值採用收入法進行估計，其考慮S2C集團達成財務業績目標的可能性。計算中的主要不可觀察假設為達成業績目標的可能性為85%。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 3 (Continued)

Note:

- (i) The fair value of contingent consideration payable related to the acquisition of S2C Tech Inc. (a subsidiary of the Company) and its subsidiaries (collectively "S2C Group") was estimated by applying income approach which considered the probability that S2C Group could achieve the financial performance target. The key unobservable assumption in the calculation is the 85% probability to achieve the performance target.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.3 公平值估計(續)

(a) 第3級的金融工具(續)

惟上文附註(i)所披露的應付或然代價計量除外，下表概述有關用於第3級公平值計量的重大不可觀察輸入數據的量化資料：

類型

Description

於二零一七年五月收購的非上市股本證券 Unlisted equity security acquired in May 2017	
非上市基金 Unlisted fund	
於二零一八年二月收購的非上市股本證券 Unlisted equity security acquired in February 2018	
於二零一八年八月收購的非上市股本證券 Unlisted equity security acquired in August 2018	
於二零一八年十一月收購的非上市股本證券 Unlisted equity security acquired in November 2018	

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 3
(Continued)

Except for the measurement of the contingent consideration payable which is disclosed in Note (i) above, the following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

於二零一八年
十二月三十一日

的公平值

估值方法

Fair value at
31 December

Valuation technique

2018
美元
USD

—	資產淨值(附註(a)) Net asset value (Note (a))
1,437,599	資產淨值(附註(a)) Net asset value (Note (a))
2,914,091	參閱近期可比較公平交易(附註(b)) Reference to comparable recent arm's length transactions (Note (b))
5,600,000	資產淨值(附註(c)) Net asset value (Note (c))
8,295,117	參閱近期可比較公平交易(附註(b)) Reference to comparable recent arm's length transactions (Note (b))

18,246,807

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.3 公平值估計(續)

(a) 第3級的金融工具(續)

附註：

- (a) 本集團認為，於報告期末，報告資產淨值與非上市基金投資及於二零一七年五月收購的非上市股本證券的公平值相若。
- (b) 本集團認為，於報告期末，近期可比較公平交易價格與非上市股本證券的公平值相若。
- (c) 本集團認為，於報告期末，報告資產淨值與投資的公平值相若。於二零一八年十二月三十一日，被投資公司的相關資產包括按公平值計量的非上市股本證券投資。相關非上市股本證券的公平值使用貼現現金流量模式確定，主要不可觀察輸入數據為除稅前貼現率20%、收益複合年增長率47%及最終增長率5%。倘貼現率下調1%，除稅後虧損將減少約326,000美元。除稅前貼現率越高，則公平值及除稅後虧損越低。倘收益複合年增長率下調3%，除稅後虧損將增加約1,548,000美元。收益複合年增長率越高，則公平值及除稅後虧損越高。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 3
(Continued)

Note:

- (a) The Group has determined that the reported net asset value approximates the fair value of the unlisted fund investment and the unlisted equity security acquired in May 2017 at the end of the reporting period.
- (b) The Group has determined that prices in comparable recent arm's length transactions the fair values of the unlisted equity securities at the end of the reporting period.
- (c) The Group has determined that the reported net asset value approximates fair value of the investment at the end of the reporting period. As at 31 December 2018, the underlying assets of the investee company include an investment in unlisted equity security which is measured at fair value. The fair value of the underlying unlisted equity security was determined by using discounted cash flow model with the major unobservable inputs being pre-tax discount rate of 20%, compound annual growth rate in revenue of 47% and terminal growth rate of 5%. If the discount rate shifted downward by 1%, the post-tax loss would be approximately USD326,000 lower. The higher the pre-tax discount rate the lower the fair value and the higher post-tax loss. If the compound annual growth rate in revenue shifted downward by 3%, the post-tax loss would be approximately USD1,548,000 higher. The higher the compound annual growth rate in revenue, the higher the fair value and the lower post-tax loss.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 財務風險管理(續)

3.3 公平值估計(續)

(b) 按攤銷成本計量的金融資產及負債之公平值

本集團流動金融資產(包括貿易及其他應收款項、短期銀行存款、現金及現金等價物、受限制銀行存款)及流動金融負債(包括貿易及其他應付款項及銀行借款)的賬面值由於期限較短而與其公平值相若。非即期貿易及其他應收款項的賬面值與其基於貼現現金流量估計的公平值相若。

3.4 抵銷金融資產及金融負債

本集團概無金融資產及金融負債須受抵銷、可執行總抵銷安排及類似協議的規限。

3 FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation (Continued)

(b) Fair value of financial assets and liabilities measured at amortised costs

The carrying amounts of the Group's current financial assets, including trade and other receivables, short-term bank deposits, cash and cash equivalents, restricted bank deposit, and current financial liabilities, including trade and other payables and bank borrowings approximate their fair values due to their short maturities. The carrying amount of non-current trade and other receivables approximates its fair value which is estimated based on the discounted cash flows.

3.4 Offsetting financial assets and financial liabilities

The Group has no financial assets and financial liabilities, which is subject to offsetting, enforceable master netting arrangements and similar agreements.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 主要會計估計及判斷

本集團基於過往經驗及其他因素(包括有關情況下被視為合理的對未來事件的預測)對估計及判斷進行持續評估。本集團對未來作出估計及假設。顧名思義，就此而作出的會計估計很少會與有關實際結果相符。有關下一個財政年度會對資產及負債的賬面值造成重大調整風險的估計及假設討論如下。

4.1 物業、廠房及設備的可使用年限

管理層釐定本集團物業、廠房及設備的估計可使用年限。倘可使用年限與先前估計存在差異，管理層將更改折舊費用，或撇銷或撇減已廢棄的技術性陳舊或非策略性資產。

4.2 存貨的可變現淨值

存貨的可變現淨值乃按其於日常業務過程中的估計售價，減估計完成的成本及銷售開支。該等估計乃基於目前市場狀況及銷售同類產品的過往經驗。其可能會因客戶偏好變化及競爭對手為應對嚴峻行業形勢而採取的行動出現重大變化。管理層於各報告日期重新評估該等估計。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Useful lives of property, plant and equipment

Management determines the estimated useful lives of the Group's property, plant and equipment. Management will revise the depreciation charge where useful lives are different from previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

4.2 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each reporting date.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 主要會計估計及判斷(續)

4.3 貿易及其他應收款項減值撥備

貿易及其他應收款項之虧損撥備乃基於對違約風險及預期虧損率的假設而作出。基於本集團的過往記錄、現有市場狀況以及前瞻性估計，本集團於各報告期末作出該等假設及選擇計算減值之輸入數據時會作出判斷。有關所使用的主要假設及輸入數據的詳情披露於附註3中的表格。

4.4 所得稅及遞延所得稅

本集團在多個司法權區繳納所得稅。在確定全球所得稅的撥備時，須作出重大判斷。許多交易及計算在日常業務過程中難以明確釐定最終稅務。本集團根據對是否需要繳納額外稅項的估計，就預測的稅務審核事宜確認負債。當該等事項的最終稅項結果與初始記錄的數額有出入時，有關差額將影響有關釐定期間所得稅及遞延稅項撥備。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.3 Provision for impairment of trade and other receivables

The loss allowance for trade and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 3.

4.4 Income taxes and deferred income tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be required. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 主要會計估計及判斷(續)

4.4 所得稅及遞延所得稅(續)

當管理層認為很可能有未來應課稅溢利可用以抵銷暫時差額或稅務虧損時，則會確認有關若干暫時差額及稅務虧損的遞延稅項資產。遞延所得稅按於報告日期之前已制定或實質上制定的稅率(及稅法)釐定，並預期於變現相關遞延所得稅資產或清償遞延所得稅負債時應用。倘預期有別於原估計，則該等差異將於相關估計已變更之期間影響遞延稅項資產及遞延稅項負債的確認。

4.5 估計商譽減值

本集團根據附註2.8及2.9所述的會計政策每年就商譽是否遭受任何減值進行測試。現金產生單位的可收回金額乃通過計算使用價值釐定。有關計算須運用估計。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.4 Income taxes and deferred income tax (Continued)

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

4.5 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Notes 2.8 and 2.9. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations required the use of estimates.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 主要會計估計及判斷(續)

4.6 透過損益按公平值入賬的金融資產公平值

市場上並無報價或活躍交易的本集團的透過損益按公平值入賬的金融資產涉及大量會計估計金額、假設及判斷。實際結果可能有別於該等估計及假設；並可能影響下一個財政年度的該等資產賬面值。就投資於並無活躍交易市場的非上市被投資公司及非上市基金而言，本集團參考被投資公司所持相關投資的公平值，如金融及市場資訊所提供資料，來估計該等投資的公平值。本集團亦採用市場參與者常用的估值方法，包括基於分佔被投資公司資產淨值、近期可比較的公平交易及貼現現金流量模型的方法。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.6 Fair value of financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss of the Group that are not quoted or actively traded in the market involves significant amounts of accounting estimates, assumptions and judgements. Actual results could differ from those estimates and assumptions; and could affect the carrying amount of these assets within the next financial year. For the investments in unlisted investee companies and the investment in an unlisted fund where there are no active trade markets, the Group estimates the fair value of these investments with reference to the fair values of the underlying investments held by the investee companies, such as those provided by the financial and market information. It also employs valuation techniques commonly used by market participants including those based on share of net asset value of the investees, recent comparable arm's length transactions and discounted cash flow model.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 主要會計估計及判斷(續)

4.7 業務合併

收購會計處理要求本集團基於收購日期之估計公平值在所收購的特定資產及所承擔負債之間分配收購成本。本集團已實行多項程序以識別所有的所收購資產及所承擔負債，其中包括所收購的無形資產。在識別所有收購的資產、釐定所收購資產及所承擔負債各個類別的估計公平值以及資產的可使用年期時作出的判斷，可能會對計算商譽、無形資產以及往後期間的折舊及攤銷支出造成重大影響。估計公平值乃基於收購日期前後可用的資料以及管理層認為合理的預期及假設釐定。釐定所收購的有形及無形資產的估計可使用年期亦須作出判斷。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.7 Business combination

Accounting for business combination requires the Group to allocate the cost of acquisition to specific assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The Group has undertaken processes to identify all assets acquired and liabilities assumed, including acquired intangible assets. Judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of goodwill, intangible assets and depreciation and amortisation charges in subsequent periods. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been deemed reasonable by management. Determining the estimated useful lives of tangible and intangible assets acquired also requires judgement.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 分部資料

管理層根據主要營運決策人審閱的用於作出策略決策的資料釐定經營分部。主要營運決策人為本公司執行董事。

截至二零一八年十二月三十一日止年度，主要營運決策人審閱三個可報告分部的業績以評估本集團的表現。可報告分部(視密卡及mPOS、區塊鏈服務器及快速驗證系統與軟件)與往年的分部分類有別，乃為使分部審閱與重組後的內部管理及報告架構統一。可資比較期間的分部資料的報告架構已予重列，以與本期間的分類一致。

視密卡及mPOS—分別負責數字電視內容安全分發與移動安全支付交易兩大類安全產品(視密卡及mPOS設備)的開發與銷售。

區塊鏈服務器—區塊鏈集成晶片與服務器的開發與銷售。

快速驗證系統與軟件—基於硬件的快速驗證系統與軟件的研發及銷售。

主要營運決策人定期審閱本集團表現及內部報告以評估表現並配置資源。主要營運決策人以分部業績計量為基礎評估經營分部的表現，計量基準包括經營分部毛利。與分部負債有關的資料並無披露，因有關資料並無定期向主要營運決策人報告。其他向主要營運決策人提供的資料計量方式與該等綜合財務報表一致。

5 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the CODM that are used to making strategic decisions. The CODM is identified as the Executive Directors of the Company.

During the year ended 31 December 2018, the CODM assessed the performance of the Group by reviewing the results of three reportable segments: CAM and mPOS, blockchain servers and rapid verification system and software, which is different from the segment categorisation in the prior year in order to align the segment review with the restructured internal management and reporting structure. The segment information of comparative period has been restated to conform to the current period categorisation.

CAM and mPOS – development and sales of security products (CAM and mPOS devices) that enable secure distribution and delivery of digital content to television and secure mobile payment transaction respectively.

Blockchain servers – development and sales of integrated blockchain chipsets and servers.

Rapid verification system and software – development and sales of rapid hardware-based verification systems and softwares.

The CODM reviews the performance of the Group on a regular basis and reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis includes gross profit of the operating segments. Information relating to segment liabilities is not disclosed as such information is not regularly reported to the CODM. Other information provided to the CODM is measured in a manner consistent with that in these consolidated financial statements.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 分部資料(續)

5 SEGMENT INFORMATION (Continued)

		視密卡 及mPOS	區塊鏈 伺服器	快速驗證 系統與軟件	總額
		CAM and mPOS	Blockchain servers	Rapid verification system and software	Total
		美元 USD	美元 USD	美元 USD	美元 USD
截至二零一八年 十二月三十一日止年度	For the year ended 31 December 2018				
分部收益	Segment revenue				
外部收益	External revenue	30,877,174	9,648,836	792,568	41,318,578
分部業績	Segment results	10,966,230	2,387,737	322,804	13,676,771
截至二零一七年 十二月三十一日止年度 (經重列)	For the year ended 31 December 2017 (as restated)				
分部收益	Segment revenue				
外部收益	External revenue	52,787,425	38,993,498	—	91,780,923
分部業績	Segment results	19,860,438	12,642,959	—	32,503,397
		視密卡 及mPOS	區塊鏈 伺服器	快速驗證 系統與軟件	總額
		CAM and mPOS	Blockchain servers	Rapid verification system and software	Total
		美元 USD	美元 USD	美元 USD	美元 USD
於二零一八年十二月三十一日	As at 31 December 2018				
分部資產	Segment assets	26,194,164	1,990,991	23,632,678	51,817,833
於二零一七年十二月三十一日 (經重列)	As at 31 December 2017 (as restated)				
分部資產	Segment assets	25,302,514	9,874,663	—	35,177,177

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 分部資料(續)

分部資產主要包括商譽、其他無形資產、存貨、貿易及其他應收款項及預付款項，但不包括遞延所得稅資產、物業、廠房及設備、可收回所得稅、現金及現金等價物、短期銀行存款、受限制銀行存款、透過損益按公平值入賬的金融資產以及公司及未分配資產。

可報告分部業績與除所得稅前(虧損)/溢利以及可報告分部資產與總資產的對賬如下：

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD (經重列) (as restated)
報告分部業績	Reporting segment results	13,676,771	32,503,397
其他收入	Other income	1,013,346	1,045,476
其他收益/(虧損)，淨額	Other gains/(losses), net	3,967,391	(1,982,646)
融資收入，淨額	Finance income, net	1,149,740	461,282
金融資產之減值淨虧損	Net impairment losses on financial assets	(759,318)	—
公司及未分配開支	Corporate and unallocated expenses	(19,325,713)	(17,996,282)
除所得稅前(虧損)/溢利	(Loss)/profit before income tax	(277,783)	14,031,227

5 SEGMENT INFORMATION (Continued)

Segment assets consist primarily of goodwill, other intangible assets, inventories, trade and other receivables and prepayments but exclude deferred income tax assets, property, plant and equipment, income tax recoverable, cash and cash equivalents, short-term bank deposits, restricted bank deposit, financial assets at fair value through profit or loss and corporate and unallocated assets.

A reconciliation of reportable segment results to (loss)/profit before income tax and reportable segment assets to total assets is provided as follows:

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 分部資料(續)

5 SEGMENT INFORMATION (Continued)

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD (經重列) (as restated)
可報告分部資產	Reportable segment assets	51,817,833	35,177,177
遞延所得稅資產	Deferred income tax assets	2,770,689	1,022,564
物業、廠房及設備	Property, plant and equipment	1,735,894	2,006,053
透過損益按公平值入賬 的金融資產	Financial assets at fair value through profit or loss	18,246,807	3,808,986
可收回所得稅	Income tax recoverable	138,006	—
現金及現金等價物	Cash and cash equivalents	54,962,324	84,100,969
短期銀行存款	Short-term bank deposits	—	3,523,375
受限制銀行存款	Restricted bank deposit	5,000,000	—
公司及未分配資產	Corporate and unallocated assets	6,247,158	2,043,907
依據綜合財務狀況表 所得總資產	Total assets per consolidated statement of financial position	140,918,711	131,683,031

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 收益、其他收入及其他收益／(虧損)，淨額

於年內確認的收益、其他收入及其他收益／(虧損)，淨額如下：

6 REVENUE, OTHER INCOME AND OTHER GAINS/(LOSSES), NET

Revenue, other income and other gains/(losses), net recognised during the year is as follows:

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
收益	Revenue		
視密卡	CAM	23,078,007	36,814,388
mPOS設備	mPOS devices	7,799,167	15,973,037
區塊鏈服務器	Blockchain servers	9,648,836	38,993,498
快速驗證系統與軟件	Rapid verification system and software	792,568	—
產品銷售總額	Total sales of goods	41,318,578	91,780,923
確認收入時間 在某一時點確認	Timing of revenue recognition At a point in time	41,318,578	91,780,923
其他收入	Other income		
政府補助	Government grants	862,539	1,030,008
其他	Others	150,807	15,468
		1,013,346	1,045,476
其他收益／(虧損)，淨額	Other gains/(losses), net		
匯兌收益／(虧損)，淨額	Exchange gains/(losses), net	1,145,868	(2,251,596)
透過損益按公平值入賬的金融 資產的公平值收益淨額	Net fair value gains on financial assets at fair value through profit or loss	2,821,523	268,950
		3,967,391	(1,982,646)

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 按性質劃分的開支

計入「銷售成本」、「研發開支」、「銷售及分銷開支」、「一般及行政開支」及「金融資產之減值淨虧損」的開支分析如下：

7 EXPENSES BY NATURE

Expenses included “cost of sales”, “research and development expenses”, “selling and distribution expenses”, “general and administrative expenses” and “net impairment losses on financial assets” are analysed as follows:

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
核數師酬金	Auditors' remuneration		
— 核數服務	- Audit services	456,643	390,188
— 非核數服務	- Non-audit services	697,098	200,393
出售物業、廠房及設備虧損	Loss on disposals of property, plant and equipment	34,295	28,644
廣告成本	Advertising costs	527,330	810,464
已售存貨成本	Cost of inventories sold	25,576,930	54,528,750
僱員福利開支(包括董事酬金) (附註8)	Employee benefits expenses (including directors' emoluments) (Note 8)	11,590,023	10,113,954
特許權使用費	Royalty expenses	1,120,648	2,707,808
貨運費	Freight charges	94,223	185,539
其他稅項	Other taxes	313,014	615,996
存貨減值(撥備 撥回)/撥備	(Reversal of provision for)/provision for impairment of inventories	(320,473)	427,234
物業、廠房及設備折舊 (附註14)	Depreciation of property, plant and equipment (Note 14)	685,213	676,040
其他無形資產攤銷(附註15)	Amortisation of other intangible assets (Note 15)	186,704	167,733
法律及專業費用	Legal and professional fees	834,354	1,434,872
顧問費	Consulting fee	—	6,393
貿易應收款項減值撥備 (附註18)	Provision for impairment of trade receivables (Note 18)	759,318	2,039
經營租賃付款	Operating lease payments	1,296,199	1,105,849
差旅及招待開支	Travelling and entertainment expenses	1,364,904	1,418,415
辦公室用品及公用設施	Office supplies and utilities	768,156	753,833
其他	Others	1,742,259	1,699,664
銷售成本、研發開支、銷售及 分銷開支、一般及行政開支 及金融資產之減值淨虧損 總額(附註)	Total cost of sales, research and development expenses, selling and distribution expenses, general and administrative expenses and net impairment losses on financial assets (Note)	47,726,838	77,273,808

附註：

研發開支通常不會進行資本化，原因是該等開支主要被視為用以升級現有專門技術知識的開支，且在嚴格意義上並不符合附註2.8(c)所載列的資本化標準。

Note:

Research and development expenses are not generally capitalised as they are primary considered as expenditures to upgrade existing technical knowhow, and do not fulfil the strict capitalisation criteria as listed out in Note 2.8(c).

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 僱員福利開支(包括董事酬金)

8 EMPLOYEE BENEFITS EXPENSES
(INCLUDING DIRECTORS'
EMOLUMENTS)

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
工資、薪金及其他津貼	Wages, salaries and other allowances	8,649,200	7,834,149
酌情花紅	Discretionary bonuses	1,815,138	1,062,219
以股份為基礎的薪酬	Share-based compensation	187	7,879
股份激勵開支	Share award expenses	—	302,583
退休福利－界定供款計劃	Retirement benefit - defined contribution plans	1,125,498	907,124
		11,590,023	10,113,954

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 僱員福利開支(包括董事酬金)(續)

(a) 退休福利—界定供款計劃

本公司於中國的附屬公司為中國政府所推行國家管理退休福利計劃的成員。本集團按附屬公司僱員薪金若干百分比作出供款，而除年度供款外，並無實際支付退休金或退休後福利的進一步責任。國家管理的退休計劃負責向退休僱員支付所有退休金。

本集團已安排其香港僱員參加強制性公積金計劃(「強積金計劃」)，該計劃為由獨立受託人管理的界定供款計劃。根據強積金計劃，本集團及其僱員按強制性公積金法例定義的僱員收入的5%每月向計劃作出供款。本集團及僱員供款均以1,500港元為上限，其後作出的供款屬自願性質。

本集團於台灣的附屬公司已根據台灣「勞工退休金條例」設立界定供款計劃(「台灣計劃」)，自二零零五年七月一日起生效。本集團向由台灣勞工保險局管理的已歸屬僱員個人賬戶供款僱員月薪的6%。當僱員離開本集團時，應計退休金福利可予轉移。概無已沒收供款可供扣減日後應付供款。

除上述計劃供款外，本集團並無承擔重大退休後福利責任。

8 EMPLOYEE BENEFITS EXPENSES
(INCLUDING DIRECTORS'
EMOLUMENTS) (Continued)

(a) Retirement benefit – defined contribution plans

The Company's subsidiaries in the PRC are members of the state-managed retirement benefits scheme operated by the PRC government. The Group contributes a certain percentage of the salaries of the subsidiaries' employees, and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-managed retirement plans are responsible for the entire pension obligations payable to the retired employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a cap of HK\$1,500 and thereafter contributions are voluntary. No forfeited contributions are available to reduce contributions payable in the future.

The Group's subsidiary in Taiwan has established a defined contribution plan ("Taiwan Plan") under the new "Labor Pension Act" of Taiwan with effect from 1 July 2005. The Group contributes 6% of the employees' monthly salaries to the vested employees' individual accounts, which are administered by the Labor Insurance Bureau of Taiwan. The accrued pension benefits are portable when the employees leave the Group. No forfeited contributions are available to reduce contributions payable in the future.

The Group has no material obligation for post-retirement benefits beyond contributions to the above schemes.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 僱員福利開支(包括董事酬金)(續)

(b) 五名最高薪人士

年內，本集團五名最高薪人士包括其酬金反映於附註38所列分析的三名(二零一七年：三名)董事。於年內應付予餘下兩名(二零一七年：兩名)人士的酬金如下：

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
基本工資、津貼及實物福利	Basic salaries, allowances and benefits in kind	156,033	118,653
酌情花紅	Discretionary bonuses	23,865	24,027
以股份為基礎的付款	Share-based payments	—	945
退休福利—界定供款計劃	Retirement benefit- defined contribution plan	20,972	21,920
		200,870	165,545

概無吸納費或離職補償支付或應付予任何該等人士(二零一七年：無)。

8 EMPLOYEE BENEFITS EXPENSES
(INCLUDING DIRECTORS'
EMOLUMENTS) (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2017: three) directors whose emolument is reflected in the analysis shown in Note 38. The emoluments payable to the remaining two (2017: two) individuals during the year are as follows:

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
基本工資、津貼及實物福利	Basic salaries, allowances and benefits in kind	156,033	118,653
酌情花紅	Discretionary bonuses	23,865	24,027
以股份為基礎的付款	Share-based payments	—	945
退休福利—界定供款計劃	Retirement benefit- defined contribution plan	20,972	21,920
		200,870	165,545

No inducement fee nor compensation for loss of office has paid to or receivable by any of these individuals (2017: Nil).

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 僱員福利開支(包括董事酬金)(續)

(b) 五名最高薪人士(續)

酬金的範圍如下：

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018	二零一七年 2017
酬金範圍	Emolument bands		
零至 1,000,000 港元(相當於 零至 128,149 美元)	Nil to HK\$1,000,000 (equivalent to Nil to USD128,149)	2	2
1,000,001 港元至 1,500,000 港元(相當於 128,150 美元 至 192,224 美元)	HK\$1,000,001 to HK\$1,500,000 (equivalent to USD128,150 to USD192,224)	—	—
1,500,001 港元至 2,000,000 港元(相當於 192,225 美元 至 250,299 美元)	HK\$1,500,001 to HK\$2,000,000 (equivalent to USD192,225 to USD250,299)	—	—
		2	2

8 EMPLOYEE BENEFITS EXPENSES
(INCLUDING DIRECTORS'
EMOLUMENTS) (Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

9 融資收入，淨額

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
融資收入	Finance income		
銀行存款的利息收入	Interest income on bank deposits	1,079,527	437,841
非流動貿易應收 款項增加利息	Interest accretion on non-current trade receivables	32,534	23,441
其他	Others	49,487	—
融資收入	Finance income	1,161,548	461,282
融資成本	Finance cost		
銀行借款利息開支	Interest expense on bank borrowings	(11,808)	—
融資收入，淨額	Finance income, net	1,149,740	461,282

9 FINANCE INCOME, NET

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 附屬公司

本集團於二零一八年十二月三十一日之主要附屬公司載列如下。除非另有所指，否則其擁有僅包括本集團持有之普通股之股本及所持擁有權權益比例等於本公司持有之投票權。註冊成立或註冊國家亦為其主要營業地點。

10 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

實體名稱 Name of entity	註冊成立地點及 法律實體類別 Place of incorporation and kind of legal entity	主要業務 Principal activities	已發行及 繳足股本詳情 Particulars of issued and fully paid share capital	直接及間接擁有權 Direct and indirect ownership	
				二零一八年 2018 %	二零一七年 2017 %
Directly held:					
直接持有：					
SMIT Holdings (HK) Limited ("SMIT HK")	Hong Kong, limited liability company	Sales of CAM and other security products and related materials	HK\$150,010,000	100	100
國微控股(香港)有限公司 (「國微香港」)	香港， 有限責任公司	銷售視密卡及其他安全 產品及相關材料	150,010,000 港元		
SMIT Digital GmbH	Germany, limited liability company	Sales of CAM and mPOS devices and other security products	EUR25,000	100	100
SMIT Digital GmbH	德國，有限責任公司	銷售視密卡及mPOS設備及 其他安全產品	25,000 歐元		
SMIT Systemic Limited SMIT Systemic Limited	British Virgin Islands 英屬處女群島	Investment holding 投資控股	USD1 1 美元	100	—

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 附屬公司(續)

10 SUBSIDIARIES (Continued)

實體名稱 Name of entity	註冊成立地點及 法律實體類別 Place of incorporation and kind of legal entity	主要業務 Principal activities	已發行及 繳足股本詳情 Particulars of issued and fully paid share capital	直接及間接擁有權 Direct and indirect ownership	
				二零一八年 2018 %	二零一七年 2017 %
Indirectly held:					
間接持有：					
Shenzhen State Micro Technology Co., Ltd. ("SMiT Shenzhen")	The PRC, limited liability company	Research and development and sales of CAM, mPOS devices and blockchain servers	RMB220,000,000	100	100
國微集團(深圳)有限公司 (前稱「深圳國微技術有限公司」) (「SMiT 深圳」)	中國， 有限責任公司	研發及銷售視密卡、 mPOS設備及區塊鏈 服務器	人民幣 220,000,000 元		
S2C Tech Inc. ("S2C")	Cayman Islands, limited liability company	Investment holding	USD 200,517	94.97	—
S2C Tech Inc. (「S2C」)	開曼群島， 有限責任公司	投資控股	200,517 美元		
S2C Taiwan Inc.	Taiwan, limited liability company	Sales of rapid verification system and software	NTD47,000,000	94.97	—
思爾芯科技股份有限公司	台灣，有限責任公司	銷售快速驗證 系統與軟件	47,000,000 新台幣		
S2C Shanghai Co., Ltd. ("S2C Shanghai")	The PRC, limited liability company	Research and development and sales of rapid verification system and software	RMB1,150,000	94.97	—
思爾芯(上海)信息科技 有限公司 (「S2C 上海」)	中國， 有限責任公司	研發及銷售快速驗證 系統與軟件	人民幣 1,150,000 元		

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 附屬公司(續)

(a) 非控股權益

於二零一八年十二月三十一日，本集團非控股權益總額為240,480美元(二零一七年：零)。於二零一八年十二月三十一日，本集團按擁有對本集團而言屬重大的非控股權益的附屬公司的資產總值、負債總額及除所得稅前虧損的相對規模重新評估該附屬公司。

下文載列擁有重大非控股權益的S2C集團自收購完成起的未經審核財務資料概要。

10 SUBSIDIARIES (Continued)

(a) Non-controlling interests

As at 31 December 2018, the total non-controlling interests of the Group was USD240,480 (2017: Nil). As at 31 December 2018, the Group re-assessed whether the subsidiary with non-controlling interests is considered material to the Group based on its relative size in terms of total assets, total liabilities and loss before income tax.

Set out below are the summarised unaudited financial information of S2C Group since completion of acquisition which has material non-controlling interests.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 附屬公司(續)

10 SUBSIDIARIES (Continued)

(a) 非控股權益(續)

(a) Non-controlling interests (Continued)

		S2C 於二零一八年 十二月三十一日 As at 31 December 2018 美元 USD
綜合財務狀況表概要	Summarised consolidated statement of financial position	
流動資產	Current assets	3,510,137
流動負債	Current liabilities	(3,698,270)
流動負債淨額	Net current liabilities	(188,133)
非流動資產	Non-current assets	5,661,779
非流動負債	Non-current liabilities	(692,730)
非流動資產淨值	Net non-current assets	4,969,049
資產淨值	Net assets	4,780,916
累計非控股權益	Accumulated non-controlling interests	240,480

		S2C 二零一八年 2018 美元 USD
綜合綜合全面收益表概要	Summarised consolidated statement of comprehensive income	
收益	Revenue	792,568
期內虧損	Loss for the period	(43,936)
其他全面虧損	Other comprehensive loss	(29,923)
全面虧損總額	Total comprehensive loss	(73,859)
分配予非控股權益的虧損	Loss allocated to non-controlling interests	(3,715)

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 附屬公司(續)

(a) 非控股權益(續)

		S2C 二零一八年 2018 美元 USD
綜合現金流量概要	Summarised consolidated cash flows	
經營活動所得現金流量	Cash flows from operating activities	(249,078)
投資活動所得現金流量	Cash flows from investing activities	203
融資活動所得現金流量	Cash flows from financing activities	333,636
現金及現金等價物增加淨額	Net increase in cash and cash equivalents	84,761

11 所得稅(抵免)/開支

本集團中國附屬公司SMiT深圳及S2C上海分別於深圳經濟特區及上海成立。由於SMiT深圳與S2C上海已獲中國相關主管稅務機關認可為新企業所得稅法下界定的高新技術企業，彼等均有權於二零一七年至二零一九年三年期間內享有15%的調減企業所得稅(「企業所得稅」)優惠稅率(「高新技術企業優惠稅率」)。截至二零一八年十二月三十一日止年度已就該等附屬公司的應課稅溢利採用的企業所得稅稅率為15%(二零一七年：15%)。

10 SUBSIDIARIES (Continued)

(a) Non-controlling interests (Continued)

11 INCOME TAX (CREDIT)/EXPENSE

SMiT Shenzhen and S2C Shanghai are the PRC subsidiaries of the Group established in the Shenzhen Special Economic Zone and Shanghai, respectively. As a result of the approval obtained from the respective in-charge tax authorities in the PRC as High/New Technology Enterprises as defined under the New Enterprise Income Tax Law, both SMiT Shenzhen and S2C Shanghai are entitled to a reduced preferential enterprise income tax ("EIT") rate at 15% ("HNTE Preferential Tax Rate") for a 3-year period from 2017 to 2019. An EIT tax rate at 15% (2017: 15%) was applied to the assessable profit of these subsidiaries for the year ended 31 December 2018.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 所得稅(抵免)/開支(續)

截至二零一八年十二月三十一日止年度，已根據年內估計應課稅溢利按16.5%(二零一七年：16.5%)的稅率計提香港利得稅撥備。境外溢利的稅項乃依照本集團經營所在國家的現有立法、詮釋及相關慣例，根據年內估計應課稅溢利，按有關國家通行的適用稅率計算所得。

11 INCOME TAX (CREDIT)/EXPENSE

(Continued)

For the year ended 31 December 2018, Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
即期所得稅	Current income tax		
— 中國企業所得稅	- PRC corporate income tax	—	933,612
— 海外稅項	- Overseas tax	27,698	235,453
— 香港利得稅	- Hong Kong profits tax	—	220,297
遞延所得稅(附註23)	Deferred income tax (Note 23)		
— 本年度	- Current year	(1,069,528)	1,287,442
過往年度(超額撥備)/撥備不足	(Over)/under-provision in prior years		
— 即期所得稅	- Current income tax	(551,477)	303,282
— 遞延所得稅(附註23)	- Deferred income tax (Note 23)	—	(47,727)
所得稅(抵免)/開支	Income tax (credit)/expense	(1,593,307)	2,932,359

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 所得稅(抵免)/開支(續)

本集團除所得稅前(虧損)/溢利的稅項與理論值不同，理論值乃使用以下適用於本集團附屬公司溢利的國內稅率計算所得：

11 INCOME TAX (CREDIT)/EXPENSE

(Continued)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profits of the Group's subsidiaries as follows:

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
除所得稅前(虧損)/溢利	(Loss)/profit before income tax	(277,783)	14,031,227
按適用於各自國家所產生溢利的 國內稅率計算的稅項	Tax calculated at domestic tax rates applicable to profits in the respective countries	(20,490)	2,275,457
毋須納稅的收入	Income not subject to tax	(884,231)	(66,967)
不可扣稅的開支	Expenses not deductible for tax purposes	363,229	275,406
所得稅優惠－超額抵扣	Income tax benefit – super deduction	(604,968)	(541,701)
並無確認遞延稅項資產的 稅項虧損	Tax losses for which no deferred tax asset was recognised	104,630	—
過往年度(超額撥備)/撥備不足	(Over)/under-provision in prior years	(551,477)	255,555
重新計量遞延稅項－ 稅率變動	Re-measurement of deferred tax – change in the tax rate	—	734,609
所得稅(抵免)/開支	Income tax (credit)/expense	(1,593,307)	2,932,359

截至二零一七年十二月三十一日止年度，SMiT深圳獲認可為高新技術企業，有權於二零一七年至二零一九年三年期間內享有高新技術企業優惠稅率，因此，就SMiT深圳暫時性差額的遞延稅項餘額進行重新計量。於二零一八及二零一九財政年度，預期將予撥回的遞延稅項已使用高新技術企業優惠稅率按15%重新計量。

During the year ended 31 December 2017, as a result of the approval obtained by SMiT Shenzhen as a High/New Technology Enterprise with the entitlement to HNTE Preferential Tax Rate for a 3-year period from 2017 to 2019, the deferred tax balances with respect to the temporary differences of SMiT Shenzhen have been re-measured. Deferred tax expected to be reversed during the financial year of 2018 and 2019 had been re-measured using the HNTE Preferential Tax Rate at 15%.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 所得稅(抵免)/開支(續)

截至二零一八年十二月三十一日止年度的加權平均適用稅率為7.3%(二零一七年:16.2%)。降低乃由於本公司及其附屬公司於各自國家的盈利水平變動。

根據《中華人民共和國企業所得稅法》，於中國成立的外資企業向外國投資者宣派的股息須繳納10%的預扣稅。該規定自二零零八年一月一日起生效並適用於二零零七年十二月三十一日後賺取的盈利。倘中國與外國投資者所屬的司法權區簽署稅收協定，則可採用較低的預扣稅稅率。對於本集團而言，適用稅率為5%或10%。因此，關於自二零零八年一月一日起所產生盈利，本集團須就於中國成立的該等附屬公司所分派的股息繳納預扣稅。詳情於附註23披露。

11 INCOME TAX (CREDIT)/EXPENSE

(Continued)

The weighted average applicable tax rate for the year ended 31 December 2018 was 7.3% (2017: 16.2%). The decrease is caused by a change in the profitability of the Company and its subsidiaries in the respective countries.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding tax on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008. Details are disclosed in Note 23.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. 每股盈利

12.1 基本

每股基本盈利按本公司擁有人應佔本集團溢利除以已發行普通股的加權平均數計算。

本公司擁有人應佔溢利(美元)	Profit attributable to owners of the Company (USD)
已發行普通股的加權平均數	Weighted average number of ordinary shares in issue
每股基本盈利(美元)	Basic earnings per share (USD)

12 EARNINGS PER SHARE

12.1 Basic

Basic earnings per share are calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue.

截至十二月三十一日止年度
Year ended 31 December

二零一八年 2018	二零一七年 2017
---------------	---------------

1,317,734	11,098,868
309,751,596	303,420,114
0.004	0.037

12.2 攤薄

每股攤薄盈利通過調整發行在外的普通股加權平均數，以假設所有可能具有攤薄效應的普通股已經轉換而計算。就購股權而言，假設購股權獲行使時應已發行的股份數目扣除就相同所得款項總額公平值(按相關年度每股平均市價釐定)可發行的股份數目，即為無償發行的股份數目。因而產生的無償發行股份數目計入普通股加權平均數作為分母，以計算每股攤薄盈利。

12.2 Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the share options, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the respective year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. 每股盈利(續)

12 EARNINGS PER SHARE (Continued)

12.2 攤薄(續)

12.2 Diluted (Continued)

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018	二零一七年 2017
本公司擁有人應佔溢利(美元)	Profit attributable to owners of the Company (USD)	1,317,734	11,098,868
已發行普通股的加權平均數	Weighted average number of ordinary shares in issue	309,751,596	303,420,114
購股權調整	Adjustments for share options	8,896,373	11,872,746
每股攤薄盈利的經調整普通股加權平均數	Adjusted weighted average number of ordinary shares for diluted earnings per share	318,647,969	315,292,860
每股攤薄盈利(美元)	Diluted earnings per share (USD)	0.004	0.035

13 股息

13 DIVIDENDS

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018	二零一七年 2017
擬派末期股息每股0.01港元 (相等於約0.001美元) (二零一七年: 0.02港元 (相等於約0.003美元))	Proposed final dividend of HK\$0.01 (equivalent to approximately USD0.001) (2017: HK\$0.02 (equivalent to approximately USD0.003)) per share	402,964	802,533

截至二零一七年十二月三十一日止年度的末期股息為802,533美元(每股0.02港元(相等於約0.003美元))(二零一七年: 580,846美元(每股0.015港元(相等於約0.002美元))),已於二零一八年派付。截至二零一八年十二月三十一日止年度的末期股息為每股0.01港元(相等於約0.001美元),股息總額為402,964美元,將於本公司即將召開的股東週年大會提呈。此建議末期股息並未有於二零一八年十二月三十一日的綜合財務報表中反映為應付股息。

The final dividend for the year ended 31 December 2017 amounted to USD802,533 (HK\$0.02 (equivalent to approximately USD0.003) per share) (2017: USD580,846 (HK\$0.015 (equivalent to approximately USD0.002) per share)) was paid in 2018. A final dividend in respect of the year ended 31 December 2018 of HK\$0.01 (equivalent to approximately USD0.001) per share, amounted to a total dividend of USD402,964, will be proposed at the upcoming annual general meeting of the Company. This proposed final dividend is not reflected as a dividend payable in the consolidated financial statements as at 31 December 2018.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 物業、廠房及設備

14 PROPERTY, PLANT AND EQUIPMENT

		租賃物業裝修 Leasehold improvements 美元 USD	傢具、 裝置及設備 Furniture, fixtures and equipment 美元 USD	汽車 Motor vehicles 美元 USD	總計 Total 美元 USD
於二零一六年十二月三十一日	At 31 December 2016				
成本	Cost	2,289,643	1,731,145	242,388	4,263,176
累計折舊	Accumulated depreciation	(1,790,852)	(388,135)	(74,467)	(2,253,454)
賬面淨值	Net book amount	498,791	1,343,010	167,921	2,009,722
截至二零一七年 十二月三十一日止年度	Year ended 31 December 2017				
年初賬面淨值	Opening net book amount	498,791	1,343,010	167,921	2,009,722
添置	Additions	64,543	631,477	122,390	818,410
出售	Disposals	(470)	(229,735)	(15,758)	(245,963)
折舊(附註7)	Depreciation (Note 7)	(219,474)	(397,335)	(59,231)	(676,040)
貨幣換算差額	Currency translation differences	23,677	71,369	4,878	99,924
年末賬面淨值	Closing net book amount	367,067	1,418,786	220,200	2,006,053
於二零一七年 十二月三十一日	At 31 December 2017				
成本	Cost	2,380,124	2,075,871	317,166	4,773,161
累計折舊	Accumulated depreciation	(2,013,057)	(657,085)	(96,966)	(2,767,108)
賬面淨值	Net book amount	367,067	1,418,786	220,200	2,006,053
截至二零一八年 十二月三十一日止年度	Year ended 31 December 2018				
年初賬面淨值	Opening net book amount	367,067	1,418,786	220,200	2,006,053
收購附屬公司(附註35)	Acquisition of subsidiaries (Note 35)	25,276	70,043	—	95,319
添置	Additions	241,003	174,322	—	415,325
出售	Disposals	(14,735)	(19,880)	—	(34,615)
折舊(附註7)	Depreciation (Note 7)	(245,502)	(379,125)	(60,586)	(685,213)
貨幣換算差額	Currency translation differences	(15,990)	(40,306)	(4,679)	(60,975)
年末賬面淨值	Closing net book amount	357,119	1,223,840	154,935	1,735,894
於二零一八年十二月三十一日	At 31 December 2018				
成本	Cost	2,651,553	3,134,470	327,511	6,113,534
累計折舊	Accumulated depreciation	(2,294,434)	(1,910,630)	(172,576)	(4,377,640)
賬面淨值	Net book amount	357,119	1,223,840	154,935	1,735,894

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 物業、廠房及設備(續)

計入「銷售成本」、「研發開支」、「銷售及分銷開支」及「一般及行政開支」的折舊分析如下：

14 PROPERTY, PLANT AND EQUIPMENT
(Continued)

Depreciation included in “cost of sales”, “research and development expenses”, “selling and distribution expenses” and “general and administrative expenses” are analysed as follows:

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
銷售成本	Cost of sales	100,749	73,653
研發開支	Research and development expenses	377,091	399,054
銷售及分銷開支	Selling and distribution expenses	24,901	32,202
一般及行政開支	General and administrative expenses	182,472	171,131
		685,213	676,040

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 其他無形資產

15 OTHER INTANGIBLE ASSETS

		電腦軟件 Computer software 美元 USD	許可使用權 License use rights 美元 USD	總計 Total 美元 USD
於二零一六年 十二月三十一日		At 31 December 2016		
成本	Cost	3,477,772	—	3,477,772
累計折舊	Accumulated depreciation	(3,285,363)	—	(3,285,363)
賬面淨值	Net book amount	192,409	—	192,409
截至二零一七年 十二月三十一日止年度		Year ended 31 December 2017		
年初賬面淨值	Opening net book amount	192,409	—	192,409
添置	Additions	62,654	—	62,654
攤銷(附註7)	Amortisation (Note 7)	(167,733)	—	(167,733)
貨幣換算差額	Currency translation differences	(1,019)	—	(1,019)
年末賬面淨值	Closing net book amount	86,311	—	86,311
於二零一七年 十二月三十一日		At 31 December 2017		
成本	Cost	3,527,871	—	3,527,871
累計折舊	Accumulated depreciation	(3,441,560)	—	(3,441,560)
賬面淨值	Net book amount	86,311	—	86,311
截至二零一八年 十二月三十一日止年度		Year ended 31 December 2018		
年初賬面淨值	Opening net book amount	86,311	—	86,311
收購附屬公司(附註35)	Acquisition of subsidiaries (Note 35)	221,087	4,644,000	4,865,087
添置	Additions	280,793	—	280,793
攤銷(附註7)	Amortisation (Note 7)	(160,904)	(25,800)	(186,704)
貨幣換算差額	Currency translation differences	7,832	—	7,832
年末賬面淨值	Closing net book amount	435,119	4,618,200	5,053,319
於二零一八年 十二月三十一日		At 31 December 2018		
成本	Cost	3,684,820	4,644,000	8,328,820
累計折舊	Accumulated depreciation	(3,249,701)	(25,800)	(3,275,501)
賬面淨值	Net book amount	435,119	4,618,200	5,053,319

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 其他無形資產(續)

計入「銷售成本」、「研發開支」、「銷售及分銷開支」及「一般及行政開支」的攤銷分析如下：

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
銷售成本	Cost of sales	94	—
研發開支	Research and development expenses	128,135	91,985
銷售及分銷開支	Selling and distribution expenses	10,000	19,706
一般及行政開支	General and administrative expenses	48,475	56,042
		186,704	167,733

15 OTHER INTANGIBLE ASSETS (Continued)

Amortisation included “cost of sales”, “research and development expenses”, “selling and distribution expenses” and “general and administrative expenses” are analysed as follows:

16 存貨

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
原材料	Raw materials	7,073,129	8,273,392
半成品	Work in progress	2,258,421	3,119,485
製成品	Finished goods	3,671,418	8,866,594
		13,002,968	20,259,471
減：存貨減值撥備	Less: Provision for impairment of inventories	(3,021,355)	(3,531,606)
		9,981,613	16,727,865

截至二零一八年十二月三十一日止年度，被確認為開支並被計入銷售成本的存貨成本為25,576,930美元（二零一七年：54,528,750美元）。

The cost of inventories recognised as expense and included in cost of sales amounted to USD25,576,930 (2017: USD54,528,750) for the year ended 31 December 2018.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 按類別劃分的金融工具

17 FINANCIAL INSTRUMENTS BY CATEGORY

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
依據綜合財務狀況表的資產	Assets as per consolidated statement of financial position		
按攤銷成本列賬的金融資產	Financial assets at amortised cost		
— 貿易應收款項	- Trade receivables	11,514,103	10,688,074
— 票據及其他應收款項	- Notes and other receivables	992,101	1,798,283
— 短期銀行存款	- Short-term bank deposits	—	3,523,375
— 受限制銀行存款	- Restricted bank deposit	5,000,000	—
— 現金及現金等價物	- Cash and cash equivalents	54,962,324	84,100,969
		72,468,528	100,110,701
透過損益按公平值入賬的金融資產	Financial assets at fair value through profit or loss		
— 透過損益按公平值入賬的金融資產	- Financial assets at fair value through profit or loss	18,246,807	3,808,986
		90,715,335	103,919,687
依據綜合財務狀況表的負債	Liabilities as per consolidated statement of financial position		
按攤銷成本列賬的金融負債	Financial liabilities at amortised cost		
— 貿易應付款項	- Trade payables	4,089,422	7,552,913
— 應計費用及其他應付款項	- Accruals and other payables	2,369,824	4,547,074
— 銀行借款	- Bank borrowings	5,335,126	—
		11,794,372	12,099,987
透過損益按公平值入賬的金融負債	Financial liability at fair value through profit or loss		
— 應付或然代價	- Contingent consideration payable	1,507,404	—
		13,301,776	12,099,987

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 貿易應收款項、預付款項及其他應收款項

18 TRADE, PREPAYMENTS AND OTHER RECEIVABLES

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
第三方貿易應收款項	Trade receivables from third parties	(a) 8,609,948	11,840,686
關聯方貿易應收款項 (附註 36(e))	Trade receivables from a related party (Note 36(e))	(a) 4,885,596	133,476
減：貿易應收款項減值撥備	Less: Provision for impairment of trade receivables	(a) (1,981,441)	(1,286,088)
貿易應收款項－淨額	Trade receivables – net	11,514,103	10,688,074
預付款項	Prepayments	(b) 8,371,901	1,350,472
應收票據	Notes receivable	(b) 66,190	1,633,905
第三方按金及其他應收款項	Deposits and other receivables from third parties	(b) 898,156	164,378
關聯方其他應收款項 (附註 36(f))	Other receivables from a related party (Note 36(f))	(b) 27,755	—
		9,364,002	3,148,755
減：非即期部分	Less: Non-current portion	(41,750)	(545,554)
		20,836,355	13,291,275

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 貿易應收款項、預付款項及其他應收款項(續)

附註：

(a) 貿易應收款項

於二零一八年十二月三十一日，基於發票日期的貿易應收款項賬齡分析如下：

少於30天	Within 30 days
31至60天	31 to 60 days
61至90天	61 to 90 days
91至180天	91 to 180 days
181至365天	181 to 365 days
超過365天	Over 365 days

18 TRADE, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Note:

(a) Trade receivables

As at 31 December 2018, the ageing analysis of the trade receivables based on invoice date is as follows:

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
少於30天	Within 30 days	2,950,429	7,132,202
31至60天	31 to 60 days	563,046	2,185,283
61至90天	61 to 90 days	2,600,183	356,603
91至180天	91 to 180 days	154,937	170,461
181至365天	181 to 365 days	5,465,007	874,664
超過365天	Over 365 days	1,761,942	1,254,949
		13,495,544	11,974,162

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 貿易應收款項、預付款項及其他應收款項(續)

附註：(續)

(a) 貿易應收款項(續)

本集團貿易應收款項減值撥備的變動如下：

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
於一月一日	As at 1 January	1,286,088	1,208,748
減值撥備	Provision for impairment	759,318	2,039
貨幣換算差額	Currency translation differences	(63,965)	75,301
於十二月三十一日	As at 31 December	1,981,441	1,286,088

最大之信貸風險敞口為貿易應收款項的賬面值。本集團並無就該等結餘持有任何抵押品或其他信貸加強項目。

本集團貿易應收款項的賬面值與其公平值相若，並以下列貨幣計值：

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
人民幣	RMB	8,509,523	9,019,184
美元	USD	2,693,399	1,380,830
其他	Others	311,181	288,060
		11,514,103	10,688,074

18 TRADE, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Note: (Continued)

(a) Trade receivables (Continued)

Movements in the Group's provision for impairment of the trade receivables are as follows:

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
於一月一日	As at 1 January	1,286,088	1,208,748
減值撥備	Provision for impairment	759,318	2,039
貨幣換算差額	Currency translation differences	(63,965)	75,301
於十二月三十一日	As at 31 December	1,981,441	1,286,088

The maximum exposure to credit risk is the carrying amounts of trade receivables. The Group does not hold any collateral or other credit enhancements over these balances.

The carrying amounts of the Group's trade receivables approximate their fair values and are denominated in the following currencies:

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
人民幣	RMB	8,509,523	9,019,184
美元	USD	2,693,399	1,380,830
其他	Others	311,181	288,060
		11,514,103	10,688,074

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 貿易應收款項、預付款項及其他應收款項(續)

附註：(續)

(b) 預付款項、應收票據及其他應收款項

於二零一八年十二月三十一日，預付款項結餘包括有關未來研發項目的5,500,000美元(二零一七年：無)。

本集團預付款項、應收票據及其他應收款項的賬面值與其公平值相若，並主要以下列貨幣計值：

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
美元	USD	5,653,546	420,928
人民幣	RMB	3,370,806	2,543,538
其他	Others	339,650	184,289
		9,364,002	3,148,755

其他應收款項中並無減值資產。本集團並無持有任何抵押品作為擔保。

18 TRADE, PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Note: (Continued)

(b) Prepayments, notes receivable and other receivables

As at 31 December 2018, the balance of prepayments includes an amount of USD5,500,000 (2017: Nil) in relation to future research and development projects.

The carrying amounts of the Group's prepayments, notes receivable and other receivables approximate their fair values and are mainly denominated in the following currencies:

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
美元	USD	5,653,546	420,928
人民幣	RMB	3,370,806	2,543,538
其他	Others	339,650	184,289
		9,364,002	3,148,755

Other receivables do not contain impaired assets. The Group does not hold any collateral as security.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 透過損益按公平值入賬的金融資產

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		於十二月三十一日 As at 31 December	
		二零一八年 2018	二零一七年 2017
		美元 USD	美元 USD
		附註 Note	
二零一七年購入的非上市股本證券	Unlisted equity security acquired in 2017	(a)	—
非上市基金	Unlisted fund	(b)	1,437,599
二零一八年購入的非上市股本證券	Unlisted equity securities acquired in 2018	(c), (d), (e)	16,809,208
			—
			18,246,807
			3,808,986

附註：

- (a) 非上市股本證券投資指盟山科技(深圳)有限公司(「盟山」) (一家於中國註冊成立的公司，主要在中國從事運營一站式跨境電商平台)的8.89%股權。倘盟山未能於投資之日起五年內上市，則該投資可按本集團支付的代價加上每年8%的利息收入減去已收股息贖回。公平值在公平值等級第3級內(附註3.3)。截至二零一八年十二月三十一日止年度，公平值虧損1,942,243美元(二零一七年：無)於綜合收益表內確認。
- (b) 於二零一七年四月六日，本集團透過認購15,000股無投票權參與可贖回股份於一家非上市基金(其於開曼群島註冊)投資1,500,000美元。公平值在公平值等級第3級內(附註3.3)。截至二零一八年十二月三十一日止年度，公平值虧損331,351美元(二零一七年：收益268,950美元)於綜合收益表內確認。

Note:

- (a) The unlisted equity security investment represents 8.89% interest in Mainsweb Technology (Shenzhen) Company Limited ("Mainsweb"), a company incorporated in the PRC principally engaged in the operation of a one-stop cross-border e-commerce platform in the PRC. The investment is redeemable if Mainsweb is unable to be listed within 5 years from the date of investment at the consideration paid by the Group plus an interest income of 8% per annum less dividends received. The fair value is within level 3 of the fair value hierarchy (Note 3.3). During year ended 31 December 2018, a fair value loss of USD1,942,243 (2017: Nil) is recognised in the consolidated income statement.
- (b) On 6 April 2017, the Group made an investment of USD1,500,000 in an unlisted fund by way of a subscription for 15,000 non-voting participating redeemable shares, which are registered in the Cayman Islands. The fair value is within level 3 of the fair value hierarchy (Note 3.3). During year ended 31 December 2018, a fair value loss of USD331,351 (2017: gain of USD268,950) is recognised in the consolidated income statement.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 透過損益按公平值入賬的金融資產(續)

附註：(續)

- (c) 於二零一八年二月收購的非上市股本證券指於深圳衡宇芯片科技有限公司(「深圳衡宇」)的約3.4%權益。該公司於中國註冊成立，主要從事開發供應予通訊、消費電子及數據處理行業的閃存主控芯片。該投資在本公司全資附屬公司深圳國微技術有限公司(「SMIT深圳」)與深圳衡宇訂立的《投資協議》中所載的任何指定條件下，可按本集團支付的代價人民幣20百萬元(相等於約3,166,000美元)加上每年10%的利息收入減去已收股息予以贖回。公平值在公平值等級第3級內(見附註3.3)。截至二零一八年十二月三十一日止年度，公平值並無變動。
- (d) 於二零一八年八月三十一日，本公司以總代價1,800,000美元(來自若干第三方)收購於開曼群島註冊成立的公司SMIT Investment Limited(「SMIT Investment」)的未上市優先股，佔SMIT Investment約10.11%權益。SMIT Investment為一間投資控股公司，透過其全資附屬公司持有IBOXPAY International Inc.(「盒子支付」)約8.37%股權的投資。盒子支付是領先的移動支付服務提供商及本集團現有客戶。本公司執行董事、首席執行官兼控股股東黃學良先生亦擔任SMIT Investment的董事。公平值在公平值等級第3級內(附註3.3)。截至二零一八年十二月三十一日止年度，公平值收益3,800,000美元於綜合收益表內確認。

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Note: (Continued)

- (c) The unlisted equity security acquired in February 2018 represents approximately 3.4% interest in StorArt Technology (Shenzhen) Co., Ltd (“StorArt”), a company incorporated in the PRC being principally engaged in development of flash memory main controller integrated circuits which are mainly supplied to the communications, consumer electronics and data processing industries. The investment is redeemable in the event of any of the prescribed conditions set out in the investment agreement signed between Shenzhen State Micro Technology Co., Ltd. (SMIT Shenzhen), a wholly-owned subsidiary of the Company, and StorArt at the consideration of RMB 20 million (equivalent to approximately USD3,166,000) paid by the Group plus an interest income of 10% per annum less dividends received. The fair value is within level 3 of the fair value hierarchy (see Note 3.3). There was no change in fair value during the year ended 31 December 2018.
- (d) On 31 August 2018, the Company has acquired unlisted preference shares of SMIT Investment Limited (“SMIT Investment”), a company incorporated in the Cayman Islands, at a total consideration of USD1,800,000 from certain third parties, representing approximately 10.11% interest in SMIT Investment. SMIT Investment is an investment holding company which holds, through its wholly-owned subsidiary, an investment in approximately 8.37% equity interest of IBOXPAY International Inc. (“iBoxpay”). iBoxpay is leading mobile payment services provider and an existing customer of the Group. Mr Huang Xueliang, the executive director, the CEO and controlling shareholder of the Company is also the director of SMIT Investment. The fair value is within level 3 of the fair value hierarchy (see Note 3.3). During year ended 31 December 2018, a fair value gain of USD3,800,000 is recognised in the consolidated income statement.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 透過損益按公平值入賬的金融資產(續)

附註：(續)

- (e) 於二零一八年二月八日，本公司全資附屬公司國微控股(香港)有限公司(「國微香港」)根據其與Sensel, Inc.(「Sensel」)等各方簽訂的一份《票據購買協議》(「《票據購買協議》」)，完成了對Sensel的2,000,000美元投資。Sensel是一家以美國為基地的領先觸控技術公司，擁有壓力網格技術，該技術採用力敏方式，糅合了業內的領先性能及額外維度控制。該交易完成後，國微香港已根據《票據購買協議》的條款認購了2,000,000美元可轉換成Sensel普通股或優先股的可承兌票據。

於二零一八年十一月九日，國微香港根據股票購買協定(「購股協定」)，通過購買Sensel的優先股(「股票購買」)進一步完成5,000,000美元的投資。同時，由Sensel發行並於二零一八年二月由國微香港認購的2,000,000美元可換股承兌票據於股票購買完成時被視為轉換為Sensel的優先股，而根據購股協定，國微香港所支付的可換股承兌票據下的全部款項已交付予Sensel以換取優先股。股票購買完成後，國微香港按全面攤薄基準持有Sensel約9.22%權益。

公平值在公平值等級第3級內(附註3.3)。截至二零一八年十二月三十一日止年度，公平值收益1,295,117美元於綜合收益表內確認。

20 受限制銀行存款

於二零一八年十二月三十一日，受限制銀行存款5,000,000美元(二零一七年：無)已於指定銀行賬戶持有作為本集團銀行融資的抵押品。

受限制銀行存款以固定利率3.13%賺取利息。受限制銀行存款的賬面值與其公平值相若，並以美元計值。

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Note: (Continued)

- (e) On 8 February 2018, SMIT Holdings (HK) Limited ("SMIT HK"), a wholly-owned subsidiary of the Company, completed a USD2,000,000 investment in Sensel, Inc. ("Sensel") pursuant to a note purchase agreement entered into between, among others, SMIT HK and Sensel (the "Note Purchase Agreement"). Sensel is an advanced sensory technology company based in the United States, which owns the pressure grid technology that combines industry-leading performance and the extra dimension of control in the form of force sensitivity. Upon completion of the transaction, SMIT HK subscribed for a USD2,000,000 promissory note which may be converted into common or preferred shares of Sensel pursuant to the terms of the Note Purchase Agreement.

On 9 November 2018, SMIT HK completed a further USD5,000,000 investment in Sensel by way of preferred stock purchase (the "Stock Purchase") pursuant to a stock purchase agreement (the "Stock Purchase Agreement"). Simultaneously, the USD2,000,000 convertible promissory note issued by Sensel and previously subscribed by SMIT HK in February 2018 was deemed converted into preferred shares in Sensel at completion of the Stock Purchase, and the entire amount owed to SMIT HK under such convertible promissory note was tendered to Sensel in exchange for preferred stock pursuant to the Stock Purchase Agreement. Upon completion of the Stock Purchase, SMIT HK held approximately 9.22% interest in Sensel on fully diluted basis.

The fair value is within level 3 of the fair value hierarchy (see Note 3.3). During year ended 31 December 2018, a fair value gain of USD1,295,117 is recognised in the consolidated income statement.

20 RESTRICTED BANK DEPOSIT

As at 31 December 2018, restricted bank deposit amounting to USD5,000,000 (2017: Nil), was held in designated bank accounts as collateral for banking facilities of the Group.

Restricted bank deposit earns interests at fixed rate of 3.13%. The carrying amount of restricted bank deposit approximates its fair value and is denominated in USD.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 現金及現金等價物

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
銀行現金	Cash at banks	54,920,645	84,065,122
手頭現金	Cash on hand	41,679	35,847
		54,962,324	84,100,969

現金及現金等價物的賬面值與其公平值相若，並以下列貨幣計值：

The carrying amounts of cash and cash equivalents approximate their fair values and are denominated in the following currencies:

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
美元	USD	33,197,678	62,723,694
人民幣	RMB	16,767,839	14,939,866
歐元	EUR	1,226,072	3,210,044
港元	HK\$	3,627,966	3,226,868
其他	Others	142,769	497
		54,962,324	84,100,969

中國維持的人民幣不能自由兌換為其他貨幣。然而，根據《中國人民共和國外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可透過獲授權在中國開展外匯業務的銀行，將人民幣兌換為其他貨幣。適用於該等限制的現金及現金等價物的賬面值為16,696,733美元（二零一七年：14,866,479美元）。

RMB maintained in the PRC is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business in the PRC. The carrying amount of cash and cash equivalents to which these restrictions apply is USD16,696,733 (2017: USD14,866,479).

於二零一八年十二月三十一日，本集團為數43,519,240美元（二零一七年：46,655,095美元）的現金及現金等價物及5,000,000美元（二零一七年：零）（附註20）的受限制銀行存款存放在中國境內銀行賬戶，而有關資金的付匯受到外匯管制。

As at 31 December 2018, cash and cash equivalents and restricted bank deposit of the Group amounting to USD43,519,240 (2017: USD46,655,095) and USD5,000,000 (2017: Nil) (Note 20), respectively, were deposited with banks in the PRC where the remittance of funds is subject to foreign exchange control.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 短期銀行存款

22 SHORT-TERM BANK DEPOSITS

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
到期日超過三個月但不足一年的 短期銀行存款	Short-term bank deposits with maturities over three months and less than one year	—	3,523,375

本集團短期銀行存款的賬面值與其各自公平值相若，並以港元計值。

於二零一七年十二月三十一日，本集團短期銀行存款的實際年利率為1.39%且該等存款的平均到期日為102天。

於二零一八年十二月三十一日，本集團並無短期銀行存款。

The carrying amounts of the Group's short-term bank deposits approximate their respective fair values and are denominated in HK\$.

As at 31 December 2017, the effective interest rate on the Group's short-term bank deposits was 1.39% per annum and these deposits had an average maturity of 102 days.

As at 31 December 2018, the Group had no short-term bank deposits.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 遞延所得稅

遞延稅項資產及負債分析如下：

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
遞延所得稅資產：	Deferred income tax assets:		
— 將於12個月內變現	- to be realised within 12 months	1,094,123	938,488
— 將於超過12個月後變現	- to be realised after more than 12 months	1,676,566	84,076
		2,770,689	1,022,564
遞延所得稅負債：	Deferred income tax liabilities:		
— 將於12個月內結算	- to be settled within 12 months	(46,440)	—
— 將於超過12個月後結算	- to be settled after more than 12 months	(646,290)	—
		(692,730)	—
遞延稅項資產淨值	Deferred tax assets, net	2,077,959	1,022,564

23 DEFERRED INCOME TAX

The analysis of deferred tax assets and liabilities is as follows:

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 遞延所得稅(續)

遞延所得稅賬目的變動淨額如下：

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
於一月一日	At 1 January	1,022,564	2,180,722
收購附屬公司(附註35)	Acquisition of subsidiaries (Note 35)	52,227	—
計入/(扣除自)綜合損益 (附註11)	Credited/(charged) to consolidated profit or loss (Note 11)	1,069,528	(1,239,715)
貨幣換算差額	Currency translation differences	(66,360)	81,557
於十二月三十一日	At 31 December	2,077,959	1,022,564

23 DEFERRED INCOME TAX (Continued)

The net movement on the deferred income tax account is as follows:

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 遞延所得稅(續)

遞延稅項資產及負債的變動(未考慮抵銷同一稅務司法權區內的結餘)如下：

遞延所得稅資產：

		加速稅項 折舊 Accelerated tax depreciation 美元 USD	撥備 Provisions 美元 USD	稅項虧損 Tax losses 美元 USD	其他 Other 美元 USD	總計 Total 美元 USD
於二零一七年						
一月一日	At 1 January 2017	19,678	1,412,288	484,648	284,676	2,201,290
扣除自損益	Charged to profit or loss	(10,817)	(590,612)	(484,648)	(160,516)	(1,246,593)
貨幣換算差額	Currency translation differences	869	68,251	—	12,437	81,557
於二零一七年						
十二月三十一日	At 31 December 2017	9,730	889,927	—	136,597	1,036,254
於二零一八年						
一月一日	At 1 January 2018	9,730	889,927	—	136,597	1,036,254
收購附屬公司 (附註35)	Acquisition of subsidiaries (Note 35)	—	357,200	400,480	457	758,137
(扣除自)/	(Charged)/credited to					
計入綜合損益	consolidated profit or loss	(3,440)	(144,110)	1,265,437	(58,000)	1,059,887
貨幣換算差額	Currency translation differences	(345)	(35,306)	(26,166)	(4,496)	(66,313)
於二零一八年						
十二月三十一日	At 31 December 2018	5,945	1,067,711	1,639,751	74,558	2,787,965

遞延所得稅資產乃就結轉的稅項虧損確認，惟以可能透過未來應課稅溢利變現相關優惠為限。除就可結轉以抵銷未來應課稅收入的虧損418,518美元(二零一七年：無)的遞延所得稅資產104,630美元(二零一七年：無)外(將於二零二三年屆滿)，於二零一八年及二零一七年十二月三十一日，本集團並無其他重大未確認遞延所得稅資產。

23 DEFERRED INCOME TAX (Continued)

Movement in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets:

		加速稅項 折舊 Accelerated tax depreciation 美元 USD	撥備 Provisions 美元 USD	稅項虧損 Tax losses 美元 USD	其他 Other 美元 USD	總計 Total 美元 USD
於二零一七年						
一月一日	At 1 January 2017	19,678	1,412,288	484,648	284,676	2,201,290
扣除自損益	Charged to profit or loss	(10,817)	(590,612)	(484,648)	(160,516)	(1,246,593)
貨幣換算差額	Currency translation differences	869	68,251	—	12,437	81,557
於二零一七年						
十二月三十一日	At 31 December 2017	9,730	889,927	—	136,597	1,036,254
於二零一八年						
一月一日	At 1 January 2018	9,730	889,927	—	136,597	1,036,254
收購附屬公司 (附註35)	Acquisition of subsidiaries (Note 35)	—	357,200	400,480	457	758,137
(扣除自)/	(Charged)/credited to					
計入綜合損益	consolidated profit or loss	(3,440)	(144,110)	1,265,437	(58,000)	1,059,887
貨幣換算差額	Currency translation differences	(345)	(35,306)	(26,166)	(4,496)	(66,313)
於二零一八年						
十二月三十一日	At 31 December 2018	5,945	1,067,711	1,639,751	74,558	2,787,965

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. Other than the deferred income tax assets of USD104,630 (2017: Nil) in respect of losses amounting to USD418,518 (2017: Nil) that can be carried forward against future taxable income which will expire in 2023, the Group did not have other material unrecognised deferred income tax assets as at 31 December 2018 and 2017.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 遞延所得稅(續)

遞延所得稅負債：

		減速稅項折舊 Decelerated tax depreciation 美元 USD	收購無形資產 Acquired intangible assets 美元 USD	其他 Other 美元 USD	總計 Total 美元 USD
於二零一七年一月一日	At 1 January 2017	20,568	—	—	20,568
計入綜合損益	Credited to consolidated profit or loss	(6,878)	—	—	(6,878)
於二零一七年 十二月三十一日	At 31 December 2017	13,690	—	—	13,690
於二零一八年一月一日	At 1 January 2018	13,690	—	—	13,690
收購附屬公司 (附註35)	Acquisition of subsidiaries (Note 35)	—	696,600	9,310	705,910
(計入)/扣除自 綜合損益	(Credited)/charged to consolidated profit or loss	(10,005)	(3,870)	4,234	(9,641)
貨幣換算差額	Currency translation differences	—	—	47	47
於二零一八年 十二月三十一日	At 31 December 2018	3,685	692,730	13,591	710,006

於二零一八年十二月三十一日，本集團中國附屬公司尚未匯至中國境外註冊成立控股公司的保留盈利(尚未計提遞延所得稅負債撥備約1,601,000美元(二零一七年：2,039,000美元))約為人民幣203,447,000元(相當於約32,013,000美元)(二零一七年：人民幣282,669,000元(相當於約40,771,000美元))。預期該等盈利將由中國附屬公司保留作再投資用途，且根據管理層對海外資金需求的估計，不會於可見未來將其匯至外國投資者。

23 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities:

		減速稅項折舊 Decelerated tax depreciation 美元 USD	收購無形資產 Acquired intangible assets 美元 USD	其他 Other 美元 USD	總計 Total 美元 USD
於二零一七年一月一日	At 1 January 2017	20,568	—	—	20,568
計入綜合損益	Credited to consolidated profit or loss	(6,878)	—	—	(6,878)
於二零一七年 十二月三十一日	At 31 December 2017	13,690	—	—	13,690
於二零一八年一月一日	At 1 January 2018	13,690	—	—	13,690
收購附屬公司 (附註35)	Acquisition of subsidiaries (Note 35)	—	696,600	9,310	705,910
(計入)/扣除自 綜合損益	(Credited)/charged to consolidated profit or loss	(10,005)	(3,870)	4,234	(9,641)
貨幣換算差額	Currency translation differences	—	—	47	47
於二零一八年 十二月三十一日	At 31 December 2018	3,685	692,730	13,591	710,006

As at 31 December 2018, the retained earnings of the Group's PRC subsidiary not yet remitted to holding companies incorporated outside of the PRC, for which deferred income tax liability of approximately USD1,601,000 (2017: USD2,039,000) had not been provided, were approximately RMB203,447,000 (equivalent to approximately USD32,013,000) (2017: RMB282,669,000 (equivalent to approximately USD40,771,000)). Such earnings are expected to be retained by the PRC subsidiary for reinvestment purposes and would not be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 商譽

24 GOODWILL

		視密卡 (附註 (i))	快速驗證 系統與軟件 (附註 (ii))	總計
		CAM (Note (i))	Rapid verification system and software (Note (ii))	Total
		美元 USD	美元 USD	美元 USD
於二零一七年一月一日	At 1 January 2017	6,188,584	—	6,188,584
貨幣換算差額	Currency translation differences	381,495	—	381,495
於二零一七年十二月三十一日及 二零一八年一月一日	At 31 December 2017 and 1 January 2018	6,570,079	—	6,570,079
收購附屬公司	Acquisition of subsidiaries	—	15,896,824	15,896,824
貨幣換算差額	Currency translation differences	(314,949)	—	(314,949)
於二零一八年十二月三十一日	At 31 December 2018	6,255,130	15,896,824	22,151,954

附註：

- (i) 人民幣42,930,000元的商譽來自對本公司於二零零五年四月收購SMIT深圳應用收購會計法，並擁有無限可使用年期。商譽金額與SMIT深圳所經營業務的預期未來經濟利益有關。於二零一八年十二月三十一日，本集團管理層已對視密卡業務的現金產生單位（「現金產生單位」）進行檢討及釐定並無商譽減值。

現金產生單位的可收回金額乃根據使用價值計算法釐定。該計算法採用經管理層批准的涵蓋五年期間的財務預算的稅前現金流量預測及20%（二零一七年：20%）的貼現率。採用的貼現率為稅前貼現率及反映與相關業務有關的具體風險。截至二零一八年十二月三十一日止年度，採用的收益增長複合年增長率（即五年預測期的複合年增長率）為0%（二零一七年：1%）。五年期間以後的現金流量乃採用0%（二零一七年：0%）的增長率進行推測。各期間的銷量為收益及成本的主要推動因素。收益及相關成本的增長乃根據過往表現及管理層對市場發展的預期進行估計。

倘截至二零一八年十二月三十一日止年度的貼現率上升50個基點，可收回金額仍將超過其賬面值。倘於五年預測期內的預測收益增長率每年下降50個基點，可收回金額仍將超過其賬面值。

Note:

- (i) Goodwill of RMB42,930,000 arose from the application of acquisition accounting to the acquisition of SMIT Shenzhen by the Company in April 2005 and has indefinite useful lives. The goodwill amount relates to the value of expected future economic benefits of the business operated by SMIT Shenzhen. As at 31 December 2018, management of the Group had conducted a review of the cash-generating unit ("CGU") of CAM business and determined that there is no impairment of the goodwill.

The recoverable amount of the CGU is determined based on a value-in-use calculation. That calculation uses pre-tax cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 20% (2017: 20%). The discount rate used is pre-tax and reflects specific risks related to the relevant operation. The revenue growth CAGR (i.e. compound annual growth rate over the five-year projection period) used is 0% (2017: 1%) for the year ended 31 December 2018. Cash flows beyond the 5-year period are extrapolated using a growth rate of 0% (2017: 0%). The volume of sales in each period is the main driver for revenue and costs. The growth in revenue and the relevant costs are estimated based on past performance and management's expectations for the market development.

If the discount rate for the year ended 31 December 2018 had been increased by 50 basis points, the recoverable amount would still exceed its carrying amount. If the forecasted revenue growth rate had been lowered by 50 basis points for each year in the five-year projection period, the recoverable amount would still exceed its carrying amount.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 商譽(續)

附註：(續)

- (ii) 15,896,824美元的商譽來自國微系統(香港)有限公司(本公司附屬公司)於二零一八年十一月收購S2C(附註35)，並擁有無限可使用年期。商譽金額與S2C所經營業務的預期未來經濟利益有關。本集團管理層已對快速驗證系統與軟件業務的現金產生單位進行檢討及釐定並無商譽減值。

快速驗證系統與軟件業務現金產生單位的可收回金額乃按相關資產的公平值減出售成本(「公平值減出售成本」)確定。估值因用於估值的不可觀察輸入數據而被視為公平值等級中的第三級。公平值透過對基於經管理層批准的涵蓋五年期間的財務預算的稅後現金流量預測，應用貼現現金流量模式及17%貼現率確定。採用的貼現率為稅後貼現率及反映與相關業務有關的具體風險。截至二零一八年十二月三十一日止年度，採用的收益增長複合年增長率(即五年預測期的複合年增長率)為37.8%。五年期間以後的現金流量乃採用3%的加權平均增長率進行推測。各期間的銷量為收益及成本的主要推動因素。收益及相關成本的增長乃根據過往表現及管理層對市場發展的預期進行估計。

倘截至二零一八年十二月三十一日止年度的貼現率上升50個基點，可收回金額仍將超過其賬面值。倘於五年預測期內的預測收益增長率每年下降50個基點，可收回金額仍將超過其賬面值。

24 GOODWILL (Continued)

Note: (Continued)

- (ii) Goodwill of USD15,896,824 arose from the acquisition of S2C by SMIT Systemic (HK) Limited, a subsidiary of the Company, in November 2018 (Note 35) and has indefinite useful lives. The goodwill amount relates to the value of expected future economic benefits of the business operated by S2C. Management of the Group had conducted a review of the CGU of rapid verification system and software business and determined that there is no impairment of the goodwill.

Recoverable amount of the rapid verification system and software business CGU is determined using fair value less cost of disposal ("FVLCOB") of the underlying assets. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. The fair value was determined by applying discounted cash flow model on post-tax cash flow projections based on financial budgets approved by management covering a 5-year period, and a discount rate of 17%. The discount rate used is post-tax and reflects specific risks related to the relevant operation. The revenue growth CAGR (i.e. compound annual growth rate over the five-year projection period) used is 37.8% for the year ended 31 December 2018. Cash flows beyond the 5-year period are extrapolated using a weighted average growth rate of 3%. The volume of sales in each period is the main driver for revenue and costs. The growth in revenue and the relevant costs are estimated based on past performance and management's expectations for the market development.

If the discount rate for the year ended 31 December 2018 had been increased by 50 basis points, the recoverable amount would still exceed its carrying amount. If the forecasted revenue growth rate had been lowered by 50 basis points for each year in the five-year projection period, the recoverable amount would still exceed its carrying amount.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 股本及股份溢價

25 SHARE CAPITAL AND SHARE PREMIUM

		普通股數目 No of ordinary shares	普通股面值 Normal value of ordinary shares 美元 USD	股份溢價 Share premium 美元 USD
法定：	Authorised:			
於二零一七年一月一日、 二零一七年及二零一八年 十二月三十一日 每股面值0.00002美元的普通股	Ordinary share of USD0.00002 each at 1 January 2017, 31 December 2017 and 2018	2,500,000,000	50,000	—
發行及繳足：	Issued and fully paid:			
於二零一七年一月一日	At 1 January 2017	301,856,379	6,037	97,421,918
根據僱員股份激勵計劃發行 股份（附註b）	Issuance of shares under the employee share award scheme (Note b)	1,005,000	20	302,563
行使購股權（附註a）	Exercise of share options (Note a)	4,154,009	83	1,219,046
於二零一七年五月派付 二零一六年相關股息	Dividends relating to 2016 paid in May 2017	—	—	(580,846)
於二零一七年十二月三十一日	At 31 December 2017	307,015,388	6,140	98,362,681
行使購股權（附註a）	Exercise of share options (Note a)	9,278,337	186	3,422,799
於二零一八年六月派付 二零一七年相關股息	Dividends relating to 2017 paid in June 2018	—	—	(802,533)
於二零一八年十二月三十一日	At 31 December 2018	316,293,725	6,326	100,982,947

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 股本及股份溢價 (續)

附註：

(a) 行使購股權

於截至二零一八年十二月三十一日止年度，9,278,337份購股權(二零一七年：4,154,009份購股權)獲行使以認購本公司9,278,337股(二零一七年：4,154,009股)普通股，代價為977,494美元(二零一七年：122,011美元)，其中186美元(二零一七年：83美元)計入股本，而結餘977,308美元(二零一七年：121,928美元)計入股份溢價賬。因此，2,445,491美元(二零一七年：1,097,118美元)已自以股份為基礎的付款儲備轉撥至股份溢價賬。於二零一八年十二月三十一日，合共40,319,288(二零一七年：51,497,563)份購股權仍尚未行使(附註31.1)。

(b) 根據僱員股份激勵計劃發行股份

於二零一七年六月三十日，本公司合共1,005,000股普通股(「激勵股份」)(均已即時歸屬)已按零代價授予若干僱員，以認可及獎勵有關僱員的貢獻。該等激勵股份的授出日期公平值為每股2.35港元。截至二零一七年十二月三十一日止年度，僱員福利開支302,583美元乃於綜合財務報表內確認。截至二零一八年十二月三十一日止年度，並無根據僱員股份激勵計劃發行股份。

25 SHARE CAPITAL AND SHARE PREMIUM
(Continued)

Note:

(a) Exercise of share options

During the year ended 31 December 2018, 9,278,337 options were exercised (2017: 4,154,009 options) to subscribe for 9,278,337 ordinary shares (2017: 4,154,009 shares) in the Company at a consideration of USD977,494 (2017: USD122,011) of which USD186 (2017: USD83) was credited to share capital and the balance of USD977,308 (2017: USD121,928) was credited to the share premium account. An amount of USD2,445,491 (2017: USD1,097,118) was therefore, as a result, transferred from the share-based payment reserve to the share premium account. As at 31 December 2018, there were in total 40,319,288 options (2017: 51,497,563) remained outstanding (Note 31.1).

(b) Issuance of shares under employee share award scheme

On 30 June 2017, a total of 1,005,000 ordinary shares of the Company ("Awarded Shares"), which were all vested immediately, were granted to certain employees at no consideration in recognition of, and as award for, the contribution of such employees. The grant date fair value of these Awarded Shares was HK\$2.35 per share. Employee benefits expenses of USD302,583 were recognised in the consolidated financial statements during the year ended 31 December 2017. There is no issuance of shares under employee share award scheme during the year ended 31 December 2018.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 儲備

(a) 法定儲備

根據本集團旗下位於中國的附屬公司(「中國附屬公司」)組織章程細則的規定，中國附屬公司每年須先將其法定財務報表所示擁有人應佔實體除稅後溢利的10%撥作法定盈餘儲備(除非該項儲備已達該實體註冊股本的50%)。中國附屬公司亦可將其股東應佔溢利撥入任意盈餘儲備，惟須經股東大會通過決議案批准。除儲備設立的目的外，該等儲備不得用作其他用途，且除在特定情況下經股東於股東大會上事先批准外，亦不得作為現金股息予以分派。

當法定盈餘儲備不足以彌補中國附屬公司過往年度的任何虧損時，本年度的擁有人應佔溢利在轉撥至法定盈餘儲備前須先用作彌補虧損。中國附屬公司的法定盈餘儲備、任意盈餘儲備及股份溢價可轉為中國附屬公司的股本，惟須經股東大會通過決議案批准，並須符合其他監管規定(規定法定盈餘儲備的年末結餘不得少於註冊股本的25%)。

根據台灣法律法規，台灣公司每年須預留其法定淨收益的10%作為法定儲備，直至儲備結餘達到實繳股本金額為止。

26 RESERVES

(a) Statutory reserve

According to the provisions of the articles of association of the Group's subsidiaries located in the PRC ("PRC subsidiaries"), the PRC subsidiaries shall first set aside 10% of the entity's profit attributable to owners after tax as indicated in their statutory financial statements for the statutory surplus reserve (except where the reserve has reached 50% of the entity's registered share capital) in each year. The PRC subsidiaries may also make appropriations from its profit attributable to shareholders to discretionary surplus reserve, provided it is approved by a resolution passed in a shareholders' general meeting. These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends without the prior approval obtained from shareholders in a shareholders' general meeting under specific circumstances.

When the statutory surplus reserve is not sufficient to make good for any losses of the PRC subsidiaries from previous years, the current year profit attributable to owners shall be used to make good the losses before any allocations are set aside for the statutory surplus reserve. The statutory surplus reserve, the discretionary surplus reserve and the share premium of the PRC subsidiaries may be converted into share capital of the PRC subsidiaries provided it is approved by a resolution passed in a shareholders' general meeting and meets other regulatory requirements with the provision that the ending balance of the statutory surplus reserve does not fall below 25% of the registered share capital.

According to the laws and regulations of Taiwan, Taiwan companies shall set aside 10% of their statutory net income each year for legal reserve, until the reserve balance has reached the paid-in share capital amount.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 儲備 (續)

(b) 以股份為基礎的付款儲備

於二零零八年二月，本集團採納一項股份計劃(「二零零八年股份計劃」)及State Micro Technology Corporation(「SMIT Corporation」)(於二零一五年十一月十三日完成重組(「重組」)前，為集團公司的最終控股公司)儲備16,936,135股普通股(經拆細調整)，以根據計劃發行。於二零一零年九月，董事會(「董事會」)批准修訂二零零八年股份計劃，將供發行的普通股數目增加16,523,060股至33,459,195股普通股。於二零一一年二月，董事會批准修訂二零零八年股份計劃，將供發行的普通股數目進一步增加6,160,000股至39,619,195股普通股。

二零一五年九月十五日，作為重組的一部分，本公司假定SMIT Corporation的二零零八年股份計劃為首次公開發售前購股權計劃(「首次公開發售前股份計劃」)，並對該等購股權條款作出若干修訂。

以權益結算以股份為基礎的交易詳情於附註31披露。

(c) 資本儲備

於各報告日期的資本儲備指收取自股東的額外出資。

26 RESERVES (Continued)

(b) Share-based payment reserve

In February 2008, the Group adopted a share plan (“2008 Share Plan”) and State Micro Technology Corporation (“SMIT Corporation”), the ultimate holding company of companies of the Group before the completion of a reorganisation on 13 November 2015 (“Reorganisation”), reserved 16,936,135 ordinary shares, split adjusted, for issuance under the plan. In September 2010, the Board of Directors (the “Board”) approved an amendment to the 2008 Share Plan to increase the number of ordinary shares for issuance by 16,523,060 to 33,459,195 ordinary shares. In February 2011, the Board approved an amendment to the 2008 Share Plan to further increase the number of ordinary shares for issuance by 6,160,000 to 39,619,195 ordinary shares.

On 15 September 2015, the Company assumed the 2008 Share Plan of SMIT Corporation as the Pre-IPO Share Option Scheme (the “Pre-IPO Share Plan”) as part of the Reorganisation with certain modifications of the terms of such options.

Details of the equity settled share-based transactions are disclosed in Note 31.

(c) Capital reserve

Capital reserve as at each reporting date represented the additional contributions received from the shareholders.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 儲備 (續)

(d) 合併儲備

本集團的合併儲備指因重組而購入附屬公司的投資賬面值 68,077,551 美元與購入的附屬公司的合併資本賬面值之間的差額。

27 貿易應付款項

貿易應付款項

Trade payables

於二零一八年十二月三十一日，根據發票日期對貿易應付款項作出的賬齡分析如下：

少於 30 天	Less than 30 days
31 至 90 天	31 to 90 days
91 至 180 天	91 to 180 days
181 至 365 天	181 to 365 days
超過 365 天	Over 365 days

26 RESERVES (Continued)

(d) Merger reserve

The merger reserve of the Group represents the difference between the carrying amount of investment in subsidiaries of USD68,077,551 acquired as a result of the Reorganisation and the carrying amount of combined capital of the acquired subsidiaries.

27 TRADE PAYABLES

於十二月三十一日

As at 31 December

二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
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4,089,422	7,552,913
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As at 31 December 2018, the ageing analysis of the trade payables based on invoice date is as follows:

於十二月三十一日

As at 31 December

二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
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2,000,216	4,868,765
1,205,815	2,629,631
517,492	261
324,153	6,997
41,746	47,259
4,089,422	7,552,913

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 貿易應付款項(續)

本集團貿易應付款項的賬面值與其公平值相若，並以下列貨幣計值：

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
人民幣	RMB	2,044,541	6,099,187
美元	USD	1,952,887	1,453,726
其他	Others	91,994	—
		4,089,422	7,552,913

27 TRADE PAYABLES (Continued)

The carrying amounts of the Group's trade payables approximate their fair values and are denominated in the following currencies:

28 應計費用及其他應付款項

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
非流動負債	Non-current liability		
應付或有代價(附註(i))	Contingent consideration payable (Note (i))	1,507,404	—
流動負債	Current liabilities		
應計僱員福利開支	Accrued employee benefits expenses	2,566,963	2,032,129
預收款項	Receipt in advance	—	763,981
應計特許權使用費	Accrued royalty fee	835,786	862,441
其他應付稅項	Other taxes payables	111,797	326,976
應付關聯方款項(附註36(f))	Amount due to a related party (Note 36(f))	50,754	—
其他	Others	1,483,284	3,684,633
		5,048,584	7,670,160
總計	Total	6,555,988	7,670,160

28 ACCRUALS AND OTHER PAYABLES

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 應計費用及其他應付款項(續)

附註：

- (i) 應付或有代價來自收購S2C集團(附註35)。本集團已根據買賣協議規定的條款，並參考S2C集團截至二零一九年十二月三十一日止十八個月的預計收益及除稅前溢利，確認按公平值計算的應付或有代價。應付或有代價須按收購日期後出現的事件或因素導致的於各報告期末的公平值重新計量，而任何由此產生的收益或虧損於綜合收益表內確認。

本集團應計費用及其他應付款項的賬面值與其公平值相若，並以下列貨幣計值：

人民幣	RMB
美元	USD
其他	Others

28 ACCRUALS AND OTHER PAYABLES

(Continued)

Note:

- (i) The contingent consideration payable arose from the acquisition of S2C Group (Note 35). The Group has recognised the contingent consideration payable at fair value based upon the terms as stipulated in the sale and purchase agreement with reference to the projected revenue and profit before tax of S2C Group for the 18 months ending 31 December 2019. The contingent consideration payable shall be re-measured at fair value at the end of each reporting period resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognised in the consolidated income statement.

The carrying amounts of the Group's accruals and other payables approximate their fair values and are denominated in the following currencies:

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
人民幣	RMB	2,413,487	5,670,755
美元	USD	2,843,225	964,573
其他	Others	1,299,276	1,034,832
		6,555,988	7,670,160

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 遞延收入

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
遞延政府補助	Deferred government grant	11,237,647	969,746
減：非流動部分	Less: Non-current portion	(6,568,365)	—
流動部分	Current portion	4,669,282	969,746

於二零一八年十二月三十一日，結餘包括中國中央政府為實施國家科技重大項目的遞延政府補助人民幣75,000,000元(相當於約11,000,000美元)。

遞延收入的賬面值以人民幣計值。

29 DEFERRED INCOME

As at 31 December 2018, the balance includes a deferred government grant of RMB75,000,000 (equivalent to approximately USD11,000,000) from the PRC Central Government for the implementation of a national science and technology major project.

The carrying amount of deferred income is denominated in RMB.

30 銀行借款

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
短期銀行借款，已抵押	Short-term bank loans, secured	5,335,126	—

於二零一八年十二月三十一日，本集團的銀行借款須於1年內悉數償還。

於二零一八年十二月三十一日，銀行借款5,000,000美元(二零一七年：無)以本集團受限制銀行存款5,000,000美元(二零一七年：無)(附註20)作抵押。

30 BANK BORROWINGS

As at 31 December 2018, the Group's bank borrowings were wholly repayable within 1 year.

As at 31 December 2018, bank borrowings of USD5,000,000 (2017: Nil) was secured by restricted bank deposit of the Group of USD5,000,000 (2017: Nil) (Note 20).

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 銀行借款(續)

於二零一八年十二月三十一日，本集團的銀行借款以本公司提供的公司擔保作抵押。

由於到期日較短，銀行借款的賬面值與其公平值相若。

本集團銀行借款的賬面值乃以下列貨幣計值：

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
美元	USD	5,000,000	—
日圓	Japanese Yen	335,126	—
		5,335,126	—

於二零一八年十二月三十一日，短期銀行貸款的實際年利率介乎2.50%至3.91%。

於二零一八年十二月三十一日，本集團可動用及未提取的銀行貸款融資如下：

		於十二月三十一日 As at 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
可動用及未提取的融資總額	Total available and undrawn facilities	24,642,920	—

30 BANK BORROWINGS (Continued)

As at 31 December 2018, the Group's bank borrowings were secured by the corporate guarantee given by the Company.

The carrying amounts of the bank borrowings approximate their fair values due to their short maturities.

The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

The effective annual interest rates of short-term bank loans as at 31 December 2018 ranges from 2.50% to 3.91%.

As at 31 December 2018, the Group's available and undrawn bank loan facilities were as follows:

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 以權益結算以股份為基礎的交易

31.1 購股權

二零零八年二月，本集團採納了二零零八年股份計劃，其後於二零一零年九月及二零一一年二月進行修訂。

二零一五年九月十五日，作為重組的一部分，本公司假定 SMIT Corporation 的二零零八年股份計劃為首次公開發售前購股權計劃。就本公司對 SMIT Corporation 的二零零八年股份計劃的假定而言，轉移至首次公開發售前購股權計劃的所有購股權的條款應與二零零八年股份計劃相同，惟當中對 SMIT Corporation 的所有提述應修改為對本公司的提述。因購股權獲行使而發行的股份將由 SMIT Corporation 的股份更改為本公司的股份。有關購股權的增加公平值約 1,573,000 美元（均已全數歸屬）因有關更改已按一次性基準於損益中扣除。

本公司 72,574,775 普通股的資本化發行已於二零一六年三月六日完成，此後尚未行使購股權的數目根據首次公開發售前購股權計劃的反攤薄安排被調整為 58,470,406 份。於截至二零一八年及二零一七年十二月三十一日止年度，並無根據首次公開發售前購股權計劃授出額外購股權。

31 EQUITY SETTLED SHARE-BASED TRANSACTIONS

31.1 Share options

In February 2008, the Group adopted the 2008 Share Plan and subsequently amended on September 2010 and February 2011.

On 15 September 2015, the Company assumed the 2008 Share Plan of SMIT Corporation as the Pre-IPO Share Option Scheme as part of the Reorganisation. In connection with the assumption of the 2008 Share Plan of SMIT Corporation by the Company, all options transferred to the Pre-IPO Share Option Scheme shall carry the same terms as the 2008 Share Plan, except that all references therein to SMIT Corporation shall be modified to be references to the Company. The shares issued upon the exercise of options will change from shares of SMIT Corporation to shares of the Company. The incremental fair value of the relevant options of approximately USD1,573,000 which are all fully vested, as a result of the modification were charged to profit or loss on a one-off basis.

On 6 March 2016, the capitalisation issue of 72,574,775 ordinary shares of the Company was completed, upon which the number of outstanding share options was adjusted to 58,470,406 pursuant to the anti-dilution arrangement in the Pre-IPO Share Option Scheme. No additional options have been granted under the Pre-IPO Share Option Scheme during the years ended 31 December 2018 and 2017.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 以權益結算以股份為基礎的交易 (續)

31 EQUITY SETTLED SHARE-BASED
TRANSACTIONS (Continued)

31.1 購股權(續)

首次公開發售前購股權計劃授出的購股權詳情如下：

31.1 Share options (Continued)

The details of the options granted for Pre-IPO Share Option Scheme are as follows:

原授出日期 Original date of grant	更改日期 Date of modification	於更改日期 授予僱員及 董事的 購股權數目 No. of options pertaining to employees and directors at the date of modification	於更改日期 授予顧問的 購股權數目 No. of options pertaining to advisors at the date of modification	行使價 Exercise price	餘下 合約期限 Remaining contractual life	餘下 歸屬期 Remaining vesting period
二零零八年三月九日 9 March 2008	二零一五年九月十五日 15 September 2015	3,201,000	225,000	0.01美元 USD0.01	屆滿 Expired	悉數歸屬 Fully vested
二零零九年七月二十六日 26 July 2009	二零一五年九月十五日 15 September 2015	4,183,000	1,070,000	0.04美元 USD0.04	屆滿 Expired	悉數歸屬 Fully vested
二零一零年三月五日 5 March 2010	二零一五年九月十五日 15 September 2015	3,051,000	600,000	0.04美元 USD0.04	屆滿 Expired	悉數歸屬 Fully vested
二零一零年九月一日 1 September 2010	二零一五年九月十五日 15 September 2015	7,940,065	162,000	0.54美元 USD0.54	0.7年 0.7 years	悉數歸屬 Fully vested
二零一零年十二月三十一日 31 December 2010	二零一五年九月十五日 15 September 2015	1,734,500	—	0.75美元 USD0.75	2年 2 years	悉數歸屬 Fully vested
二零一一年一月八日 8 January 2011	二零一五年九月十五日 15 September 2015	371,769	—	0.75美元 USD0.75	2.3年 2.3 years	悉數歸屬 Fully vested
二零一一年三月一日 1 March 2011	二零一五年九月十五日 15 September 2015	5,125,850	20,000	1.06美元 USD1.06	2.4年 2.4 years	悉數歸屬 Fully vested
二零一一年三月一日 1 March 2011	二零一五年九月十五日 15 September 2015	—	371,768	0.54美元 USD0.54	2.5年 2.5 years	悉數歸屬 Fully vested
二零一二年三月一日 1 March 2012	二零一五年九月十五日 15 September 2015	—	221,142	1.21美元 USD1.21	2.5年 2.5 years	悉數歸屬 Fully vested
二零一二年九月三十日 30 September 2012	二零一五年九月十五日 15 September 2015	2,913,750	—	0.52美元 USD0.52	3.5年 3.5 years	悉數歸屬 Fully vested
二零一三年三月一日 1 March 2013	二零一五年九月十五日 15 September 2015	—	116,188	0.62美元 USD0.62	4.1年 4.1 years	悉數歸屬 Fully vested
二零一三年八月一日 1 August 2013	二零一五年九月十五日 15 September 2015	1,362,396	79,186	0.56美元 USD0.56	4.5年 4.5 years	悉數歸屬 Fully vested

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 以權益結算以股份為基礎的交易 (續)

31 EQUITY SETTLED SHARE-BASED
TRANSACTIONS (Continued)

31.1 購股權 (續)

首次公開發售前購股權計劃授出的購股權詳情如下：(續)

31.1 Share options (Continued)

The details of the options granted for Pre-IPO Share Option Scheme are as follows: (Continued)

原授出日期 Original date of grant	更改日期 Date of modification	於更改日期 授予僱員及 董事的 購股權數目 No. of options pertaining to employees and directors at the date of modification	於更改日期 授予顧問的 購股權數目 No. of options pertaining to advisors at the date of modification	行使價 Exercise price	餘下 合約期限 Remaining contractual life	餘下 歸屬期 Remaining vesting period
二零一三年八月一日 1 August 2013	二零一五年九月十五日 15 September 2015	734,616	—	0.56美元 USD0.56	4.9年 4.9 years	悉數歸屬 Fully vested
二零一三年八月一日 1 August 2013	二零一五年九月十五日 15 September 2015	4,433,290	—	0.14美元 USD0.14	4.9年 4.9 years	悉數歸屬 Fully vested
二零一四年三月一日 1 March 2014	二零一五年九月十五日 15 September 2015	—	81,340	0.39美元 USD0.39	5.5年 5.5 years	悉數歸屬 Fully vested
二零一二年三月一日 1 March 2012	二零一五年九月十五日 15 September 2015	—	14,742	1.22美元 USD1.22	2.5年 2.5 years	悉數歸屬 Fully vested
二零一二年九月三十日 30 September 2012	二零一五年九月十五日 15 September 2015	416,250	—	0.62美元 USD0.62	3.5年 3.5 years	悉數歸屬 Fully vested
二零一三年三月一日 1 March 2013	二零一五年九月十五日 15 September 2015	—	69,696	0.62美元 USD0.62	4.1年 4.1 years	悉數歸屬 Fully vested
二零一三年八月一日 1 August 2013	二零一五年九月十五日 15 September 2015	892,604	120,814	0.56美元 USD0.56	4.5年 4.5 years	悉數歸屬 Fully vested
二零一四年三月一日 1 March 2014	二零一五年九月十五日 15 September 2015	—	104,544	0.41美元 USD0.41	5.5年 5.5 years	悉數歸屬 Fully vested

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 以權益結算以股份為基礎的交易 (續)

31.1 購股權(續)

尚未行使購股權數目變動及相關加權平均行使價如下：

		於十二月三十一日 As at 31 December			
		二零一八年 2018		二零一七年 2017	
		購股權數目 Number of Share Options	加權 平均行使價 Weighted Average Exercise Price 美元 USD	購股權數目 Number of Share Options	加權 平均行使價 Weighted Average Exercise Price 美元 USD
於年初的結餘	Balance as at beginning of the year	51,497,563	0.52	55,766,713	0.45
首次公開發售前股份計劃 已沒收/註銷購股權	Pre-IPO Share Plan Share options forfeited/cancelled	(1,899,938)	0.18	(115,141)	0.67
已行使購股權	Share options exercised	(9,278,337)	0.10	(4,154,009)	0.03
於年末的結餘	Balance as at year end	40,319,288	0.63	51,497,563	0.52

40,319,288份(二零一七年：51,497,563份)尚未行使購股權中，40,319,288份(二零一七年：51,480,398份)購股權為可予行使。於二零一八年行使的購股權導致按加權平均價每股0.10美元(二零一七年：0.03美元)發行9,278,337股(二零一七年：4,154,009股)股份。行使時的相關加權平均股價為每股股份0.80美元(二零一七年：每股股份0.45美元)。

31 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

31.1 Share options (Continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Out of the 40,319,288 outstanding options (2017: 51,497,563), 40,319,288 options (2017: 51,480,398) were exercisable. Options exercised in 2018 resulted in 9,278,337 (2017: 4,154,009) shares being issued at a weighted average price of USD0.10 (2017: USD0.03) each. The related weighted average share price at the time of exercise was USD0.80 (2017: USD0.45 per share).

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 以權益結算以股份為基礎的交易 (續)

31 EQUITY SETTLED SHARE-BASED
TRANSACTIONS (Continued)

31.1 購股權(續)

於年末尚未行使購股權的屆滿日期及行使價如下：

31.1 Share options (Continued)

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		於十二月三十一日 As at 31 December			
		二零一八年 2018		二零一七年 2017	
屆滿日期	Expiry date	每份購股權 美元行使價 Exercise price in USD per share option	購股權數目 Number of share options	每份購股權 美元行使價 Exercise price in USD per share option	購股權數目 Number of share options
首次公開發售前股份計劃	Pre-IPO Share Plan				
二零一八年三月八日	8 March 2018	—	—	0.01	2,252,741
二零一八年三月八日	8 March 2018	—	—	0.04	5,790,516
二零一九年五月十五日	15 May 2019	0.04	2,536,734	0.04	4,116,199
二零二零年八月三十日	30 August 2020	0.54	11,505,483	0.54	11,959,747
二零二零年十二月二十九日	29 December 2020	0.75	2,030,683	0.75	2,321,247
二零二一年一月六日	6 January 2021	0.75	548,781	0.75	548,781
二零二一年二月二十七日	27 February 2021	1.07	274,390	1.07	274,390
二零二一年二月二十七日	27 February 2021	0.54	7,776,567	0.54	7,870,363
二零二二年二月二十八日	28 February 2022	1.22	348,197	1.22	348,197
二零二二年九月二十九日	29 September 2022	0.62	4,147,732	0.62	4,502,006
二零二三年二月二十八日	28 February 2023	0.62	274,390	0.62	274,390
二零二三年七月三十一日	31 July 2023	0.56	1,084,394	0.56	1,084,394
二零二三年七月三十一日	31 July 2023	0.14	9,517,547	0.14	9,880,202
二零二四年二月二十八日	28 February 2024	0.41	274,390	0.41	274,390
			40,319,288		51,497,563

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

31.1 購股權(續)

31.1 Share options (Continued)

本公司採用柏力克－舒爾斯期權定價模型根據以下假設及上文所示行使價估計首次公開發售前股份計劃下購股權的公平值：

The Company used the Black-Scholes option pricing model to estimate the fair value of the options under Pre-IPO Share Plan using the following assumptions, with exercise price shown above:

更改日期	Modification date	2015	September	2015	September	2015	September	2015	September	2015	September	2015	September	2015	September
授予僱員及董事的購股權：	For options granted to employees and directors:														
於授出日期的加權平均股價	Weighted average share price at grant date	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
預期年期	Expected term	1.6-2.3 years	2.3 years	2.9 years	3.6 years	3.8 years	3.8 years	3.8 years	4.5 years	4.5 years	4.5 years	4-5.2 years	4-5.2 years	4-5.2 years	4-5.2 years
預期波幅	Expected volatility	50.2% - 52.3%	50.2%	50.4%	51.5%	51.6%	51.6%	51.6%	53%	53%	53%	52.0% - 53.1%	53.1%	53.1%	53.1%
預期股息率	Expected dividend rate	—	—	—	—	—	—	—	—	—	—	—	—	—	—
無風險利率	Risk-free interest rate	1.29% - 1.46%	1.46%	1.60%	1.75%	1.78%	1.78%	1.79%	1.8%	1.8%	1.95%	1.84% - 2.10%	2.10%	2.10%	2.10%
授予顧問的購股權：	For options granted to advisors:														
於授出日期的加權平均股價	Weighted average share price at grant date	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54	0.54
預期年期	Expected term	2.5 years	2.5 years	3.7 years	5 years	5 years	5 years	5.5 years	6.5 years	6.5 years	7.5 years	7.5 years	7.5 years	7.5 years	7.5 years
預期波幅	Expected volatility	49.9%	49.9%	51.5%	52.3%	52.3%	52.3%	52.1%	51.7%	51.7%	55.1%	56.9%	55.1%	55.1%	55.1%
預期股息率	Expected dividend rate	—	—	—	—	—	—	—	—	—	—	—	—	—	—
無風險利率	Risk-free interest rate	1.50%	1.50%	1.76%	2.05%	2.05%	2.05%	2.17%	2.39%	2.39%	2.62%	2.71%	2.62%	2.62%	2.62%

波幅乃參考本集團相若的公司的歷史波幅釐定。有關就授予僱員及顧問的購股權而於綜合收益表確認為187美元(二零一七年：7,879美元)及零(二零一七年：6,393美元)。

The volatility measured at the historical volatility of the Group's comparable companies. The total expense recognised in the consolidated income statement for share options granted to employees and advisors is USD187 (2017: USD7,879) and Nil (2017: USD6,393), respectively.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 以權益結算以股份為基礎的交易 (續)

31 EQUITY SETTLED SHARE-BASED
TRANSACTIONS (Continued)

31.2 受限制股份單位

於二零一八年十月三十日，S2C(本公司的一家間接持有的附屬公司)已授出1,481,092個S2C的受限制股份單位予21名承授人(皆為S2C的僱員)。受限制股份單位計劃將於二零一八年十月三十日起生效並一直有效直至二零二八年七月三十日。

尚未行使的受限制股份單位的數目變動如下：

31.2 Restricted share units

On 30 October 2018, S2C, an indirectly held subsidiary of the Company, has granted 1,481,092 RSUs of S2C to 21 grantees who are all employees of S2C. The RSU scheme will be valid and effective from 30 October 2018 until 30 July 2028.

Movement in the number of outstanding RSUs is as follows:

		尚未行使S2C 受限制股份 單位的數目 Number of outstanding RSU of S2C
於二零一七年一月一日	At 1 January 2017 and 31 December 2017	—
及二零一七年十二月三十一日 已授出	Granted	1,481,092
於二零一八年十二月三十一日	At 31 December 2018	1,481,092
於二零一八年十二月三十一日 已歸屬但尚未轉讓予承授人的股份	Shares vested but not transferred to the grantees as at 31 December 2018	1,132,903

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 以權益結算以股份為基礎的交易 (續)

31.2 受限制股份單位(續)

儘管S2C按個別基準釐定各受限制股份單位的歸屬期，受限制股份單位的一般歸屬期為受限制股份單位的25%至100%將於授出日期歸屬，而餘下部份將於歸屬日期後的48個月內歸屬，視乎受限制股份計劃所界定的流動性事件的發生而定。於截至二零一八年十二月三十一日止年度概無上述已授出受限制股份單位獲行使。於截至二零一八年十二月三十一日止年度概無僱員福利開支產生於本集團綜合收益表中已確認的受限制股份單位(二零一七年：無)。

受限制股份單位的公平值乃按二零一八年十月三十日的授出日期S2C的相關普通股的公平值計算。

31 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

31.2 Restricted share units (Continued)

Although S2C determines the vesting period of each RSU on a case-by-case basis, the general vesting period for the RSUs is that 25% - 100% of the RSUs shall vest on the grant date with the remaining portion vesting over the next 48 months from the grant date, subject to the occurrence of liquidity event as defined in the RSU scheme. During the year ended 31 December 2018, none of the above granted RSUs were exercised. There was no employee benefit expense arising from the RSUs recognised in the consolidated income statement of the Group for the year ended 31 December 2018 (2017: Nil).

The fair value of RSUs was calculated based on the fair value of underlying ordinary shares of S2C as at the grant date on 30 October 2018.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 現金流量資料

32 CASH FLOW INFORMATION

(a) 除所得稅前(虧損)/溢利與經營所得現金的對賬

(a) Reconciliation of (loss)/profit before income tax to cash generated from operations

		截至十二月三十一日止年度 Year ended 31 December		
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD	
		附註 Note		
除所得稅前(虧損)/溢利	(Loss)/profit before income tax		(277,783)	14,031,227
就以下項目作出調整：	Adjustments for:			
利息收入淨額	Interest income, net	9	(1,149,740)	(437,841)
以股份為基礎的付款	Share-based payment	8	187	14,272
股份激勵開支	Share award expenses		—	302,583
	Provision for impairment of			
貿易應收款項減值撥備	trade receivables	7	759,318	2,039
存貨減值(撥備撥回)/撥備	(Reversal of provision for)/provision for impairment of inventories	7	(320,473)	427,234
出售物業、廠房及設備虧損	Loss on disposals of property, plant and equipment	7	34,295	28,644
物業、廠房及設備折舊	Depreciation of property, plant and equipment	14	685,213	676,040
其他無形資產攤銷	Amortisation of other intangible assets	15	186,704	167,733
透過損益按公平值入賬的金融資產的公平值收益	Fair value gains on financial assets at fair value through profit or loss	6	(2,821,523)	(268,950)
			(2,903,802)	14,942,981
營運資金變動：	Changes in working capital:			
— 存貨	- Inventories		8,538,192	(9,610,292)
— 貿易及其他應收款項及預付款項	- Trade and other receivables and prepayments		(7,017,665)	10,245,981
— 貿易及其他應付款項	- Trade and other payables		(8,870,048)	5,994,113
— 合約負債	- Contract liabilities		399,233	—
— 遞延收入	- Deferred income		10,297,035	(525,739)
經營所得現金	Cash generated from operations		442,945	21,047,044

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 現金流量資料 (續)

- (b) 綜合現金流量表內的出售物業、廠房及設備所得款項包括：

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
賬面淨值 (附註14)	Net book amount (Note 14)	34,615	245,963
出售物業、廠房及設備 虧損	Loss on disposals of property, plant and equipment	(34,295)	(28,644)
出售物業、廠房及設備 所得款項	Proceeds from disposals of property, plant and equipment	320	217,319

- (c) 債務淨額對賬

本節載列所示各期間的債務淨額及債務淨額變動的分析：

32 CASH FLOW INFORMATION (Continued)

- (b) In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

- (c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
現金 / (債務)	Cash/(debt)		
現金及現金等價物	Cash and cash equivalents	54,962,324	84,100,969
債務總額－借款，須於一年內 償還且按固定利率計息	Gross debt-Borrowings repayable within one year and with fixed interest rates	(5,335,126)	—
現金淨額	Net cash	49,627,198	84,100,969

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 現金流量資料 (續)

(c) 債務淨額對賬(續)

		其他資產	來自融資活動 的負債	總計
		現金及 現金等價物	一年內到期 的借款	
		Other asset	Liabilities from financing activities	
		Cash and cash equivalents	Borrowings due within 1 year	Total
		美元 USD	美元 USD	美元 USD
於二零一七年一月一日 的現金淨額	Net cash as at 1 January 2017	56,409,071	—	56,409,071
現金流量	Cash flows	25,422,313	—	25,422,313
外匯調整	Foreign exchange adjustments	2,269,585	—	2,269,585
於二零一七年十二月三十一 日及二零一八年一月一日 的現金淨額	Net cash as at 31 December 2017 and 1 January 2018	84,100,969	—	84,100,969
現金流量	Cash flows	(26,407,218)	(5,335,126)	(31,742,344)
外匯調整	Foreign exchange adjustments	(2,731,427)	—	(2,731,427)
於二零一八年十二月三十一 日的現金淨額/(債務)	Net cash/(debt) as at 31 December 2018	54,962,324	(5,335,126)	49,627,198

32 CASH FLOW INFORMATION (Continued)

(c) Net debt reconciliation (Continued)

33 或然負債

於二零一八年十二月三十一日，本集團及本公司並無任何重大或然負債（二零一七年：無）。

33 CONTINGENCIES

The Group and the Company did not have any material contingent liabilities as at 31 December 2018 (2017: Nil).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 承擔

(a) 經營租賃承擔

本集團根據不可撤銷經營租賃協議租賃多個辦公室及倉庫，租期介於兩至三年。經營租賃協議項下未來最低租賃付款總額如下：

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
不遲於1年	Within one year	1,621,166	944,100
遲於1年及不遲於5年	Later than one year and not later than five years	966,555	188,421
		2,587,721	1,132,521

(b) 資本承擔

於二零一八年十二月三十一日，本集團並無任何重大資本承擔（二零一七年：無）。

34 COMMITMENTS

(a) Operating lease commitments

The Group leases various offices and warehouses under non-cancellable operating lease agreements with lease terms between two to three years. The future aggregate minimum lease payments under the operating lease agreement are as follows:

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
不遲於1年	Within one year	1,621,166	944,100
遲於1年及不遲於5年	Later than one year and not later than five years	966,555	188,421
		2,587,721	1,132,521

(b) Capital commitments

The Group did not have any material capital commitments as at 31 December 2018 (2017: Nil).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 業務合併

根據日期為二零一八年十月三十日的股份購買協議，於截至二零一九年十二月三十一日止18個月待實現S2C集團的收入及除稅前溢利的若干財務業績目標後，SMIT Systemic (HK) Limited(本公司的全資附屬公司)同意購買S2C的94.97%股權，現金代價為19,000,000美元及或然付款為2,000,000美元。S2C集團主要在亞洲從事快速驗證系統與軟件業務。收購S2C集團為本集團持續發展增添了一個新的戰略重要組成部分，這將使本集團業務多元化至驗證行業並擴闊本集團的收入來源。收購於二零一八年十一月二十九日完成。於收購後，本集團通過委任S2C董事會的所有董事對S2C行使控制權。

- (i) 下表載列於收購日期的已付代價及商譽的計算方法：

		美元 USD
購買代價	Purchase consideration	
— 現金	- Cash	19,000,000
— 或有代價	- Contingent consideration	1,507,404
總購買代價	Total purchase consideration	20,507,404
減：所收購資產淨值的公平值 (附註35(ii))	Less: Fair value of the net assets acquired (Note 35 (ii))	(4,610,580)
商譽	Goodwill	15,896,824

產生於收購的商譽15,896,824美元主要歸因於S2C的快速驗證系統與軟件業務與本集團合併帶來的協同效應。

35 BUSINESS COMBINATION

Pursuant to a share purchase agreement dated 30 October 2018, SMIT Systemic (HK) Limited, a wholly-owned subsidiary of the Company, agreed to purchase 94.97% equity interest of S2C, with cash consideration of USD19,000,000 and contingent payment of USD2,000,000 upon achievement of certain financial performance targets on the revenues and profit before tax of S2C Group for the 18 months ending 31 December 2019. S2C Group is principally engaged in the business of rapid verification system and software primarily in Asia. The acquisition of S2C Group added a new and strategically important component to the Group's ongoing development and will diversify the Group's business into the verification industry and broaden the revenue stream of the Group. The acquisition was completed on 29 November 2018. Upon acquisition, the Group exercises control over S2C by appointment of all directors into the board of S2C.

- (i) The following table summarises the consideration paid and payable at the acquisition date and the calculation of the goodwill:

The goodwill of USD15,896,824 arising from the acquisition is attributable to synergies from combining the rapid verification system and software business of S2C with the Group.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 業務合併 (續)

(ii) 所收購資產淨值

所收購資產及所承擔負債於收購日期的公平值如下：

		美元 USD
物業、廠房及設備 (附註14)	Property, plant and equipment (Note 14)	95,319
許可使用權 (包括無形資產) (附註15)	License use rights (included in intangible assets) (Note 15)	4,644,000
其他無形資產 (附註15)	Other intangible assets (Note 15)	221,087
遞延所得稅資產 (附註23)	Deferred income tax assets (Note 23)	748,827
存貨	Inventories	1,966,668
現金及現金等價物	Cash and cash equivalents	452,614
其他流動資產	Other current assets	937,412
其他流動負債	Other current liabilities	(3,514,552)
遞延所得稅負債 (附註23)	Deferred income tax liabilities (Note 23)	(696,600)
所收購可識別資產淨值總額的公平值	Fair value of total identifiable net assets acquired	4,854,775
非控股權益	Non-controlling interests	(244,195)
		4,610,580

本集團已收購的無形資產主要涉及一項使用 S2C Inc. (S2C 集團的原股東持有的公司) 授予的若干技術許可的權利。

本集團按 S2C 集團的非控制性權益佔 S2C 集團可識別資產淨值總額按比例確認 S2C 集團的非控制性權益。

35 BUSINESS COMBINATION (Continued)

(ii) Net assets acquired

The fair values of the assets acquired and liabilities assumed as at the acquisition date are as follows:

		美元 USD
物業、廠房及設備 (附註14)	Property, plant and equipment (Note 14)	95,319
許可使用權 (包括無形資產) (附註15)	License use rights (included in intangible assets) (Note 15)	4,644,000
其他無形資產 (附註15)	Other intangible assets (Note 15)	221,087
遞延所得稅資產 (附註23)	Deferred income tax assets (Note 23)	748,827
存貨	Inventories	1,966,668
現金及現金等價物	Cash and cash equivalents	452,614
其他流動資產	Other current assets	937,412
其他流動負債	Other current liabilities	(3,514,552)
遞延所得稅負債 (附註23)	Deferred income tax liabilities (Note 23)	(696,600)
所收購可識別資產淨值總額的公平值	Fair value of total identifiable net assets acquired	4,854,775
非控股權益	Non-controlling interests	(244,195)
		4,610,580

The Group's acquired intangible assets mainly relates to a right to use certain technology licenses as granted by S2C Inc., a company held by the original shareholders of S2C Group.

The Group recognises S2C Group's non-controlling interests at their proportionate share of S2C Group's fair value of total identifiable net assets.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 業務合併 (續)

(ii) 所收購資產淨值(續)

本年度計入綜合收益表的一般及行政開支的收購相關成本為576,777美元。

S2C集團自二零一八年十一月二十九日起計入綜合收益表的收入為792,568美元。S2C集團亦於同期貢獻虧損43,936美元。

倘S2C集團自二零一八年一月一日起已作整合，則綜合損益表會列示備考收益46,281,812美元及虧損5,203,203美元。

(iii) 收購現金流出淨額

35 BUSINESS COMBINATION (Continued)

(ii) Net assets acquired (Continued)

The acquisition-related costs included in general and administrative expenses in the consolidated income statement for the year amounted to USD576,777.

The revenue included in the consolidated income statement since 29 November 2018 contributed by S2C Group was USD792,568. S2C Group also contributed loss of USD43,936 over the same period.

Had S2C Group been consolidated from 1 January 2018, the consolidated income statement would show pro-forma revenue of USD46,281,812 and loss of USD5,203,203.

(iii) Net cash outflow from the acquisition

		美元 USD
所收購業務之已付現金， 扣除所收購現金	Cash paid for acquired business, net of cash acquired	
— 現金代價	- Cash consideration	(19,000,000)
— 於所收購附屬公司之現金 及現金等價物	- Cash and cash equivalents in subsidiaries acquired	452,614
收購現金流入	Cash outflow on acquisition	(18,547,386)

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 關聯方交易

- (a) 董事認為，下列個人及公司為於截至二零一八年及二零一七年十二月三十一日止年度與本集團存在交易的關聯方：

關聯方姓名／名稱 Name of the related parties	主要業務活動 Principal business activities	與本集團的關係 Relationship with the Group
高松濤先生 Mr. Gao Songtao	不適用 N/A	本公司非執行董事 Non-executive director of the Company
關重遠先生 Mr. Kwan, Allan Chung-yuen	不適用 N/A	本公司非執行董事 Non-executive director of the Company
曾之傑先生 Mr. Zeng Zhijie	不適用 N/A	本公司非執行董事 Non-executive director of the Company
黃學良先生 Mr. Huang Xueliang	不適用 N/A	本公司執行董事、首席執行官及控股股東 Executive director, the CEO and controlling shareholder of the Company
龍文駿先生 Mr. Loong, Manfred Man-tsun	不適用 N/A	本公司執行董事及首席財務官 Executive director and the Chief Financial Officer of the Company
帥紅宇先生 Mr. Shuai Hongyu	不適用 N/A	本公司執行董事及首席營運官 Executive director and the Chief Operating Officer of the Company
金玉豐先生 Mr. Jin Yufeng	不適用 N/A	獨立董事 Independent Director
胡家棟先生 Mr. Woo Kar Tung, Raymond	不適用 N/A	獨立董事 Independent Director
張俊傑先生 Mr. Zhang Junjie	不適用 N/A	獨立董事 Independent Director
深圳市國微科技有限公司 Shenzhen State Micro Science and Technology Co. Ltd.	集成電路設計研發 Research and development of integrated circuit design	由本公司執行董事、首席執行官及控股股東控制 Controlled by executive director, the CEO and controlling shareholder of the Company

36 RELATED PARTY TRANSACTIONS

- (a) The directors are of the view that the following individuals and companies are related parties who had transactions with the Group during the years ended 31 December 2018 and 2017:

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 關聯方交易 (續)

- (a) 董事認為，下列個人及公司為於截至二零一八年及二零一七年十二月三十一日止年度與本集團存在交易的關聯方：(續)

關聯方姓名／名稱 Name of the related parties	主要業務活動 Principal business activities	與本集團的關係 Relationship with the Group
深圳數字電視國家工程實驗室 股份有限公司 (「深圳數字電視」) Shenzhen Digital TV National Engineering Laboratory Co., Ltd. ("Shenzhen Digital TV")	數字電視相關產品的研發、 生產及銷售 Research, development, production and sales of products related to digital TV	本公司執行董事、首席執行官及控股股東為該公司董事 Executive director, the CEO and controlling shareholder of the Company being the director of this company
SMIT Investment Limited	投資控股 Investment holding	本公司執行董事、首席執行官及控股股東為該公司董事 Executive director, the CEO and controlling shareholder of the Company being the director of this company
SMIT Investment Limited	投資控股 Investment holding	本公司執行董事、首席執行官及控股股東為該公司董事 Executive director, the CEO and controlling shareholder of the Company being the director of this company
深圳盒子信息科技有限公司 ShenZhen iBOXPAY Information Technology Co., Ltd.	移動支付服務供應商 Mobile payment service provider	本公司執行董事、首席執行官及控股股東為該公司董事 Executive director, the CEO and controlling shareholder of the Company being the director of this company

36 RELATED PARTY TRANSACTIONS

(Continued)

- (a) The directors are of the view that the following individuals and companies are related parties who had transactions with the Group during the years ended 31 December 2018 and 2017: (Continued)

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 關聯方交易 (續)

(b) 與關聯方的交易

本集團與關聯方進行以下交易：

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
與深圳市國微科技有限公司的物業有關的經營租賃付款及有關空調及公共事業的成本及費用	Operating lease payments and the costs and fees relating to air-conditioning and public utilities in respect of properties of Shenzhen State Micro Science and Technology Co. Ltd.	(726,036)	(560,479)
與深圳數字電視的物業有關的經營租賃付款及有關空調及公共事業的成本及費用	Operating lease payments and the costs and fees relating to air-conditioning and public utilities in respect of properties of Shenzhen Digital TV	(52,615)	—
向深圳盒子信息科技有限公司銷售mPOS設備	Sales of mPOS devices to ShenZhen iBOXPAY Information Technology Co., Ltd.	4,419,080	7,991,135

該等交易乃按有關各方相互協定的價格及條款進行。

36 RELATED PARTY TRANSACTIONS

(Continued)

(b) Transaction with related parties

The following transactions were undertaken by the Group with related parties:

		截至十二月三十一日止年度 Year ended 31 December	
		二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
與深圳市國微科技有限公司的物業有關的經營租賃付款及有關空調及公共事業的成本及費用	Operating lease payments and the costs and fees relating to air-conditioning and public utilities in respect of properties of Shenzhen State Micro Science and Technology Co. Ltd.	(726,036)	(560,479)
與深圳數字電視的物業有關的經營租賃付款及有關空調及公共事業的成本及費用	Operating lease payments and the costs and fees relating to air-conditioning and public utilities in respect of properties of Shenzhen Digital TV	(52,615)	—
向深圳盒子信息科技有限公司銷售mPOS設備	Sales of mPOS devices to ShenZhen iBOXPAY Information Technology Co., Ltd.	4,419,080	7,991,135

These transactions are conducted at prices and terms mutually agreed by the relevant parties.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 關聯方交易 (續)

(c) 主要管理層薪酬

主要管理層包括執行及非執行董事。已付或應付主要管理層的僱員服務薪酬列示如下：

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
基本薪金、津貼及實物福利	Basic salaries, allowances and benefits in kind	1,545,824	1,446,158
酌情花紅	Discretionary bonuses	372,635	372,309
退休福利－界定供款計劃	Retirement benefit – defined contribution plans	66,840	46,619
以股份為基礎的付款	Share-based payments	151	6,355
		1,985,450	1,871,441

(d) 於一名關聯方的投資

於SMIT Investment的投資
(附註19(d))

36 RELATED PARTY TRANSACTIONS

(Continued)

(c) Key management compensation

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
基本薪金、津貼及實物福利	Basic salaries, allowances and benefits in kind	1,545,824	1,446,158
酌情花紅	Discretionary bonuses	372,635	372,309
退休福利－界定供款計劃	Retirement benefit – defined contribution plans	66,840	46,619
以股份為基礎的付款	Share-based payments	151	6,355
		1,985,450	1,871,441

(d) Investment in a related party

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
於SMIT Investment的投資 (附註19(d))	Investment in SMIT Investment (Note 19(d))	5,600,000	—

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 關聯方交易 (續)

(e) 來自銷售貨品之年終結餘

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
應收深圳盒子信息科技 有限公司的款項 (附註18)	Receivable from ShenZhen iBOXPAY Information Technology Co., Ltd. (Note 18)	4,885,596	133,476

應收深圳盒子信息科技有限公司的款項主要來自銷售交易，並於銷售日期後六個月（二零一七年：一個月）到期。該等應收款項的性質為無抵押及不計利息。概無就應收關聯方的款項作出撥備（二零一七年：無）。

36 RELATED PARTY TRANSACTIONS

(Continued)

(e) Year-end balances arising from sales of goods

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
The receivable from ShenZhen iBOXPAY Information Technology Co., Ltd. arise mainly from sale transactions and are due six months (2017: one month) after the date of sales. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties (2017: Nil).			

(f) 與關聯方的非貿易結餘

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
應收 SMIT Investment Limited 款項 (附註 18)	Receivable from SMIT Investment Limited (Note 18)	27,755	—
應付深圳數字電視款項 (附註 28)	Payable to Shenzhen Digital TV (Note 28)	(50,754)	—

應收 SMIT Investment Limited 款項及應付深圳數字電視款項的賬面值與其公平值相若並分別按美元及人民幣列值。應收／應付關聯方款項為無抵押、不計息且須按要求償還。

(f) Non-trade balances with related parties

The carrying amounts of amount due from SMIT Investment Limited and amount due to Shenzhen Digital TV approximate their fair values and are denominated in USD and RMB, respectively. The amounts due from/to related parties are unsecured, non-interest bearing and repayable on demand.

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 本公司財務狀況表及儲備變動

37 STATEMENT OF FINANCIAL POSITION
AND RESERVE MOVEMENT OF THE
COMPANY

		於十二月三十一日	
		As at 31 December	
		二零一八年	二零一七年
		2018	2017
		美元	美元
		USD	USD
資產	ASSETS		
非流動資產	Non-current assets		
於附屬公司的投資	Investment in subsidiaries	70,108,560	70,108,372
透過損益按公平值入賬 的金融資產	Financial assets at fair value through profit or loss	5,600,000	—
		75,708,560	70,108,372
流動資產	Current assets		
應收附屬公司款項	Amounts due from subsidiaries	38,285,624	16,344,484
預付款項	Prepayments	18,703	—
現金及現金等價物	Cash and cash equivalents	2,817,290	24,931,146
		41,121,617	41,275,630
總資產	Total assets	116,830,177	111,384,002

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 本公司財務狀況表及儲備變動 (續)

37 STATEMENT OF FINANCIAL POSITION
AND RESERVE MOVEMENT OF THE
COMPANY (Continued)

		於十二月三十一日	
		As at 31 December	
	附註 Note	二零一八年 2018 美元 USD	二零一七年 2017 美元 USD
權益及負債			
本公司擁有人應佔權益			
股本		6,326	6,140
股份溢價	(a)	100,982,947	98,362,681
以股份為基礎的付款儲備	(a)	1,728,425	1,728,238
保留盈利 / (累計虧損)	(a)	593,452	(2,314,719)
總權益		103,311,150	97,782,340
負債			
流動負債			
應計費用及其他應付款項		538,974	621,609
應付一家附屬公司款項		12,980,053	12,980,053
總負債		13,519,027	13,601,662
總權益及負債		116,830,177	111,384,002

本公司財務狀況表乃由董事會於二零一九年二月二十八日批准並代為簽署。

The statement of financial position of the Company was approved by the Board of Directors on 28 February 2019 and were signed on its behalf.

主席
黃學良

董事
龍文駿

Huang Xueliang
Chairman

Loong, Manfred Man-tsun
Director

綜合財務報表附註

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 本公司財務狀況表及儲備變動 (續)

37 STATEMENT OF FINANCIAL POSITION
AND RESERVE MOVEMENT OF THE
COMPANY (Continued)

(a) 本公司儲備變動

(a) Reserve movement of the Company

		以股份為基礎 股份溢價	(累計虧損) / 的付款儲備 保留盈利	(Accumulated losses) / retained earnings
		Share premium	Share-based payment reserve	retained earnings
		美元 USD	美元 USD	美元 USD
於二零一七年一月一日	At 1 January 2017	97,421,918	1,713,966	(1,164,617)
年內虧損	Loss for the year	—	—	(1,150,102)
根據員工激勵計劃發行 股份	Issuance of shares under the employee share award scheme	302,563	—	—
行使購股權	Exercise of share options	1,219,046	—	—
以股份為基礎的薪酬	Share-based compensation	—	14,272	—
二零一七年五月派付 二零一六年相關股息	Dividends relating to 2016 paid in May 2017	(580,846)	—	—
於二零一七年十二月三十一日	At 31 December 2017	98,362,681	1,728,238	(2,314,719)
即：	Representing:			
儲備	Reserves	97,560,148	1,728,238	(2,314,719)
二零一七年建議末期股息	2017 final dividend proposed	802,533	—	—
		98,362,681	1,728,238	(2,314,719)
於二零一八年一月一日	At 1 January 2018	98,362,681	1,728,238	(2,314,719)
年內虧損	Profit for the year	—	—	2,908,171
行使購股權	Exercise of share options	3,422,799	—	—
以股份為基礎的薪酬	Share-based compensation	—	187	—
二零一八年六月派付 二零一七年相關股息	Dividends relating to 2017 paid in June 2018	(802,533)	—	—
於二零一八年十二月三十一日	At 31 December 2018	100,982,947	1,728,425	593,452
即：	Representing:			
儲備	Reserves	100,579,983	1,728,425	593,452
二零一八年建議末期派息	2018 final dividend proposed	402,964	—	—
		100,982,947	1,728,425	593,452

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38 董事利益及權益（香港《公司條例》（第622章）第383條、《公司（披露董事利益資料）規則》（第622G章）及香港上市規則規定的披露）

38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) 董事及高級管理層薪酬

(a) Directors' and senior management's emoluments

本公司董事薪酬載列如下：

The remuneration of the directors of the Company is set out below:

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

姓名	袍金	薪金	酌情花紅	住房補貼	其他福利估計	就接受董事職務	因管理本公司	退休福利計劃	總計
					金錢價值 (附註(a))	已收或應收薪酬	業務而就董事	其他服務已收	
Name	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits (Note (a))	Remuneration received or receivable in respect of accepting office as director	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking	Employer's contribution to a retirement benefit scheme	Total
	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD
執行董事	Executive director								
黃學良先生 (附註(b))	Mr. Huang Xueliang (Note (b))	24,000	387,522	128,149	—	42	—	4,613	544,326
帥紅宇先生	Mr. Shuai Hongyu	24,000	350,320	108,195	—	225	—	13,477	496,217
龍文駿先生	Mr. Loong, Manfred Man-tsun	24,000	339,081	96,112	—	—	—	4,613	463,806
非執行董事	Non-executive directors								
曾之傑先生	Mr. Zeng Zhijie	24,000	—	—	—	—	—	—	24,000
關重遠先生	Mr. Kwan, Allan Chung-yuen	24,000	—	—	—	—	—	—	24,000
高松濤先生	Mr. Gao Songtao	—	—	—	—	—	—	—	—
獨立非執行董事	Independent non-executive directors								
張俊傑先生	Mr. Zhang Junjie	24,000	—	—	—	—	—	—	24,000
胡家棟先生	Mr. Woo Kar Tung, Raymond	24,000	—	—	—	—	—	—	24,000
金玉豐先生	Mr. Jin Yufeng	24,000	—	—	—	—	—	—	24,000
		192,000	1,076,923	332,456	—	267	—	22,703	1,624,349

(a) 其他福利包括有薪假及購股權。

(a) Other benefits include leave pay and share option.

(b) 該董事亦為本公司首席執行官，並無就首席執行官薪酬作出單獨披露。

(b) The director is also the CEO of the Company, no separate disclosure in respect of the remuneration of the CEO has been made.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 董事利益及權益（香港《公司條例》（第622章）第383條、《公司（披露董事利益資料）規則》（第622G章）及香港上市規則規定的披露）（續）

38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(a) 董事及高級管理層薪酬（續）

(a) Directors' and senior management's emoluments (Continued)

截至二零一七年十二月三十一日止年度
Year ended 31 December 2017

姓名	袍金	薪金	酌情花紅	住房補貼	其他福利 估計 金錢價值 (附註(a))	就接受 董事職務 已收或 應收薪酬	因管理 本公司或 其附屬公司 業務而 就董事其他 服務已收或 應收的薪酬	退休 福利計劃 僱主供款	總計
							Emoluments paid or receivable in respect of director's Remuneration other services in paid or connection with the management of the affairs of the company or its subsidiary undertaking		
Name	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits (Note (a))	as director	of the company or its subsidiary undertaking	Employer's contribution to a retirement benefit scheme	Total
	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD	美元 USD
執行董事	Executive director								
黃學良先生（附註(b)）	Mr. Huang Xueliang (Note (b))	24,000	369,099	128,159	—	1,751	—	2,307	525,316
帥紅宇先生	Mr. Shuai Hongyu	18,000	332,638	107,985	—	3,281	—	9,238	471,142
龍文駿先生	Mr. Loong, Manfred Man-tsun	18,000	322,962	96,120	—	—	—	2,307	439,389
非執行董事	Non-executive directors								
曾之傑先生	Mr. Zeng Zhijie	24,000	—	—	—	—	—	—	24,000
關重遠先生	Mr. Kwan, Allan Chung-yuen	24,000	—	—	—	—	—	—	24,000
高松濤先生	Mr. Gao Songtao	—	—	—	—	—	—	—	—
獨立非執行董事	Independent non-executive directors								
張俊傑先生	Mr. Zhang Junjie	24,000	—	—	—	—	—	—	24,000
胡家棟先生	Mr. Woo Kar Tung, Raymond	24,000	—	—	—	—	—	—	24,000
金玉豐先生	Mr. Jin Yufeng	24,000	—	—	—	—	—	—	24,000
		180,000	1,024,699	332,264	—	5,032	—	13,852	1,555,847

(a) 其他福利包括有薪假及購股權。

(a) Other benefits include leave pay and share option.

(b) 該董事亦為本公司首席執行官，並無就首席執行官薪酬作出單獨披露。

(b) The director is also the CEO of the Company, no separate disclosure in respect of the remuneration of the CEO has been made.

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38 董事利益及權益（香港《公司條例》（第622章）第383條、《公司（披露董事利益資料）規則》（第622G章）及香港上市規則規定的披露）（續）

(a) 董事及高級管理層薪酬（續）

截至二零一八年十二月三十一日止年度，概無任何董事放棄任何薪酬（二零一七年：無）。

(b) 董事退休福利

概無就任何董事有關的其他服務向彼等支付或收取退休福利（二零一七年：無）。

(c) 董事辭退福利

於截至二零一八年十二月三十一日止年度，概無就提前終止委聘而支付予董事任何補償（二零一七年：無）。

(d) 就獲提供董事服務而給予第三方代價

截至二零一八年十二月三十一日止年度，本公司並無因獲提供董事服務而支付代價予任何第三方（二零一七年：無）。

38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(a) Directors' and senior management's emoluments (Continued)

No emoluments were waived by any directors during the year ended 31 December 2018 (2017: Nil).

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking (2017: Nil).

(c) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the year ended 31 December 2018 (2017: Nil).

(d) Consideration provided to third parties for making available directors' services

The Company did not pay consideration to any third parties for making available directors' services for the year ended 31 December 2018 (2017: Nil).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- (e) 關於惠及董事、受董事控制的法人團體及與董事有關連的實體的貸款、類似貸款及其他交易的資料

於年末或截至二零一八年十二月三十一日止年度任何時間並無存續惠及董事、受董事控制的法人團體及與董事有關連的實體的貸款、類似貸款及其他交易（二零一七年：無）。

- (f) 董事在交易、安排或合約中的重大權益

於年末或截至二零一八年十二月三十一日止年度任何時間並無存續由本公司作為訂約方且本公司董事於其中直接或間接擁有重大權益而與本公司業務有關的重要交易、安排或合約（二零一七年：無）。

38 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622) AND COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

- (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, body corporates controlled by and connected entities with such directors subsisted at the end of the year or at any time during the year 31 December 2018 (2017: Nil).

- (f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year 31 December 2018 (2017: Nil).

財務概要

FINANCIAL SUMMARY

		截至十二月三十一日止年度				
		Year ended 31 December				
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		2018	2017	2016	2015	2014
		美元	美元	美元	美元	美元
		USD	USD	USD	USD	USD
收益	Revenue	41,318,578	91,780,923	59,053,896	65,141,051	56,006,825
銷售成本	Cost of sales	(27,641,807)	(59,277,526)	(35,596,258)	(41,016,720)	(33,250,459)
毛利	Gross profit	13,676,771	32,503,397	23,457,638	24,124,331	22,756,366
所得稅前(虧損)/溢利	(Loss)/ Profit before income tax	(277,783)	14,031,227	7,379,349	4,140,582	5,730,671
所得稅抵免/(開支)	Income tax credit/(expense)	1,593,307	(2,932,359)	121,237	(817,878)	(270,847)
年內溢利	Profit for the year	1,315,524	11,098,868	7,500,586	3,322,704	5,459,824
本公司擁有人應佔溢利	Profit is attributable to owners of the Company	1,317,734	11,098,868	7,500,586	3,322,704	5,459,824
非控股權益	Non-controlling interests	(2,210)	—	—	—	—
		1,315,524	11,098,868	7,500,586	3,322,704	5,459,824

		於十二月三十一日				
		As at 31 December				
		二零一八年	二零一七年	二零一六年	二零一五年	二零一四年
		2018	2017	2016	2015	2014
		美元	美元	美元	美元	美元
		USD	USD	USD	USD	USD
總資產	Total assets	140,918,711	131,683,031	109,431,711	78,937,477	121,779,110
本公司擁有人應佔權益	Equity attributable to owners of the Company	112,018,954	114,331,589	99,092,678	62,176,860	64,886,252
非控股權益	Non-controlling interests	240,480	—	—	—	—
總權益	Total equity	112,259,434	114,331,589	99,092,678	62,176,860	64,886,252
總負債	Total liabilities	28,659,277	17,351,442	10,339,033	16,760,617	56,892,858
總權益及負債	Total equity and liabilities	140,918,711	131,683,031	109,431,711	78,937,477	121,779,110

國微技術控股有限公司
SMIT HOLDINGS LIMITED