

MEGALOGIC TECHNOLOGY HOLDINGS LIMITED

宏創高科集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 8242

ANNUAL REPORT 年報

2016



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創業板的定位，乃為相比起其他在聯交所上市的公司帶有較高投資風險的公司提供一個上市的市場。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。創業板的較高風險及其他特色表示創業板較適合專業及其他老練的投資者。

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CORPORATE INFORMATION 公司資料

02

MEGALOGIC TECHNOLOGY HOLDINGS LIMITED ANNUAL REPORT 2016

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Qing (*Chairman*)

Dr. Sung Tak Wing Leo (*Chief Executive Officer*)

Non-Executive Directors

Mr. Ye Jian

Mr. Liu Kam Lung

Independent Non-Executive Directors

Mr. Cheung Chi Man Dennis

Mr. Chiu Yu Wang

Mr. Ko Yin Wai

COMPANY SECRETARY

Dr. Sung Tak Wing Leo

Mr. Ng King Hang

COMPLIANCE OFFICER

Mr. Zhang Qing

AUTHORISED REPRESENTATIVES

Dr. Sung Tak Wing Leo

Mr. Ng King Hang

AUDIT COMMITTEE

Mr. Cheung Chi Man Dennis (*Chairman*)

Mr. Chiu Yu Wang

Mr. Ko Yin Wai

董事會

執行董事

張慶先生(主席)

宋得榮博士(行政總裁)

非執行董事

葉堅先生

廖金龍先生

獨立非執行董事

張志文先生

趙汝宏先生

高賢偉先生

公司秘書

宋得榮博士

吳勁衡先生

監察主任

張慶先生

授權代表

宋得榮博士

吳勁衡先生

審核委員會

張志文先生(主席)

趙汝宏先生

高賢偉先生

REMUNERATION COMMITTEE

Mr. Cheung Chi Man Dennis (*Chairman*)
Mr. Chiu Yu Wang
Mr. Ko Yin Wai

薪酬委員會

張志文先生(主席)
趙汝宏先生
高賢偉先生

NOMINATION COMMITTEE

Mr. Cheung Chi Man Dennis (*Chairman*)
Mr. Chiu Yu Wang
Mr. Ko Yin Wai

提名委員會

張志文先生(主席)
趙汝宏先生
高賢偉先生

AUDITOR

JH CPA Alliance Limited

核數師

晉華會計師事務所有限公司

LEGAL ADVISOR

Loeb & Loeb LLP

法律顧問

Loeb & Loeb LLP

REGISTERED OFFICE

190 Elgin Avenue, George Town, Grand Cayman
KY1-9005, Cayman Islands

註冊辦事處

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KY1-9005, Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS

Suite 2101, 21/F., Chinachem Century Tower
178 Gloucester Road
Wan Chai
Hong Kong

總辦事處及主要營業地點

香港
灣仔
告士打道178號
華懋世紀廣場21樓2101室

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8242

COMPANY WEBSITE

www.megalogic.com.hk

主要股份過戶登記處及轉讓辦事處

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(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

香港股份過戶登記分處及轉讓辦事處

卓佳證券登記有限公司
香港
皇后大道東183號合和中心22樓

股份代號

8242

公司網站

www.megalogic.com.hk

On behalf of the board of directors (the "Board") of Megalogic Technology Holdings Limited (the "Company"), I hereby present the annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016.

本人謹此代表宏創高科集團有限公司(「本公司」)董事會(「董事會」)呈報本公司及其附屬公司(統稱「本集團」)截至2016年12月31日止年度的年報。

BUSINESS ENVIRONMENT AND DEVELOPMENT

業務環境與發展

The global economic environment was full of uncertainties in 2016 as the world was surprised by the results of the Brexit referendum and the US presidential election. However, the US dollar index and bond yields had surged with growing expectation of inflation and interest rate hikes. The volatilities of the above changes may dilute the worldwide economic growth. Despite the fluctuating demand in integrated circuit ("IC") market, the Group recorded a slight increase in its overall revenue, driven by the increase in the provision of tailor-made ASIC solutions. The Group continued to enhance research and development activities to diversify and improve its IC products and a number of new ICs were introduced in 2016 to extend our portfolio. These included LCD IC and DVD player IC. As at 31 December 2016, the Group had 12 new IC models under development and customer evaluation, but 7 IC models had been terminated. Certain customers took prudent view in project investment and extended the process of evaluation, acceptance and modification and therefore, the completion time of development was prolonged.

2016年，英國脫歐公投及美國總統大選的結果令世界震驚，全球經濟環境充滿不確定性。而美元指數及債券孳息率因通脹及加息預期增多而增長。上述變化的波動性或會放緩世界經濟增長。儘管集成電路(「集成電路」)市場需求波動，但由於本集團所提供的度身訂造的ASIC解決方案增加，本集團的整體收入錄得小幅增長。本集團繼續加強研究及開發，以改善其集成電路產品及使之更多元化，我們亦於2016年引入一系列新集成電路產品，令我們的產品系列更豐富。新產品包括LCD集成電路及DVD播放器集成電路。於2016年12月31日，本集團有12個屬開發中及處於客戶評估階段的新型號集成電路，但已終止7個集成電路型號。若干客戶對項目投資抱持審慎態度並延長評估、通過及修改的過程，因而令開發的完成時間被延遲。

As the Group continued to put more efforts and resources to develop the money lending business, we achieved a remarkable progress in 2016. With the provision of efficient customer service and variety of loan products, our loan portfolio and customer base were further enriched in 2016. Our loans receivables expanded strikingly from approximately HK\$86.4 million in December 2015 to approximately HK\$256.0 million in December 2016. Looking ahead, the Group will continue to seek for loan portfolio expansion with a balanced risk and return framework.

由於本集團繼續投放更多注意力及資源發展放債業務，我們於2016年取得可觀進展。我們提供有效率的客戶服務及多元化的貸款產品，我們的貸款組合及客戶基礎於2016年得以進一步拓展。我們的應收貸款由2015年12月的約86.4百萬港元顯著增加至2016年12月的約256.0百萬港元。展望將來，本集團將於平衡風險及回報的框架下繼續尋求擴展貸款組合。

On 9 March 2016, Excellence Steps Limited, a direct wholly-owned subsidiary of the Company as the purchaser and Mr. Chung Pui Nam, Roger as the vendor entered into a sale and purchase agreement in relation to the acquisition of 55% of the issued share capital of Maximus Venture Holdings Limited ("Maximus") at a consideration of an aggregate sum of HK\$27.5 million. On 1 May 2016, the Group completed such acquisition of a total solutions for information security business. The business aims to provide the security assessment, consulting, testing, monitoring and training as well as system integration services of information security business in Hong Kong.

於2016年3月9日，本公司之直接全資附屬公司Excellence Steps Limited(作為買方)與鍾沛南先生(作為賣方)就收購Maximus Venture Holdings Limited(「Maximus」)之55%已發行股本訂立買賣協議，代價總額為27.5百萬港元。於2016年5月1日，本集團完成對資訊保安公司整體解決方案的收購。該公司旨在於香港提供安全評估、諮詢、測試、監控與培訓及資訊保安的系統集成服務業務。

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告書(續)

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MEGALOGIC TECHNOLOGY HOLDINGS LIMITED ANNUAL REPORT 2016

On 6 January 2017, the Company, as the purchaser, Standard Apex Limited as the vendor and Ms. Xie Jihong as the guarantor entered into a conditional sale and purchase agreement in relation to the acquisition of 100% of the issued share capital of Quick Wit Ventures Limited (the "Quick Wit") at a consideration of HK\$140 million. The Quick Wit and its subsidiaries (collectively referred to as the "Quick Wit Group") are principally engaged in provision of investment and planning consulting service, real estate agent, property management services and car parking management services in the People's Republic of China (the "PRC"). On 20 January 2017, the acquisition of the Quick Wit had been completed.

As a result of the continuing business expansion and development, the Group recorded a turnaround to profit for the year 2016. We would like to share more details of the Group's performance, financial position and other information for the year 2016 with shareholders in the following section of "Management Discussion and Analysis".

In order to strengthen the general working capital base for business development, the Group raised approximately HK\$207.4 million by way of an open offer of 1,036,800,000 offer shares at the subscription price of HK\$0.2 per offer share on the basis of three offer shares for every one share held on 16 December 2015. The entire net proceeds had been used for the expansion of our money lending business, development of the IC business had general working capital for the other existing business. On 9 May 2016, the Company has granted share options to certain grantees to subscribe, in aggregate, for up to 29,030,400 ordinary shares of HK\$0.10 each in share capital of the Company under the share option scheme adopted by the Company on 16 May 2012 (the "Share Option Scheme"). For the year 2016, 15,382,400 share options were exercised and 13,648,000 share options were lapsed. For details of the business progress, use of proceeds and share options, please refer to the following section of "Management Discussion and Analysis".

CORPORATE GOVERNANCE

The Board is committed to continuing to maintain high standards of corporate governance and all board committees have effectively supported the Board in carrying out its responsibilities. The Board will persist to explore new business opportunities to maximize the long term interests for the shareholders as a whole.

於2017年1月6日，本公司(作為買方)、Standard Apex Limited(作為賣方)及謝繼紅女士(作為擔保人)訂立有條件買賣協議，內容有關收購Quick Wit Ventures Limited(「Quick Wit」)之100%已發行股本，代價為140百萬港元。Quick Wit及其附屬公司(統稱為「Quick Wit集團」)主要於中華人民共和國(「中國」)從事提供投資及策劃顧問服務、房地產經紀、物業管理服務及停車場管理服務。於2017年1月20日，本集團已完成對Quick Wit的收購。

由於業務持續拓展及發展，本集團於2016年轉變為盈利。有關本集團2016年業績、財政狀況及其他資料的進一步詳情，股東可參閱下文「管理層討論及分析」一節。

為加強業務發展的一般營運資金基礎，本集團於2015年12月16日以按認購價每股發售股份0.2港元公開發售1,036,800,000股發售股份(按每持有一股股份可認購三股發售股份之基準)的方式籌措約207.4百萬港元。全部所得款項淨額已用於拓展放債業務、發展集成電路業務及為其他現有業務提供一般營運資金。於2016年5月9日，本公司根據本公司於2012年5月16日採用之購股權計劃(「購股權計劃」)已向若干承授人授出購股權，以供認購本公司股本中合共最多29,030,400股每股面值0.10港元的普通股。於2016年，15,382,400份購股權已獲行使及13,648,000份購股權已失效。有關業務進程、所得款項用途及購股權的詳情，請參閱下文「管理層討論及分析」一節。

企業管治

董事會致力繼續保持高水平的企業管治，並由各董事會委員會有效協助董事會執行職務。董事會將繼續探索新商機，努力為全體股東帶來最大的長遠利益。

APPRECIATION

On behalf of the Board, I would like to express my sincere thanks to the valuable contribution from our management team. I would also like to express my gratitude to all staff for their hard work in the execution of the Group's strategies and operations during the past year. Last but not least, I wish to thank all shareholders, customers, suppliers, business partners and bankers for their continuous support and confidence in the Group.

Mr. Zhang Qing
Chairman

Hong Kong, 24 March 2017

感謝

本人謹代表董事會，對我們管理層團隊的寶貴貢獻致以衷心謝意。本人亦非常感謝全體同事在過去一年為實行本集團的策略及營運而努力工作。最後，非常重要的一點是，本人要感謝全體股東、客戶、供應商、業務夥伴和銀行一直以來對本集團的支持與信任。

張慶先生
主席

香港，2017年3月24日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

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MEGALOGIC TECHNOLOGY HOLDINGS LIMITED ANNUAL REPORT 2016

During the year ended 31 December 2016, the principal activities of the Group are: (1) the provision of ICs solutions and the design, development and sales of integrated circuits; (2) money lending business in Hong Kong through the provision of unsecured and secured loans to customers, including individual and corporations under the provisions of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (3) the provision of total solutions for information security services, including security assessment, consulting, testing, monitoring and training as well as system integration services of information security business.

BUSINESS REVIEW

IC Business

Through its wholly-owned fabless semiconductor subsidiary, MiniLogic Device Corporation Limited, the Group sells IC under its own brand name “MiniLogic” and provides application specific IC service (“ASIC Service”) in design and development of tailor-made IC to its customers. The Group also provides tailor-made IC solutions and sells tailor-made ICs to customers under the ASIC Service business section (the “ASIC Section”); and independently develops and sells generically-applicable ICs for sale in the market under the MiniLogic Brand IC business section (the “Standard IC Section”).

Over the past year, the research and development (the “R&D”) team completed and launched 2 new models in standard LCD IC and ASIC DVD Player IC respectively.

The R&D teams also deployed 4 more new IC models but terminated 7 during the year. As at 31 December 2016, the Group had 12 new IC models under development and customer evaluation. The completion of the development of several new IC models has been extended as the process was prolonged due to customer evaluation, acceptance and modification work. Developing IC products with suitable technology that appeal to the market is essential for the growth of IC business. This can also expand the range of the IC products and maintain our competitiveness.

ASIC Section

Under the ASIC Section, the major products are Electronic Cigarette ICs, DVD Player ICs, Power Management ICs and CCD Surveillance System ICs. 1 new IC models launched in 2016. Due to the IC industry was in a state of recovery, revenue and margin from all major products were improved when compared to the same period last year. Revenue from the ASIC products slightly increased from approximately HK\$18.7 million for the year of 2015 to approximately HK\$19.6 million for that of 2016.

於截至2016年12月31日止年度，本集團主要活動為：(1)提供集成電路的解決方案，並從事集成電路的設計、開發及銷售；(2)根據放債人條例(香港法例第163章)於香港從事放債業務透過向客戶，包括個人及公司，提供無抵押及有抵押貸款；及(3)提供資訊保安服務的整體解決方案，包括資訊安全評估、諮詢、測試、監控與培訓及資訊保安的系統集成服務業務。

業務回顧

集成電路業務

透過本集團全資擁有的無晶圓廠半導體附屬公司－微創高科有限公司，本集團以「MiniLogic」的品牌銷售集成電路並向其客戶提供設計和開發度身訂造集成電路的特定用途集成電路服務(「ASIC服務」)。本集團亦提供度身訂造的集成電路解決方案以及向ASIC服務業務分部(「ASIC分部」)的客戶銷售度身訂造的集成電路；另外，在MiniLogic品牌集成電路業務分部(「標準集成電路分部」)獨立開發及銷售普遍適用的集成電路以在市場銷售。

過去一年，研究與開發(「研發」)團隊分別完成並推出2個標準LCD集成電路及ASIC DVD播放器集成電路的新型號。

年內，研發團隊亦開發另外4個新集成電路型號，但亦終止開發7個集成電路型號。於2016年12月31日，本集團有12個新集成電路型號正在開發中並接受客戶評估。由於開發過程因客戶評估、驗收及修改工作而有所延長，數個新集成電路型號之開發工作亦因而延遲完成。以合適技術開發吸引市場的集成電路產品對集成電路業務增長尤為重要，而這亦有助增加集成電路產品種類及保持我們的競爭力。

ASIC分部

ASIC分部之主要產品為電子煙集成電路、DVD播放器集成電路、電源管理集成電路及CCD監察系統集成電路。於2016年推出1款新型號集成電路。由於集成電路行業仍在復甦階段，所有主要產品的收益及利潤率均較去年同期有所改善。ASIC產品的收益由2015年約18.7百萬港元輕微上升至2016年約19.6百萬港元。

At the same time, revenue from the provision of ASIC Service increased from approximately HK\$0.9 million in 2015 to approximately HK\$1.6 million in 2016. Due to the increase in revenue from the ASIC Service and ASIC products, particularly in Power Management ICs, Electronic Cigarette ICs and CCD Surveillance System ICs, the overall revenue from the ASIC Section rose by 8.3% from approximately HK\$19.5 million in 2015 to approximately HK\$21.2 million in 2016.

Standard IC Section

Under the Standard IC Section, the major products are LCD Driver ICs for instrument panel, Power Management ICs and LED Lighting Driver ICs. There was 1 new IC model launched in 2016. In view of the increasing market competition, the market sentiment for the LCD Driver ICs and Power Management ICs were worsening in 2016, which leading to the decrease in overall revenue. Accordingly, the overall revenue from the Standard IC Section was decreased by 33.9% from approximately HK\$4.2 million in 2015 to approximately HK\$2.8 million in 2016.

Money Lending Business

Through its indirect wholly-owned subsidiary, Easy Loan Finance Limited (“Easy Loan”), which owned a money lender license in Hong Kong, the Group engages in the money lending business, such as secured and unsecured loans to customers comprising individuals and corporations to earn interest income. In 2016, the Group continues to put more efforts and resources to develop this business and achieve remarkable progress. The Group’s loans receivables, which are repayable according to repayment schedules with contractual maturity ranging from 1 month to 12 years, increased significantly from approximately HK\$86.4 million as at 31 December 2015 to approximately HK\$256.0 million as at 31 December 2016. Accordingly, the revenue increased significantly by 387.3% from approximately HK\$5.5 million in 2015 to approximately HK\$27.0 million in 2016.

Total Solutions for Information Security Business

Following the completion of the acquisition of 55% of the issued share capital of Maximus, the Group has entered into the total solutions for information security industry and provides professional one-stop information security services and solution for our clients since 1 May 2016.

Technical Assessment Services

The consulting team conducts the penetration test, vulnerability scanning, threat assessment and source coding scanning of the customers’ information systems and tools. There were 54 newly signed contracts in this sector as at 31 December 2016. The revenue of this sector since acquisition amounted to approximately HK\$3.2 million.

同時，提供ASIC服務所得的收益由2015年的約0.9百萬港元上升至2016年的約1.6百萬港元。由於ASIC服務及ASIC產品(尤其是電源管理集成電路、電子煙集成電路及CCD監察系統集成電路)帶來的收益上升，ASIC分部的整體收益由2015年的約19.5百萬港元上升8.3%至2016年的約21.2百萬港元。

標準集成電路分部

標準集成電路分部之主要產品為供儀器板使用的LCD驅動器集成電路、電源管理集成電路及LED燈光驅動器集成電路。於2016年推出1款新型號集成電路。鑒於市場競爭加劇，2016年LCD驅動器集成電路及電源管理集成電路的市場氣氛不斷轉差，導致整體收益下跌。因此，標準集成電路分部的整體收益由2015年的約4.2百萬港元下降33.9%至2016年的約2.8百萬港元。

放債業務

本集團透過其間接全資附屬公司易按財務有限公司(「易按」)(於香港持有放債牌照)從事放債業務，並向客戶(包括個人及公司)提供有抵押及無抵押貸款以賺取利息收入。於2016年，本集團繼續投放更多注意力及資源發展此業務，並取得驕人進展。本集團之應收貸款須按還款時間表於合約到期日(介乎1個月至12年不等)償還，由2015年12月31日的約86.4百萬港元大幅增長至2016年12月31日的約256.0百萬港元。因此，收益由2015年的約5.5百萬港元大幅增加387.3%至2016年的約27.0百萬港元。

資訊保安整體解決方案之業務

隨著收購Maximus之55%已發行股本完成後，本集團進入了資訊保安整體解決方案行業，並自2016年5月1日起向客戶提供專業的一站式資訊保安服務及解決方案。

技術評估服務

顧問團隊為客戶的資訊系統及工具進行滲透測試、漏洞掃描、威脅評估及信源編碼掃描。於2016年12月31日，我們於此範疇新簽54份合約。本集團於收購後來自此範疇的收益約為3.2百萬港元。

Compliance Services

The consulting team designs and develops customers' internal security governance policies and trainings under the information security compliance area. There were 38 newly signed contracts in this sector as at 31 December 2016. The revenue of this sector since acquisition amounted to approximately HK\$5.3 million.

Compliance Automation Services

The consulting team sources appropriate information security software and/or systems with the aim to improve security of the information technology systems and to prevent possible data threats. There were 8 newly signed contracts in this sector as at 31 December 2016. The revenue of this sector since acquisition amounted to approximately HK\$0.6 million.

Managed Security Services

The consulting team monitors the customers' information technology systems on 24 hours everyday basis for locating possible threats and detecting attacks to the customers' systems. There were 9 newly signed contracts in this sector as at 31 December 2016. The revenue of this sector since acquisition amounted to approximately HK\$0.7 million.

FINANCIAL REVIEW

Below is an analysis of our key financial indicators including, but not limited to revenue, cost of sales, gross profit and cost to income ratio, which reflected the financial position of the business.

Revenue, Cost of Sales and Gross Profit

The total revenue of the Group increased significantly by 107.7% from approximately HK\$29.2 million in 2015 to approximately HK\$60.8 million in 2016. The increase was mainly due to improvement of IC business, the continuous growth and expansion of the money lending business and the revenue generated from the newly acquired information security business.

Cost of sales and services of the Group related to the IC and information security business which were slightly decreased by 1.3% from approximately HK\$20.0 million in 2015 to approximately HK\$19.8 million in 2016.

合規服務

顧問團隊為客戶設計及開發內部保安監控政策及資訊保安合規方面的培訓。於2016年12月31日，我們於此範疇新簽38份合約。本集團於收購後來自此範疇的收益約為5.3百萬港元。

合規自動化服務

顧問團隊搜尋合適的資訊保安軟件及／或系統，以改善資訊科技系統保安及預防潛在的數據威脅。於2016年12月31日，我們於此範疇新簽8份合約。本集團於收購後來自此範疇的收益約為0.6百萬港元。

保安管理服務

顧問團隊每日24小時監視客戶的資訊科技系統，以找出客戶系統的潛在威脅及檢測攻擊。於2016年12月31日，我們於此範疇新簽9份合約。本集團於收購後來自此範疇的收益約為0.7百萬港元。

財務回顧

以下是我們主要財務指標的分析，其中包括但不限於收益、銷售成本、毛利和成本收入比率，反映了業務的財務狀況。

收益、銷售成本及毛利

本集團的總收益由2015年的約29.2百萬港元大幅增長107.7%至2016年的約60.8百萬港元。該增長乃主要由於集成電路業務改善、放債業務的持續增長及擴展以及自新收購的資訊保安業務所產生的收益所致。

本集團的銷售及服務成本乃涉及集成電路及資訊保安業務，其由2015年的約20.0百萬港元小幅減少1.3%至2016年的約19.8百萬港元。

The gross profit of the ASIC Section increased by 157.6% from approximately HK\$2.2 million in 2015 to approximately HK\$5.7 million in 2016, and gross profit margin of the ASIC Section was 26.3% in 2016, representing an increase of 15.1 percentage points from 11.2% in 2015. The increase in gross profit margin of ASIC Section was mainly due to the increase in revenue of ASIC Service, which had a higher margin, and decrease of cost of sales of ASIC products. The gross profit of the Standard IC Section dropped by 42.9% from approximately HK\$1.5 million in 2015 to approximately HK\$0.8 million in 2016, and the gross profit margin of Standard IC Section was 30.8% in 2016, representing a drop of 4.8 percentage points from 35.6% in 2015. The drop in gross profit margin of Standard IC Section was mainly attributable to the decline in revenue from certain higher margin Standard IC products. The overall gross profit of the Group increased significantly by 344.6% from approximately HK\$9.2 million in 2015 to approximately HK\$41.0 million in 2016, and the overall gross profit margin of the Group was 67.5%, representing an increase of 36.0 percentage points from 31.5% in 2015. The overall gross profit margin improved due to the improvement of IC business, positive contribution in the money lending business, and newly acquired information security business, which had a higher margin.

Expenses

Staff costs increased by 32.9% from approximately HK\$10.7 million in 2015 to approximately HK\$14.2 million in 2016. The increase was primarily attributable to equity-settled share-based payments in connection with share options and newly acquired information security business, as compared to 2015.

Operating lease rentals increased by 78.9% from approximately HK\$1.2 million in 2015 to approximately HK\$2.2 million in 2016, which was mainly due to the opening of new offices in Hong Kong since April 2016 and newly acquired information security business.

Depreciation and amortisation increased by 26.2% from approximately HK\$1.4 million in 2015 to approximately HK\$1.8 million in 2016, mainly because of the depreciation of newly acquired instruments and leasehold improvement and newly acquired information security business, and amortisation charge on internally-generated intangible asset from information security business.

Other operating expenses increased by 92.3% from approximately HK\$4.8 million in 2015 to approximately HK\$9.1 million in 2016. The increase was mainly attributable to related cost in the acquisition of Maximus and its subsidiaries (collectively referred to as the "Maximus Group"), more referral fees in the money leading business and newly acquired information security business.

ASIC分部之毛利由2015年的約2.2百萬港元增長157.6%至2016年的約5.7百萬港元，而ASIC分部於2016年之毛利率為26.3%，較2015年的11.2%增長15.1個百分點。ASIC分部之毛利率增長主要由於利潤率較高的ASIC服務之收益增長及ASIC產品之銷售成本下跌所致。標準集成電路分部之毛利由2015年的約1.5百萬港元下跌42.9%至2016年的約0.8百萬港元，而標準集成電路分部於2016年之毛利率為30.8%，較2015年的35.6%下跌4.8個百分點。標準集成電路分部之毛利率下跌乃主要由於若干利潤率較高之標準集成電路產品的收益下滑所致。本集團的整體毛利由2015年的約9.2百萬港元大幅增長344.6%至2016年的約41.0百萬港元，而本集團的整體毛利率為67.5%，較2015年的31.5%上升36.0個百分點。整體毛利率得以改善，乃由於集成電路業務改善，放債業務及利潤率較高的新收購的資訊保安業務的正面貢獻所致。

開支

員工成本由2015年的約10.7百萬港元上升32.9%至2016年的約14.2百萬港元。該增長與2015年比較乃主要由於存在與購股權相關之權益結算以股份為基礎之付款及新收購的資訊保安業務所致。

經營租賃租金由2015年的約1.2百萬港元上升78.9%至2016年的約2.2百萬港元，乃主要由於自2016年4月起在香港開設新辦事處及新收購的資訊保安業務所致。

折舊及攤銷由2015年的約1.4百萬港元上升26.2%至2016年的約1.8百萬港元，乃主要由於新購入器材及租賃改善所產生之折舊及新收購的資訊保安業務及由資訊保安業務內部產生之無形資產攤銷費用所致。

其他經營開支由2015年的約4.8百萬港元上升92.3%至2016年的約9.1百萬港元。該上升乃主要由於收購Maximus及其附屬公司(統稱為「Maximus集團」)之相關成本、放債業務的中介費有所增加及新收購的資訊保安業務所致。

Profit Attributable to Owners of the Company

The consolidated profit attributable to owners of the Company for the year 2016 was approximately HK\$8.9 million. For the year 2015, the consolidated loss attributable to owners of the Company was approximately HK\$8.9 million. The increase was approximately HK\$17.8 million, or 200.5%. The turnaround was mainly attributable to the increase in overall revenue and gross profit margin as a result of the continuous growth and expansion of the money lending business and the revenue and profit generated from the newly acquired information security business.

Cost to income ratio

The cost to income ratio of the Group (expenses/revenue) was 49.7% in 2016, representing a drop of 12.2 percentage points from 61.9% in 2015. The drop in its ratio was mainly attributable to the improvement of revenue from the IC business, and revenue increase in money lending business and revenue generated from the newly acquired information security business.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

Reliance on a few key customers

The Group's ability to maintain close relationships with its customers is important to its ongoing growth and profitability. Although the Group's revenue from specific customers vary from period to period, a significant portion of the Group's total revenue was derived from a few major customers for the year ended 31 December 2016 and the corresponding period in last year. The five largest customers accounted for approximately 27.9% and 61.4% of the Group's revenue while the largest customer accounted for approximately 8.5% and 23.8% of the Group's revenue for the year ended 31 December 2016 and 2015 respectively. The Group has established its business relationship with the largest customer, which is an independent third party (as defined in the GEM Listing Rules) principally engaged in sales and production of electronic devices and components, since 2006. However, as the Group does not enter into long term or master sales contracts with its major customers, there is no assurance that they will continue to purchase products from the Group at the same level as they have done in the past.

本公司擁有人應佔溢利

2016年本公司擁有人應佔綜合溢利約為8.9百萬港元。於2015年，本公司擁有人應佔綜合虧損約為8.9百萬港元。增長約為17.8百萬港元或200.5%。轉虧為盈乃主要由於放債業務的持續增長及擴展，以及自新收購的資訊保安業務所產生的收益及溢利，導致整體收益及毛利率上升所致。

成本收入比率

於2016年，本集團的成本收入比率(開支/收益)為49.7%，較2015年的61.9%下跌12.2個百分點。其比率下跌乃主要由於集成電路業務收益改善以及放債業務的收益增加及自新收購的資訊保安業務所產生的收益所致。

與本集團及其業務相關的風險

依賴少數主要客戶

本集團與其客戶維持緊密關係的能力對其持續的增長及盈利能力而言甚為重要。儘管本集團來自特定客戶之收益於每個期間均有所不同，於截至2016年12月31日止年度及去年同期，本集團總收益中的主要部分乃來自少數主要客戶。截至2016年及2015年12月31日止年度，五大客戶分別佔本集團收益約27.9%及61.4%，而最大客戶則分別佔本集團收益約8.5%及23.8%。本集團自2006年開始與最大客戶(為獨立第三方(定義見創業板上市規則)，其主要從事銷售及生產電子裝置及零件)建立起業務關係。然而，本集團並無與其主要客戶訂立長期或主銷售合同，故並不保證彼等將繼續向本集團購買與其過往同等數量的產品。

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2016, the Group had bank and cash balances of approximately HK\$8.0 million (2015: HK\$188.7 million) and did not have any borrowings, banking facilities or any loan arrangement containing any covenant. The current ratio of the Group as at 31 December 2016 was 2,531.1% (31 December 2015: 12,844.0%), reflecting the fact that the liquidity of the Group remained healthy. The gearing ratio calculated as the ratio of total interest-bearing debt to total asset was nil as at 31 December 2016 (31 December 2015: nil). The Group's financial position is healthy, enabling the Group advantageously to expand its core business and to achieve its business objectives.

CHARGES ON ASSETS

As at 31 December 2016 and 31 December 2015, the Group did not have any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

The Group's transactions are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. Therefore, the Group is exposed to foreign currency exchange risk. The Group has not implemented any foreign currency hedging policy at the moment. However, continuous monitoring on the foreign exchange exposure is carried out by the management and the management will consider hedging against significant foreign exchange exposure should the need arise.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

The Group did not have any material contingent liabilities or capital commitment as at 31 December 2016 and 31 December 2015.

流動資金、財務資源及資本架構

於2016年12月31日，本集團的銀行及現金結餘約為8.0百萬港元(2015年：188.7百萬港元)及並無任何借款、銀行融資或載有任何契諾的任何貸款安排。於2016年12月31日，本集團的流動比率為2,531.1%(2015年12月31日：12,844.0%)，反映本集團的流動性維持健康。於2016年12月31日，本集團的資產負債比率(即總計息債務對總資產的比率)為零(2015年12月31日：零)。本集團的財務狀況健康，讓本集團具備有利條件以擴充其核心業務並達成其業務目標。

資產抵押

於2016年12月31日及2015年12月31日，本集團並無任何資產抵押。

外匯風險

本集團的交易主要以美元、港元及人民幣計值。因此，本集團承受外匯風險。本集團現時並無實行任何外幣對沖政策。然而，管理層持續監察所承受的外匯風險及在有需要時考慮對沖重大外匯風險。

或然負債及資本承擔

本集團於2016年12月31日及2015年12月31日並無任何重大或然負債或資本承擔。

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group completed the acquisition of 55% of the issued share capital of Maximus on 1 May 2016 and the acquisition of the entire issued share capital of Quick Wit on 20 January 2017.

Save for those disclosed in this annual report, there were no significant investments held by the Group as at 31 December 2016 and 31 December 2015, nor were there other material acquisitions and disposals of subsidiaries by the Group during these years. Apart from those disclosed in this annual report, there was no other plan authorised by the Board for other material investments or additions of capital assets at the date of this report (2015: nil).

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: nil).

EMPLOYEES AND REMUNERATION POLICIES

The Group has approximately 41 (2015: 18) employees as at 31 December 2016. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of performance, qualification and experience of individual employee. We recognise the importance of a good relationship with our employees. The remuneration payable to our employees includes salaries, share options and allowances. Other benefits include training and discretionary bonus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has minimised the operation impact on the environment and natural resource. During 2016, the Group has collected recycled papers and used it as key printing materials. Also for the energy saving practices in offices, the Group will use Hong Kong Electrical and Mechanical Services Department certified electricity consumption appliances to reduce electricity consumption, and will replace lighting fixtures with LED lighting or T5 fluorescent tubes where possible.

所持重大投資、附屬公司、聯營公司及合營企業的重大收購及出售以及未來重大投資或資本資產計劃

本集團於2016年5月1日完成收購Maximus之55%已發行股本及於2017年1月20日收購Quick Wit之全部已發行股本。

除本年報所披露者外，於2016年12月31日及2015年12月31日，本集團並無持有重大投資，於該等年度本集團亦無附屬公司的其他重大收購及出售。除本年報所披露者外，董事會於本報告日期並無批准任何其他重大投資或購入資本資產的其他計劃(2015年：無)。

股息

董事會並不建議就截至2016年12月31日止年度派付末期股息(2015年：無)。

僱員及薪酬政策

於2016年12月31日，本集團約有41名(2015年：18名)僱員。本集團的薪酬政策符合現行市場慣例，且乃根據個別僱員的表現、資歷及經驗而釐定。我們明白與僱員建立良好關係的重要性。應付僱員的薪酬包括薪金、購股權及津貼。其他福利則包括培訓及酌情花紅。

環境政策及成效

本集團已將營運對環境及天然資源的影響減至最低。於2016年內，本集團已收集再生紙並將之用作主要印刷材料。此外，就辦公室的節能之措施，本集團將採用香港機電工程署認可的電器以減低耗電量，亦將於可行的情況下以LED電燈或T5光管取代照明裝置。

COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements could lead to the termination of operating licences. The Group has been allocating system and staff resources to ensure ongoing compliance with the applicable rules and regulations and to maintain cordial working relationships with regulators effectively through effective communications.

During the year under review, the Group has complied, to the best of our knowledge, with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and the GEM Listing Rules and other applicable rules and regulations.

FUND RAISING ACTIVITIES

On 16 December 2015, the Company completed the open offer to raise approximately HK\$207.4 million (before costs and expenses) by way of an open offer of 1,036,800,000 offer shares at the subscription price of HK\$0.20 per offer share on the basis of three offer shares for every one share held on the record date, 24 November 2015, on the terms pursuant to the underwriting agreement dated 25 August 2015 (the “Underwriting Agreement”) entered into among the Company, China Rise Securities Asset Management Company Limited and Metro Classic Limited relating to the underwriting and other arrangement in respect of the open offer (the “Open Offer”). Details of the Open Offer and the completion of the open offer are set out in the Company’s announcements dated 1 September 2015, 21 September 2015, 29 September 2015, 9 October 2015 and 16 December 2015, the Company’s circular dated 16 October 2015 and the Company’s listing document dated 25 November 2015 respectively. The net proceeds raised upon completion after deduction of relevant costs and expenses were approximately HK\$199 million. The net proceeds has been intended to use (i) approximately HK\$169 million to fund the expansion of the money lending business of the Group; (ii) approximately HK\$20 million for the development of the IC business of the Group; and (iii) approximately HK\$10 million for the general working capital for the other existing businesses of the Group.

遵守適用法律及法規

本集團深明遵守監管要求的重要，而未能遵守該等要求則可予終止營運牌照。本集團已分配系統及人手資源，以確保一直遵守適用規則及法規，以及透過有效溝通有效地與監管機構維持良好工作關係。

於回顧年間，就我們所知悉，本集團已遵守證券及期貨條例(香港法例第571章)(「證券及期貨條例」)及創業板上市規則以及其他相關適用規則及法規。

集資活動

於2015年12月16日，本公司按本公司、華晉證券資產管理有限公司及Metro Classic Limited就關於公開發售(「公開發售」)之包銷及其他安排所訂立日期為2015年8月25日之包銷協議(「包銷協議」)之條款完成公開發售，以按認購價每股發售股份0.20港元公開發售1,036,800,000股發售股份(按於記錄日期(2015年11月24日)每持有一股股份可獲發售三股發售股份之基準)之方式籌集約207.4百萬港元(未扣除成本及開支)。有關公開發售及公開發售完成之詳情分別載於本公司日期為2015年9月1日、2015年9月21日、2015年9月29日、2015年10月9日及2015年12月16日之公告、本公司日期為2015年10月16日之通函及本公司日期為2015年11月25日之上市文件。於完成後，所籌集之所得款項淨額(經扣除有關成本及開支)約為199百萬港元。所得款項淨額擬定用途為：(i)約169百萬港元用於發展本集團的放債業務；(ii)約20百萬港元用於發展本集團的集成電路業務；及(iii)約10百萬港元用作本集團的其他現有業務之一般營運資金。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

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MEGALOGIC TECHNOLOGY HOLDINGS LIMITED ANNUAL REPORT 2016

The directors had considered various ways of raising funds and believed that the Open Offer represented an opportunity to raise capital for the Company while broadening the shareholder's base and capital base of the Company. The utilisation of the net proceeds up to 31 December 2016 is:

董事已考慮多個集資途徑，並相信公開發售乃本公司集資之良機，可同時擴大本公司之股東基礎及資本基礎。截至2016年12月31日止，所得款項淨額之使用為：

Net proceeds	Intended use of the net proceeds	Utilisation of the net proceeds up to 31 December 2016
所得款項淨額	所得款項淨額擬定用途	截至2016年12月31日止所得款項淨額之使用
Approximately HK\$199 million	(i) Approximately HK\$169 million will be used for the expansion of the money lending business of the Group	(i) The entire net proceeds has been used for the expansion of the money lending business of the Group
約199百萬港元	(i) 約169百萬港元將用於拓展本集團的放債業務	(i) 全部所得款項淨額已用於拓展本集團的放債業務
	(ii) Approximately HK\$20 million will be used for the development of the IC business of the Group	(ii) The entire net proceeds has been used for the development of the IC business of the Group
	(ii) 約20百萬港元將用於發展本集團的集成電路業務	(ii) 全部所得款項淨額已用於發展本集團的集成電路業務
	(iii) Approximately HK\$10 million will be used as general working capital for the other existing businesses of the Group	(iii) The entire net proceeds has been used for general working capital for the other existing businesses of the Group
	(iii) 約10百萬港元將用作本集團的其他現有業務之一般營運資金	(iii) 全部所得款項淨額已用作本集團的其他現有業務之一般營運資金

ACQUISITION OF AN TOTAL SOLUTIONS FOR INFORMATION SECURITY BUSINESS

收購資訊保安整體解決方案之業務

On 5 February 2016 and 9 March 2016, Excellence Steps Limited, a direct wholly-owned subsidiary of the Company as the purchaser and Mr. Chung Pui Nam, Roger as the vendor and being an independent third party of the Group, entered into a letter of intent and a sale and purchase agreement respectively in relation to the acquisition of 55% of the issued share capital of Maximus. All of the conditions precedent under the acquisition agreement have been fulfilled (or otherwise waived) and the completion took place on 1 May 2016 in accordance with the terms and conditions of the acquisition agreement. Upon completion of the acquisition, the Maximus has become an indirect non wholly-owned subsidiary of the Company and the financial results of the Maximus and its subsidiaries have been consolidated into the financial statement of the Group.

於2016年2月5日及2016年3月9日，本公司之直接全資附屬公司Excellence Steps Limited（作為買方）與鍾沛南先生（作為賣方及為本集團之獨立第三方）就收購Maximus之55%已發行股本分別訂立意向書及買賣協議。收購協議項下之全部先決條件均告達成（或另行獲豁免），並已根據收購協議之條款及條件於2016年5月1日完成。於收購事項完成後，Maximus已成為本公司一間間接非全資附屬公司，且Maximus及其附屬公司之財務業績已於本集團之財務報表綜合入賬。

Details of the acquisition of 55% of the issued share capital of Maximus were disclosed in the Company's announcements dated 5 February 2016, 9 March 2016, 31 March 2016, and 2 May 2016 respectively and the Company's circular dated 12 April 2016.

有關收購Maximus之55%已發行股本之詳情已分別於本公司日期為2016年2月5日、2016年3月9日、2016年3月31日及2016年5月2日之公告以及本公司日期為2016年4月12日之通函內披露。

COMPLETION OF THE ACQUISITION OF QUICK WIT

On 6 January 2017, the Company as the purchaser, Standard Apex Limited as the vendor and Ms. Xie Jihong as the guarantor, being an independent third parties of the Group, entered into a conditional sale and purchase agreement (the "Sale and Purchase Agreement"), in relation to the acquisition of the entire issued share capital of Quick Wit at a consideration of HK\$140 million. Quick Wit Group is principally engaged in provision of investment and planning consulting service, real estate agent, property management services and car parking management services in the PRC. All of the conditions precedent under the Sale and Purchase Agreement have been fulfilled and the completion took place on 20 January 2017 in accordance with the terms and conditions of the Sale and Purchase Agreement. Upon completion of the acquisition, Quick Wit has become a direct wholly-owned subsidiary of the Company and the financial results of the Quick Wit Group have been consolidated into the financial statement of the Group.

Details of the acquisition were disclosed in the Company's announcements dated 22 December 2016, 6 and 20 January 2017 respectively.

GRANT OF SHARE OPTIONS

On 9 May 2016, the Company has granted share options to certain grantees to subscribe, in aggregate, for up to 29,030,400 ordinary shares of HK\$0.10 each in the share capital of the Company, under the Share Option Scheme. For the year ended 31 December 2016, 15,382,400 share options were exercised by the grantees, and 13,648,000 share options were lapsed and no share option remained outstanding. Details of the grant of share options were disclosed in the Company's announcement dated 9 May 2016 and set out in note 35 to the consolidated financial statements.

OUTLOOK

Looking forward, the global economies have stabilized but there are potential risks associated with the Brexit event along with upcoming elections of other major European countries, the new administration of the United States taking office, and continuing geopolitical tensions. We shall maintain a cautious and prudent approach in IC business by closely monitoring the development of the products and optimizing our resource and increasing of operational efficiency. We are going to divert more attention and resource to develop the money lending business, be engaged in the total solutions for information security service, and property management and agency service through its interest in the Maximus Group and the Quick Wit Group respectively.

Considering the challenging investment environment, the management will continue to exercise prudence in looking for any suitable business opportunities in future, so as to broaden the source of our revenues and cash flows, taking into account the funding requirement and associated business risk.

完成QUICK WIT收購事項

於2017年1月6日，本公司(作為買方)、Standard Apex Limited(作為賣方)及謝繼紅女士(作為擔保人及為本集團之獨立第三方)訂立有條件買賣協議(「買賣協議」)，內容有關收購Quick Wit之全部已發行股本，代價為140百萬港元。Quick Wit集團主要於中國從事提供投資及策劃顧問服務、房地產經紀、物業管理服務及停車場管理服務。買賣協議項下之全部先決條件均告達成，並已根據買賣協議之條款及條件於2017年1月20日完成。於收購事項完成後，Quick Wit已成為本公司一間直接全資附屬公司，且Quick Wit集團之財務業績已綜合計入本集團之財務報表。

收購事項之詳情已分別披露於本公司日期為2016年12月22日、2017年1月6日及20日之公告。

授出購股權

於2016年5月9日，本公司已根據購股權計劃，向若干承授人授出購股權，以供認購本公司股本中合共最多29,030,400股每股面值0.10港元的普通股。截至2016年12月31日止年度，15,382,400份購股權已獲承授人行使，13,648,000份購股權已失效且並無尚未行使之購股權。有關授出購股權的詳情披露於本公司日期為2016年5月9日的公告及載於綜合財務報表附註35。

前景

展望未來，全球經濟已穩定，但英國脫歐事件以及即將到來的其他主要歐洲國家的選舉、美國新上任的新政府及持續的地緣政治緊張形勢將帶來相關潛在風險。我們會透過密切監察產品開發、優化資源以及提升營運效率，在集成電路業務方面維持小心謹慎的方針。我們將投放更多注意力及資源發展放債業務，並分別透過我們於Maximus集團及Quick Wit集團的權益從事提供資訊保安服務整體解決方案以及物業管理及經紀服務。

考慮到投資環境嚴峻，管理層未來將繼續審慎地物色任何合適商機，因應資金要求及相關業務風險拓展收益及現金流量來源。

CORPORATE GOVERNANCE REPORT

企業管治報告

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 December 2016.

根據創業板上市規則第18.44條，董事會欣然呈報截至2016年12月31日止年度的企業管治報告。

CORPORATE GOVERNANCE PRACTICES

The Group has committed to upholding high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial for the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of shareholders of the Group.

The Board has continued to monitor and review the corporate governance principles and practices to ensure compliance. The Company has adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules as its own code and has complied with the CG Code throughout the year ended 31 December 2016, except the following deviations:

Under code provision A.6.7, independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders.

1. Mr. Ko Yin Wai (being an Independent Non-Executive Director) was unable to attend the annual general meeting and extraordinary general meeting of the Company both held on 29 April 2016 as he was obliged to be away for his business matter.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors (the “Model Code”) on terms no less exacting than the required standard of dealings set out in Rule 5.48 to 5.67 of the GEM Listing Rules.

Upon the specific enquiry made to all the Directors, the Company was not aware of any non-compliance with the Model Code regarding securities transactions by the Directors during the year ended 31 December 2016.

企業管治常規

本集團致力維持高水平的企業管治。董事會認為，加強公眾問責性及企業管治有利於本集團的穩健增長，可提升客戶及供應商信心，並保障本集團股東的利益。

董事會繼續監察及檢討企業管治原則及常規，以確保合規。本公司已採納創業板上市規則附錄15所載之《企業管治守則》（「企業管治守則」）作為其本身的守則，並已於截至2016年12月31日止年度內，一直遵守企業管治守則，惟下列偏離事項除外：

根據守則條文第A.6.7條，獨立非執行董事及其他非執行董事亦應出席股東大會，對股東的意見有公正的瞭解。

1. 獨立非執行董事高賢偉先生因其個人公務事宜而無法出席本公司同於2016年4月29日召開之股東週年大會及股東特別大會。

董事的證券交易

本公司已採納一套條款不寬鬆於創業板上市規則第5.48至5.67條所載的交易必守標準之董事進行證券交易之行為守則（「標準守則」）。

經向所有董事作出特定查詢後，而本公司並不知悉截至2016年12月31日止年度內有任何未符合董事進行證券交易之標準守則之情況。

BOARD OF DIRECTORS

Composition

The Board currently comprises seven directors including two Executive Directors, namely Mr. Zhang Qing (Chairman) and Dr. Sung Tak Wing Leo (Chief Executive Officer), two Non-Executive Directors namely Mr. Ye Jian and Mr. Liu Kam Lung and three Independent Non-Executive Directors, namely Mr. Cheung Chi Man Dennis, Mr. Chiu Yu Wang and Mr. Ko Yin Wai. An updated list of Directors identifying their roles and functions and whether they are Independent Non-Executive Directors has been published on the websites of the Company and the Stock Exchange respectively. The profiles of the Directors are set out in the section "Profiles of Directors and Senior Management" of this annual report.

During the year ended 31 December 2016, four regular Board meetings and eight other Board meetings were held in addition to circulation of written resolution. The attendance record of individual Directors to the Board and the committee meetings during the year ended 31 December 2016 are shown below:

董事會

組成

董事會現時由7名董事組成，包括2名執行董事，即張慶先生(主席)及宋得榮博士(行政總裁)、2名非執行董事，即葉堅先生及廖金龍先生以及3名獨立非執行董事，即張志文先生、趙汝宏先生及高賢偉先生。最新一份董事會成員名單(列明其角色和職能以及彼等是否為獨立非執行董事)已分別刊載於本公司及聯交所網站。董事的履歷詳情載於本年報「董事及高級管理人員的履歷」一節。

截至2016年12月31日止年度，除傳閱書面決議案外，共舉行了4次董事會常規會議及8次其他董事會會議。截至2016年12月31日止年度，個別董事於董事會及委員會會議的出席記錄如下：

Attendance record of meetings held in 2016

於2016年內舉行的會議出席記錄

Name of member 成員名稱	Annual General Meeting	Extraordinary General Meeting	Board 董事會	Audit Committee	Remuneration Committee	Nomination Committee
	股東週年大會	股東特別大會		審核委員會	薪酬委員會	提名委員會
	In number (in %) 次數(百分比)	In number (in %) 次數(百分比)	In number (in %) 次數(百分比)	In number (in %) 次數(百分比)	In number (in %) 次數(百分比)	In number (in %) 次數(百分比)
Total Number of Meetings 會議次數總數	1	1	12 (Note 1) (附註1)	6	2	1
Number of Meetings attended/Total 出席會議次數/總數						
Executive Directors 執行董事						
Mr. Zhang Qing (Chairman) 張慶先生(主席)	1/1 (100%)	1/1 (100%)	12/12 (100%)	N/A 不適用	N/A 不適用	N/A 不適用
Dr. Sung Tak Wing Leo (Chief Executive Officer) 宋得榮博士(行政總裁)	1/1 (100%)	1/1 (100%)	12/12 (100%)	N/A 不適用	N/A 不適用	N/A 不適用

Attendance record of meetings held in 2016 (Continued)

於2016年內舉行的會議出席記錄(續)

Name of member 成員名稱	Extraordinary					
	Annual General Meeting 股東週年大會 In number (in %) 次數(百分比)	General Meeting 股東特別大會 In number (in %) 次數(百分比)	Board 董事會 In number (in %) 次數(百分比)	Audit Committee 審核委員會 In number (in %) 次數(百分比)	Remuneration Committee 薪酬委員會 In number (in %) 次數(百分比)	Nomination Committee 提名委員會 In number (in %) 次數(百分比)
Non-Executive Directors						
非執行董事						
Mr. Ye Jian 葉堅先生	1/1 (100%)	1/1 (100%)	10/12 (83%)	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Liu Kam Lung 廖金龍先生	1/1 (100%)	1/1 (100%)	10/12 (83%)	N/A 不適用	N/A 不適用	N/A 不適用
Independent Non-Executive Directors						
獨立非執行董事						
Mr. Cheung Chi Man Dennis 張志文先生	1/1 (100%)	1/1 (100%)	10/12 (83%)	6/6 (100%)	2/2 (100%)	1/1 (100%)
Mr. Chiu Yu Wang 趙汝宏先生	1/1 (100%)	1/1 (100%)	10/12 (83%)	6/6 (100%)	2/2 (100%)	1/1 (100%)
Mr. Ko Yin Wai 高賢偉先生	0/1 (0%)	0/1 (0%)	8/12 (67%)	5/6 (83%)	2/2 (100%)	1/1 (100%)

Note:

附註:

1. The Board held four regular Board meetings and eight other full Board meetings during the year ended 31 December 2016.

1. 截至2016年12月31日止年度內，董事會舉行了4次董事會常規會議及8次其他全體董事會會議。

THE RESPONSIBILITIES OF THE BOARD

The Board is responsible for the control and leadership of management of the Company's business and is collectively responsible for the Company's affair under the Board's direction and supervision. All the Directors should make decision objectively in the interests of the Company.

The overall responsibilities of the Board include considering and making decisions on the following matters:

- (i) Setting the corporate goals of the Group and formulating the Group's strategy and monitoring the implementation;
- (ii) Diversification and extension of activities into new business area;
- (iii) Approving the annual, half year and quarterly results;
- (iv) Dividend policy;
- (v) Material acquisitions and disposal;
- (vi) Reviewing and monitoring the Group's internal control systems;
- (vii) Monitoring the performance of the Management; and
- (viii) Determining and reviewing the composition and diversity of the Board.

董事會的職責

董事會負責監控及領導本公司業務之管理，並於董事會的指導及監察下共同負責本公司事務。全體董事應以本公司之利益為依歸，客觀作出決策。

董事會的整體職責包括就下列事項進行審議並作出決定：

- (i) 制定本集團的企業目標，並制定本集團的策略，並監控其執行情況；
- (ii) 作多元化和擴展至新的業務領域；
- (iii) 批准年度、半年度及季度業績；
- (iv) 股息政策；
- (v) 重大收購及出售；
- (vi) 檢討及監察本集團之內部監控系統；
- (vii) 監控管理層的表現；及
- (viii) 決定及審閱董事會的組成及多元性。

BOARD COMPOSITION AND DIVERSITY POLICY

The Company has adopted the board diversity policy since 30 August 2013. The policy sets out the approach to achieve diversity in the Board that should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business and compliance with policies. The composition and diversity policies of the Board is reviewed annually and regularly. The Board should ensure that its changes in composition will not result in any undue interference. The Board members should possess appropriate professionalism, experience and trustworthiness in performing duties and functions. The Board would diversify its members according to the Company's situations and need. While participating in nomination and recommendation of director candidates during the year, each member of the Board may consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, or professional experience in achieving diversity for the benefit of the Company's various business development and management. The Board is to review the policy concerning diversity of Board members, and to disclose the policy or a summary of the policy in the corporate governance report, including any quantitative targets and standards and its progress with policy implementation.

During the year of 2016, the Board has reviewed the diversity of the Board and considered the Board composition and diversity policy appropriate.

MANAGEMENT

The daily management, administration and operation of the Company are delegated to the Chief Executive Officer and senior management (the "Management"). The delegated functions and assignments are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions by the above mentioned officers.

董事會的組成及成員多元化政策

本公司自2013年8月30日起採納董事會成員多元化政策。政策載列董事會成員多元化的方法，董事會應具備本集團業務及政策合規要求的適當技術、經驗及多元化的觀點。董事會的組成及成員多元化政策將每年及定期予以審閱。董事會應確保其組成人員的變動將不會帶來任何不適當的干擾。董事會成員應具備合適的專業、經驗及誠信，以履行其職責及效能。董事會應視乎本公司情況及需要，對成員予以多元化。董事會各成員參與年內就董事候選人的提名及推薦時，可透過考慮多項多元化因素，包括(但不限於)性別、年齡、文化及教育背景或專業經驗，有利於本公司各項業務的發展及管理。董事會檢討涉及董事會成員多元化的政策，於企業管治報告內披露其政策或政策摘要，包括為執行政策的任何可計量目標及達標及其進度。

於2016年年間，董事會已檢討董事會成員的多元性及認為董事會的組成及成員多元化政策合適。

管理人員

本公司日常管理、行政及經營委派予行政總裁及高級管理人員(「管理人員」)。所委派職能及工作任務獲定期檢討。上述高級職員於訂立任何重大交易前須獲得董事會批准。

The overall responsibilities of the Management include considering and making decisions on the following matters:

- (i) Implementing the Group's policy and strategies as set by the Board;
- (ii) Strategic planning of different business and functions;
- (iii) Closely monitoring operational and financial results in accordance with plans and budgets;
- (iv) Putting adequate operational, planning and financial control systems in place; and
- (v) Managing the Group's day to day business.

管理層的整體責任包括就下列事項進行審議並作出決定：

- (i) 實行由董事會制定的本集團政策和策略；
- (ii) 策劃不同的業務及職能；
- (iii) 按照計劃和預算密切監察營運及財務業績；
- (iv) 建立適當的營運、規劃和財務控制制度；及
- (v) 管理本集團的日常業務。

CONFIRMATION OF INDEPENDENCE

In compliance with Rules 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three Independent Non-Executive Directors; and at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. Each of the Independent Non-Executive Directors has made an annual confirmation in writing of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that all the Independent Non-Executive Directors were independent.

All Independent Non-Executive Directors are identified as such in all corporate communications containing the names of the Directors by the Company.

Save as otherwise disclosed herein, there is no family or other material relationship among members of the Board.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors, including Independent Non-Executive Directors, should keep abreast of their collective responsibilities as Directors and of the businesses and activities of the Group. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills, and updates all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance and to enhance their awareness of good corporate governance practices.

確立獨立性

本公司已委任3名獨立非執行董事，其中至少一名具備適當的專業資格或會計或相關的財務管理專長，以遵守創業板上市規則第5.05(1)及(2)條。各獨立非執行董事已根據創業板上市規則第5.09條之規定，以書面確認其年度之獨立性，且本公司認為所有獨立非執行董事均為獨立人士。

本公司於所有刊載董事姓名的公司通訊中，皆說明所有獨立非執行董事身份。

除本報告另有所披露外，董事會成員之間概無家屬或其他重大關係。

持續專業發展

所有董事(包括獨立非執行董事)應及時瞭解作為董事的集體職責及本集團的業務及動向。本集團亦提供簡報及其他培訓以增進及更新董事的知識和技能，並提供有關創業板上市規則及其他適用監管規定之最新訊息予全體董事，確保遵守及提升彼等對良好企業管治常規之警覺性。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

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MEGALOGIC TECHNOLOGY HOLDINGS LIMITED ANNUAL REPORT 2016

During the year ended 31 December 2016, the Directors provided their training record to the Company in respect of their participation in training activities such as attending seminars relevant to their duties and responsibilities as directors of a listed company, particulars of which are as follows:

截至2016年12月31日止年度內，董事向本公司提供參與培訓活動之培訓記錄(例如出席有關作為上市公司董事的職責和責任的研討會)，詳情如下：

	Reading materials relevant to directors' duties and responsibilities 閱讀有關董事職責及責任之資料	Attending the seminar provided by the Company 出席由本公司提供之研討會	Attending the seminar relevant to the skill of the Director's position 出席與董事職位技能相關之研討會
Executive Directors			
執行董事			
Mr. Zhang Qing (<i>Chairman</i>) 張慶先生(主席)	✓	✓	✓
Dr. Sung Tak Wing Leo (<i>Chief Executive Officer</i>) 宋得榮博士(行政總裁)	✓	✓	✓
Non-Executive Directors			
非執行董事			
Mr. Ye Jian 葉堅先生	✓	✓	✓
Mr. Liu Kam Lung 廖金龍先生	✓	—	✓
Independent Non-Executive Directors			
獨立非執行董事			
Mr. Ko Yin Wai 高賢偉先生	✓	✓	✓
Mr. Chiu Yu Wang 趙汝宏先生	✓	✓	✓
Mr. Cheung Chi Man Dennis 張志文先生	✓	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

主席及行政總裁

The Chairman of the Board of the Company is Mr. Zhang Qing. The Chief Executive Officer of the Company is Dr. Sung Tak Wing Leo. The roles of the Chairman and the Chief Executive Officer are separated and not performed by the same individual to prevent power concentration on any one individual. The Chairman is primarily responsible for managing the Board, whereas the Chief Executive Officer is primarily responsible for overseeing the various businesses of the Group. Their respective roles and responsibilities are summarised as follows:

本公司董事會主席為張慶先生。本公司之行政總裁為宋得榮博士。主席與行政總裁的角色有區分，並非由一人同時履行，以避免權力集中於任何一位人士。主席主要負責董事會的管理，而行政總裁之角色則主要負責監管本集團各項不同業務。彼等各自的角色及職責概述如下：

Responsibilities of the Chairman include:

主席的職責包括：

- | | |
|---|--|
| (i) leading the Board and ensuring that the Board functions effectively and smoothly; | (i) 領導董事會並確保董事會有效和平穩地運作； |
| (ii) chairing the Board and shareholder's meetings; | (ii) 主持董事會和股東會議； |
| (iii) approving the agenda for each Board meeting, taking into account, where appropriate, any matters proposed by the other Directors and the Company Secretary for inclusion in the agenda; | (iii) 批准每次董事會會議的議程，並考慮在適當的情況下，將其他董事及公司秘書提出的事項列入議程； |
| (iv) ensuring that all Directors receive all relevant information prior to each meeting and are properly briefed on issues arising at Board meetings; | (iv) 確保每次會議前所有董事收到所有相關信息，且適當知悉在董事會會議上提出的問題； |
| (v) ensuring all key and appropriate issues are discussed by the Board in a timely and constructive manner; | (v) 確保所有重要及適当事項於董事會適時和有建設性地進行討論； |
| (vi) encouraging all Directors, including the Independent Non-Executive Directors, to actively participate in all Board and Board Committees meetings and promoting a culture of openness for the Directors to share and voice their concerns on all matters during each meeting; | (vi) 鼓勵所有董事(包括獨立非執行董事)積極參與所有董事會及董事會委員會會議，並向董事提倡公開文化以分享和表達彼等在每次會議期間關注的一切事項； |
| (vii) ensuring good corporate governance practices and procedures are established and followed; and | (vii) 確保良好的企業管治常規及程序得以建立和遵循；及 |
| (viii) taking appropriate steps to provide effective communication with shareholders and to ensure that shareholders' view are communicated to the Board as a whole. | (viii) 採取適當步驟向股東提供有效之溝通並確保股東的整體意見傳達給董事會。 |

Responsibilities of the Chief Executive Officer include:

- (i) implementing the Group's policy and strategies as set by the Board;
- (ii) strategic planning of different business and functions;
- (iii) closely monitoring operational and financial results in accordance with plans and budgets;
- (iv) assuming full accountability to the Board for all aspects of the Group's operations and performance;
- (v) maintaining ongoing dialogue with the Chairman and the other Directors;
- (vi) developing and leading an effective executive team;
- (vii) putting adequate operational, planning and financial control systems in place; and
- (viii) representing the Company and managing the Group's day to day business.

行政總裁的職責包括：

- (i) 實行由董事會制定的本集團政策和策略；
- (ii) 策劃不同的業務及職能；
- (iii) 按照計劃和預算密切監察營運及財務業績；
- (iv) 向董事會承擔對本集團各方面的業務和表現的全部責任；
- (v) 保持與主席及其他董事經常性對話；
- (vi) 發展和領導一支有效率的行政團隊；
- (vii) 建立適當的營運、規劃和財務控制制度；及
- (viii) 代表本公司及管理本集團的日常業務。

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All the Directors (including the Independent Non-Executive Directors) are appointed for an initial term of one year and subject to retirement by rotation and eligible for re-election in accordance with the Company's articles of association (the "Articles"). At each annual general meeting, not less than one third of the Directors then in office shall retire and every Director is subject to retirement by rotation at least once every three years.

All existing Directors are entitled to a fixed remuneration per month or fee per annum respectively. The remuneration of each Director is subject to the annual review of the Board with reference to his contribution in terms of time, effort and his expertise.

Details of remuneration paid to each of the Directors during the year are disclosed in note 13 to the consolidated financial statements.

All Directors are entitled to be reimbursed for reasonable expenses incurred during the performance of their duties to the Company and are eligible for share options under the Share Option Scheme.

董事委任及重選

所有董事(包括獨立非執行董事)的委任初步任期為一年，並須根據本公司章程細則(「章程」)輪席退任及符合資格重選。於各股東週年大會上，不少於三分之一當時在任的董事須退任，而每名董事須最少每三年輪席退任一次。

目前所有董事均有權各自獲得固定月薪或年薪。每位董事的薪酬每年須由董事會經參考其所貢獻的時間、精力及其專業知識進行檢討。

於年內，向各董事支付之薪酬詳情，於綜合財務報表附註13披露。

全體董事均有權因履行本公司職務期間產生合理的開支而獲得補償及符合資格根據購股權計劃獲授購股權。

BOARD COMMITTEES

The Board has established the board committees, namely, the audit committee, the remuneration committee and the nomination committee, all with specific terms of reference clearly defining the powers and responsibilities of the respective board committees. All board committees are required by their terms of reference to report to the Board in relation to their decisions, findings or recommendations.

AUDIT COMMITTEE

The Company has established an audit committee (“Audit Committee”) with written terms of reference that are in conformity with the requirements of the CG Code which are available on the websites of the Hong Kong Exchanges and Clearing Limited and the Company.

The Audit Committee is currently composed of the three Independent Non-Executive Directors, namely Mr. Cheung Chi Man Dennis, Mr. Chiu Yu Wang and Mr. Ko Yin Wai, and chaired by Mr. Cheung Chi Man Dennis, with all members being Independent Non-Executive Directors of the Company in full compliance with Rule 5.28 of the GEM Listing Rules.

For the year ended 31 December 2016, six audit committee meetings were held and the members’ attendance is shown on page 19 to 20 of this annual report.

The role and function of the Audit Committee include the following:

(i) Relationship with the Company’s auditors

- (a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal;
- (b) to review and monitor the independence and objectivity of the external auditors and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditors the nature and scope of the audit and reporting obligations before the audit commences; and

董事會委員會

董事會設立之董事會委員會，即審核委員會、薪酬委員會及提名委員會，均具備各董事會委員會特定的職權範圍，清楚列明其權力及責任。所有董事會委員會均須按照其職權範圍規定向董事會匯報其決定、發現及建議。

審核委員會

本公司已設立審核委員會(「審核委員會」)，並已制定符合企業管治守則規定的書面職權範圍，而該書面職權範圍可於香港交易及結算所有有限公司及本公司之網站查閱。

審核委員會現由3名獨立非執行董事組成，即張志文先生、趙汝宏先生及高賢偉先生，並由張志文先生擔任主席，而所有成員均為本公司之獨立非執行董事，充分遵守創業板上市規則第5.28條。

截至2016年12月31日止年度，舉行了6次審核委員會會議及其與會成員出席記錄刊登於本年報第19至20頁。

審核委員會的角色及職能包括以下各項：

(i) 與本公司核數師的關係

- (a) 主要負責就外聘核數師的委任、重新委任及罷免向董事會提供建議，並批准外聘核數師的薪酬及聘用條款，及處理任何有關該核數師辭職或辭退該核數師的問題；
- (b) 按適用的標準檢討及監察外聘核數師是否獨立客觀及核數程序是否有效。審核委員會應於核數工作開始前與外聘核數師討論核數性質及範疇及有關申報責任；及

- (c) to develop and implement policy on engaging the external auditors to supply non-audit services. For this purpose, “external auditors” includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

- (c) 就外聘核數師提供非核數服務制定政策，並予以執行。就此規定而言，「外聘核數師」包括與負責審計的公司處於同一控制權、所有權或管理權之下的任何實體，或一個合理知悉所有有關資料的第三方，在合理情況下會斷定該機構屬於該負責審計的公司的本土或國際業務的一部分的任何實體。審核委員會應向董事會報告，識別必須採取的行動或改善的任何事項，並作出建議。

(ii) Review of the Company’s financial information

- (a) to monitor the integrity of the financial statements, annual report and accounts, half-year report and quarterly reports of the Company, and to review significant financial reporting judgments contained in them. In reviewing these reports and accounts before submission to the Board, the Audit Committee should focus particularly on:

- (1) any changes in accounting policies and practices;
- (2) major judgmental areas;
- (3) significant adjustments resulting from audit;
- (4) the going concern assumptions and any qualifications;
- (5) compliance with accounting standards; and
- (6) compliance with GEM Listing Rules and legal requirements in relation to financial reporting.

Regarding (ii)(a) above,

- (1) members of the Audit Committee should liaise with the Board and senior management, and the Audit Committee must meet, at least twice a year, with the external auditors; and

(ii) 監察本公司的財務資料

- (a) 監察本公司的財務報表、年度報告及賬目、半年度報告及季度報告的完整性，並審核於其中所載的重大財務申報的判斷。於提交董事會前審核該等報告及賬目時，審核委員會應特別針對下列事項：

- (1) 會計政策及實務的任何更改；
- (2) 涉及重要判斷的地方；
- (3) 因核數而出現的重大調整；
- (4) 持續經營的假設及任何保留意見；
- (5) 是否遵守會計準則；及
- (6) 是否遵守有關財務申報的創業板上市規則及法律規定。

就上述(ii)(a)項而言，

- (1) 審核委員會成員須與董事會及高層管理層聯絡，而審核委員會每年須與外聘核數師開會至少兩次；及

- (2) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts and should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting, internal audit and financial reporting functions, compliance officer or the external auditors.

- (2) 審核委員會應考慮於該等報告及賬目中所反映或需反映的任何重大或不尋常事項，並須適當考慮任何由本公司屬下會計、內部審計及財務報告部門負責人、監察主任或外聘核數師提出的事項。

(iii) Oversight of the Company's financial reporting system, risk management and internal control systems

- (a) to review the financial controls, and unless expressly addressed by a separate Board risk management and internal control committee, or by the Board itself, to review the risk management and internal control systems of the Company;
- (b) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
- (c) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings;
- (d) to ensure co-ordination between the internal and the external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;
- (e) to review the financial and accounting policies and practices of the Company and its subsidiaries;
- (f) to review the management letter of the external auditors, any material queries raised by the external auditors to management about accounting records, financial accounts or systems of control and the management's response;
- (g) to ensure that the Board will provide a timely response to the issues raised in the management letter of the external auditors;

(iii) 監察本公司財務申報系統、風險管理及內部監控制度

- (a) 檢討本公司之財務控制及(除非由董事會轄下另設之風險管理及內部監控委員會，或由董事會本身明確處理)檢討風險管理及內部監控制度；
- (b) 與管理層討論風險管理及內部監控制度，以確保管理層已履行職責建立有效制度。該討論應包括本公司會計、內部審計及財務報告部門之資源、員工資質及經驗、培訓計劃及預算之是否充足；
- (c) 應董事會的委派或主動，就有關風險管理及內部監控事宜的重要調查結果及管理層的回應進行研究；
- (d) 確保內部與外聘核數師的工作得到協調；也須確保內部審計功能在本公司內部有足夠資源運作，並且有適當的地位；以及檢討及監察其有效性；
- (e) 檢討本公司及其附屬公司的財務及會計政策及實務；
- (f) 檢討外聘核數師給予管理層的函件、外聘核數師就會計記錄、財務賬目或監控系統向管理層提出的任何重大疑問及管理層作出的回應；
- (g) 確保董事會及時回應外聘核數師給予管理層的函件中提出的事宜；

- (h) to report to the Board on the matters in the code provisions in the Corporate Governance Code and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules;
- (i) to consider other topics, as defined by the Board;
- (j) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and
- (k) to act as the key representative body for overseeing the Company's relations with the external auditors.

Major accomplishments in 2016 comprised the following:

- (a) reviewed the quarterly, half-yearly and annually results of the Group as well as discussed and reviewed financial and other reports for the year;
- (b) reviewed the external auditors' significant findings and management's response to the recommendation raised;
- (c) reviewed the effectiveness of the risk management and internal control systems and the adequacy of the accounting, internal audit and financial reporting functions of the Group;
- (d) reviewed and approved the external auditors' statutory audit scope for 2016 and the letter of representation to be given by the Board;
- (e) considered and approved the 2016 external audit fees and engagement letters;
- (f) monitored the audit and non-audit services rendered to the Group by its external auditor and ensures their engagement in other non-audit services, if any, will not impair their audit independence or objectivity; and
- (g) revised the terms of reference of the Audit Committee.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors for the year ended 31 December 2016.

- (h) 向董事會報告創業板上市規則附錄十五所載企業管治守則及企業管治報告之守則條文所述之事項；
- (i) 研究其他由董事會界定的課題；
- (j) 檢討本公司設定的以下安排：僱員可暗中就財務申報、內部監控或其他方面可能發生的不正當行為提出關注。審核委員會應確保有適當安排，以對此等事宜作出公平獨立的調查及採取適當跟進行動；及
- (k) 擔任負責監察本公司與外聘核數師之間的關係的主要代表。

於2016年主要達成事項包括以下各項：

- (a) 審閱了本集團之季度、半年度及年度業績，並對年度內財務報告及其他報告作出討論及審閱；
- (b) 審閱外聘核數師的主要結果，以及管理層對所提出建議的回應；
- (c) 檢討本集團風險管理及內部監控系統的效能以及會計、內部審核及財務申報功能的充足程度；
- (d) 審閱及批准外聘核數師2016年的法定審核範圍，以及由董事會給予的聲明書；
- (e) 審議及批准2016年的外聘核數費用及聘任書；
- (f) 就外聘核數師對本集團提供的核數及非核數服務作出監察，及確保彼等的其他非核數服務委聘(如有)並不會削弱彼等之審核獨立性或客觀性；及
- (g) 對審核委員會之職權範圍作出修改。

截至2016年12月31日止年度，董事會與審核委員會對甄選、委任、辭任或罷免外聘核數師之事宜並沒有意見分歧。

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2016 and recommended approval to the Board.

審核委員會已審閱本集團的截至2016年12月31日止年度經審核財務報表，並推薦董事會批准。

REMUNERATION COMMITTEE

The Company has established a remuneration committee (“Remuneration Committee”) with written terms of reference in accordance with the requirement of the CG Code. In accordance with provisions set out in the CG Code are available on the websites of the Hong Kong Exchanges and Clearing Limited and the Company.

The Remuneration Committee is currently composed of the three Independent Non-Executive Directors, namely Mr. Cheung Chi Man Dennis, Mr. Chiu Yu Wang and Mr. Ko Yin Wai, and chaired by Mr. Cheung Chi Man Dennis.

For the year ended 31 December 2016, two remuneration committee meetings were held and the members’ attendance is shown on page 19 to 20 of this annual report.

The role and function of the Remuneration Committee includes:

- (i) to make recommendations to the Board on the Company’s policy and structure for all directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (ii) to review and approve the management’s remuneration proposals with reference to the Board’s corporate goal and objectives;
- (iii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include benefits in kind, person rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (iv) to make recommendations to the Board on the remuneration of Non-executive directors;
- (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (vi) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

薪酬委員會

本公司已根據企業管治守則之規定設立薪酬委員會(「薪酬委員會」)，並已制定書面職權範圍。根據企業管治守則載列的條文，其職權範圍可於香港交易及結算所有限公司及本公司之網站查閱。

薪酬委員現由3名獨立非執行董事組成，即張志文先生、趙汝宏先生及高賢偉先生，並由張志文先生擔任主席。

截至2016年12月31日止年度，舉行了2次薪酬委員會會議及其與會成員出席記錄刊登於本年報第19至20頁。

薪酬委員會之角色及職能包括：

- (i) 就本公司全體董事及高級管理人員的薪酬待遇政策及結構和建立一個規範及透明的釐定薪酬政策程序事宜，向董事會提出建議；
- (ii) 透過參照董事會的公司目標及宗旨，檢討及批准管理層的薪酬提議；
- (iii) 就各執行董事及高級管理人員的薪酬待遇向董事會提出建議。薪酬待遇包括實物福利、個人權利及補償款項，包括支付與喪失或終止職務或委任有關的任何賠償；
- (iv) 向董事會提出非執行董事薪酬建議；
- (v) 考慮同比公司薪酬、參與時間及責任、以及本集團內僱用條款；
- (vi) 檢討及批准向執行董事及高級管理人員支付與喪失或終止職務或委任有關的賠償，以確保符合合約條約及於其他方面屬公平且並不過分；

(vii) to review and approve compensation arrangements relating to dismissal or remove of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(viii) to ensure that no director or any of his associates is involved in deciding his own remuneration.

Major accomplishments in 2016 comprised the following:

(i) reviewed matters relating to the existing remuneration packages and emoluments of Directors and senior management;

(ii) considered and reviewed the Group's remuneration policy with reference to time commitment and responsibilities of the Directors and the senior management, desirability of performance-based remuneration; and

(iii) considered matters relating to the grant of share option arrangement of Directors.

(vii) 檢討及批准因董事行為失當而遭解僱或罷免所涉及的賠償安排，以確保符合合約條約及於其他方面屬合理合適；及

(viii) 確保任何董事或其任何聯繫人不得參與釐訂其自身薪酬。

於2016年主要達成事項包括以下各項：

(i) 審閱董事及高級管理人員現行薪酬待遇和酬金的相關事宜；

(ii) 根據董事及高級管理人員須付出的時間及職責、是否應該按表現釐訂薪酬，考慮及檢討本集團之薪酬政策；及

(iii) 考慮有關董事授出購股權安排事宜。

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2016 is as follows:

應支付予高級管理人員的年薪

截至2016年12月31日止年度按範圍劃分的高級管理人員的年薪如下：

Remuneration Bands 薪酬範圍	Number of Individuals 人員數目
Nil-HK\$1,000,000	6
無-1,000,000港元	
Total 總數	6

NOMINATION COMMITTEE

The Company has established a nomination committee (“Nomination Committee”) with written terms of reference. The terms of reference of the Nomination Committee are in conformity with the requirements of the CG Code and are available on the websites of the Hong Kong Exchanges and Clearing Limited and the Company.

The Nomination Committee is currently composed of the three Independent Non-Executive Directors, namely Mr. Cheung Chi Man Dennis, Mr. Chiu Yu Wang and Mr. Ko Yin Wai, and chaired by Mr. Cheung Chi Man Dennis.

For the year ended 31 December 2016, one Nomination Committee meeting was held and the members’ attendance is shown on page 19 to 20 of this annual report.

The role and function of the Nomination Committee includes:

- (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- (iii) to assess the independence of independent non-executive Directors;
- (iv) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the Chairman and the chief executive of the Company; and
- (v) where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why the Nomination Committee believes he should be elected and the reasons why the Nomination Committee considers him to be independent.

提名委員會

本公司設立提名委員會(「提名委員會」)，並已制定書面職權範圍。提名委員會的職權範圍符合企業管治守則所載之規定，並可於香港交易及結算所有限公司及本公司之網站查閱。

提名委員會現由3名獨立非執行董事組成，即張志文先生、趙汝宏先生及高賢偉先生，並由張志文先生擔任主席。

截至2016年12月31日止年度，舉行了1次提名委員會會議及其與會成員出席記錄刊登於本年報第19至20頁。

提名委員會之角色及職能包括：

- (i) 檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並就任何擬作出的變動應至少每年向董事會提出建議，以配合本公司企業策略；
- (ii) 物色具備合適資格的人士為董事會成員，向董事會就甄選獲提名為董事的人士提出甄選或作出建議；
- (iii) 評核獨立非執行董事的獨立性；
- (iv) 就董事委任或重新委任以及董事(尤其是本公司主席及行政總裁)繼任計劃的有關事宜向董事會提出建議；及
- (v) 當董事會於股東大會上提呈決議案委任個人為獨立非執行董事時，應就提名委員會相信為何彼獲得委任及考慮其獨立性事宜，需在股東通函及/或於有關股東大會的通知附註上說明。

Major accomplishments in 2016 comprised the following:

- (i) recommended to the Board with respect to the retirement and re-election of Directors at the last annual general meeting held on 29 April 2016.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in the code provision D.3.1 of the CG Code.

The Board held two meetings for the purpose of reviewing the compliance of corporate governance policies for the year ended 31 December 2016.

The duties of the Board include:

- (i) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- (v) to review the Group's compliance with the CG Code and disclosure in the CG Report.

Major accomplishments in 2016 comprised the following:

- (i) evaluated the Group's policies and practices on corporate governance and made appropriate amendments;
- (ii) arranged the training and continuous professional development of Directors and senior management; and
- (iii) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

於2016年主要達成事項包括以下各項：

- (i) 向董事會提出於2016年4月29日舉行之上屆股東週年大會上有關退任及重選董事的建議。

企業管治職能

董事會負責執行企業管治守則之守則條文第D.3.1條所載之企業管治職責。

截至2016年12月31日止年度內，董事會就審閱企業管治政策之遵守情況舉行2次會議。

董事會之職責包括：

- (i) 制定及檢討本集團的企業管治政策及常規，並向董事會提出建議；
- (ii) 檢討及監察董事及高級管理人員的培訓及持續專業發展；
- (iii) 檢討及監察本集團在遵守法律及監管規定方面的政策及常規；
- (iv) 制定、檢討及監察僱員及董事適用的操守準則及合規手冊；及
- (v) 檢討本集團遵守企業管治守則的情況及在企業管治報告內的披露。

於2016年主要達成事項包括以下各項：

- (i) 評估本集團的企業管治政策及常規，並作出合適修訂；
- (ii) 安排董事及高級管理人員的培訓及持續專業發展；及
- (iii) 審閱本公司遵守企業管治守則及企業管治報告內之披露。

AUDITORS

Auditors' Remuneration

The fees in respect of audit and non-audit services provided by the external auditors to the Group for the year ended 31 December 2016 amounted to approximately HK\$535,000 and HK\$350,000 respectively. The non-audit service represented service fees for the acquisition of subsidiaries of the Group.

The accounts for the year 2016 were audited by JH CPA Alliance Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that JH CPA Alliance Limited be re-appointed as the auditors of the Company at the forthcoming annual general meeting.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Directors acknowledge their responsibility for the preparation and true and fair presentation of the Financial Statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. 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 as at 31 December 2016. Accordingly, the Directors have prepared the Financial Statements for the year ended 31 December 2016 on a going concern basis.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statement is set out in the section of "Independent Auditors' Report" contained in this annual report.

核數師

核數師薪酬

截至2016年12月31日止年度內，外聘核數師對本集團提供之核數及非核數服務之費用分別約為535,000港元及350,000港元。非核數服務乃指收購本集團之附屬公司的服務費用。

2016年度之賬目由晉華會計師事務所有限公司審核，其任期將於應屆本公司股東週年大會上屆滿。審核委員會已向董事會建議，於本公司應屆股東週年大會上重新委任晉華會計師事務所有限公司所為本公司之核數師。

董事承擔財務申報之責任

董事深明彼等須負責根據由香港會計師公會所頒佈的香港財務報告準則和公司條例(香港法例第622章)的披露規定編製及真實而公允地呈列財務報表。

此責任包括設計、實施和維護與編製及真實而公允地呈列財務報表有關的內部監控，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和運用恰當的會計政策；及於合理情況下作出會計估計。於2016年12月31日，董事並無發現任何可能對本公司持續經營的能力構成重大疑問的重大不明朗事件或情況。因此，董事已按持續基準編製截至2016年12月31日止年度的財務報表。

本公司外聘核數師就其對財務報表之申報責任之聲明載列於本年報內「獨立核數師報告」一節。

RISK MANAGEMENT AND INTERNAL CONTROL

The Company improves its business and operational activities by identifying the areas of significant business risks via a regular review and taking appropriate measures to control and mitigate these risks. The management of the Company reviews all significant control policies and procedures and highlights all significant matters to the Board and Audit Committee.

The Board acknowledges its responsibility to establish, maintain and review the effectiveness of the Group's system of internal controls with a view to ensuring that shareholders' investments and the Group's assets are safeguarded. The Company has established internal audit department to monitor compliance with policies and procedures and the effectiveness of internal control structures of the Group. The internal audit department reports directly to the Audit Committee and ensure the internal controls are in place and functioning properly as intended. In the year under review, Infinity Corporate Advisory Limited as independent consultant, has reviewed the effectiveness of the internal control systems of the Group, covering material controls, including financial, operational and compliance controls and risk management functions. In addition, there is regular dialogue between the Audit Committee and the Group's external auditors so that both are aware of the significant factors which may affect their respective scope of work.

Audit Committee reviewed the internal control system in respect of the year ended 31 December 2016 by reference to the internal control review report issued by Infinity Corporate Advisory Limited and considered the system effective and adequate. The Board conducted a review of the internal control system of the Company and its subsidiaries for the year ended 31 December 2016, including financial, operational and compliance control, and risk management functions. The Board assessed the effectiveness of internal control by considering the reviews performed by Infinity Corporate Advisory Limited. The Company complies with the code provisions relating to internal control contained in the CG Code for the year ended 31 December 2016.

COMPANY SECRETARY

Ms. Chan Lok Yin, an external service provider, resigned as the Joint Company Secretary and Mr. Ng King Hang was appointed as the Joint Company Secretary on 29 April 2016.

As at 31 December 2016, the Joint Company Secretaries were Dr. Sung Tak Wing Leo and Mr. Ng King Hang.

風險管理及內部監控

本公司透過定期檢討以確定重大業務風險領域，以及採取適當措施控制和減低該等風險，從而改進其業務與營運活動。本公司管理層審閱所有重要監控政策及程序，並向董事會及審核委員會特別提出所有重大事件。

董事會確認其負責設立、維護及檢討本集團內部監控系統之有效程度，以確保股東之投資及本集團之資產得到保障。本公司已成立內部審計部門，以監察本集團對政策及程序之遵守及內部控制架構之成效。內部審計部門直接向審核委員會報告，確保內部控制一直有效及如預期般適當運作。於回顧年度，獨立顧問捷耀企業諮詢有限公司已檢討本集團內部監控制度的效用，當中涵蓋重大監控方面(包括財務、運作及合規監控以及風險管理功能)。此外，審核委員會與本集團外聘核數師會定期進行對話以便雙方知悉可能影響對方工作範圍之重大因素。

審核委員會經參照捷耀企業諮詢有限公司發出的內部監控審閱報告已審閱截至2016年12月31日止年度之內部監控系統，並認為系統屬有效及足夠。董事會就本公司及其附屬公司截至2016年12月31日止年度之內部監控系統(包括財務、營運及合規監控以及風險管理職能)作出審閱。董事會透過捷耀企業諮詢有限公司作出之審閱評核內部監控系統是否有效。本公司於截至2016年12月31日止年度符合載於企業管治守則內有關內部監控系統守則之條文。

公司秘書

外部服務供應者陳樂燕女士辭任聯席公司秘書，吳勁衡先生於2016年4月29日獲委任為聯席公司秘書。

於2016年12月31日，聯席公司秘書為宋得榮博士及吳勁衡先生。

Details of backgrounds and qualification of the Joint Company Secretaries of the Company are set out in the section of “Profiles of Directors and Senior Management” of this annual report.

本公司之聯席公司秘書的背景及資歷詳情載於本年報「董事及高級管理人員的履歷」一節。

A written record had been received by the Company from Dr. Sung Tak Wing Leo and Mr. Ng King Hang to confirm that each of them took not less than 15 hours of relevant professional training during the year ended 31 December 2016. The Company is of the view that Dr. Sung Tak Wing Leo and Mr. Ng King Hang have complied with Rule 5.15 of the GEM Listing Rules.

本公司已收到宋得榮博士及吳勁衡先生發出之文書，彼等確認截至2016年12月31日止年度內已各自參與不少於15小時的相關專業培訓。本公司認為宋得榮博士及吳勁衡先生均符合創業板上市規則第5.15條之規定。

SHAREHOLDERS' RIGHTS TO CONVENE EXTRAORDINARY GENERAL MEETING

召開股東特別大會之股東權利

In order to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

為保障股東權益及權利，本公司就各重大事項(包括選舉個別董事)於股東大會提呈獨立決議案，以供股東考慮及投票。

The following procedures for shareholders of the Company to convene an extraordinary general meeting are subject to the Articles, and the applicable legislation and regulation, in particular the GEM Listing Rules:

本公司股東召開股東特別大會之程序乃受下列章程細則、適用法律及法規，特別是創業板上市規則所規限：

- | | |
|--|---|
| <p>(i) any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company (the “Eligible Shareholder(s)”) carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the “Company Secretary”), to require an extraordinary general meeting (the “EGM”) to be called by the Board for the transaction of any business specified in such requisition pursuant to Article 58 of the Articles; and</p> | <p>(i) 根據章程細則第58條，於遞呈要求日期持有不少於本公司繳足股本(賦予權利於本公司股東大會上投票)十分之一的任何一名或多名本公司股東(「合資格股東」)隨時有權向董事會或本公司之公司秘書(「公司秘書」)發出書面要求，要求董事會召開股東特別大會(「股東特別大會」)，以處理有關要求中指明的任何事項；及</p> |
| <p>(ii) if within 21 days of the deposit of the requisition, the Board fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in the same manner, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) by the Company.</p> | <p>(ii) 倘董事會未能在要求書遞交後21天內召開股東特別大會，則合資格股東可自行以相同方式召開股東特別大會，而因董事會未能召開該大會令有關合資格股東產生的所有合理費用，本公司須向合資格股東進行償付。</p> |

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Apart from sending email to info@megalogic.com.hk, shareholders may send their enquiries and concerns to the Board by addressing them to the headquarter and principal place of business of the Company in Hong Kong at Suite 2101, 21/F., Chinachem Century Tower, 178 Gloucester Road, Wan Chai, Hong Kong, by post or by fax to (852) 2539 0323, for the attention of the Company Secretary.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands. However, pursuant to the Articles, Shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out above.

INVESTOR RELATIONS

The Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders. These include the annual general meeting, the annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at www.megalogic.com.hk.

CONSTITUTION DOCUMENTS

During the year, there was no change in the Company's constitutional documents.

向董事會查詢的程序

股東可向本公司董事會寄發其查詢及關注事宜，除了電郵至 info@megalogic.com.hk 外，可以郵寄方式將上述事項寄往本公司於香港的總辦事處及主要營業(地點為香港灣仔告士打道178號華懋世紀廣場21樓2101室)或傳真至 (852) 2539 0323，收件人為公司秘書。

股東於股東大會提呈建議的程序

根據開曼群島公司法第22章(1961年第3號法例，經綜合及修訂)，概無條文批准股東於股東大會動議新決議案。然而，根據章程細則，有意動議決議案的股東可於依循上述程序以要求召開股東特別大會方式進行。

投資者關係

本公司已就其與股東、投資者及其他利益相關者之間設立多個溝通渠道。當中包括股東週年大會、年報、中期及季度報告、通告、公佈及通函以及本公司網站 www.megalogic.com.hk。

憲章文件

於本年度，本公司之憲章文件並無變動。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理人員的履歷

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宏創高科集團有限公司 2016年報

DIRECTORS

Executive Directors

Mr. Zhang Qing (“Mr. Zhang”), aged 47, is an executive director and Chairman of the Board of the Company with effect from 1 July 2014 and was appointed as the compliance officer of the Company with effect from 30 April 2015. He was appointed as an investor relations officer of the Company since 18 March 2014. Mr. Zhang is also a director of the certain subsidiaries of the Company. Mr. Zhang obtained a bachelor’s degree in economics from Guangzhou Institute of Foreign Trade* (廣州對外貿易學院) (currently known as Guangdong University of Foreign Studies (廣東外語外貿大學)) in the People’s Republic of China in July 1991 and further obtained a master’s degree in business administration from San Diego State University in the United States in December 1998. From July 1991 to July 1996, he worked as the foreign sales staff of China National Light Industrial Products Import & Export Corporation*. From February 2000 to November 2003, Mr. Zhang worked as the manager of investment department of Sichuan Harmony Enterprises (Group) Limited*. From July 2006 to February 2013, he worked as the investment manager of Canada Shenghe Investment Inc. Besides, Mr. Zhang acted as the director of Sichuan Harmony Enterprises (Group) Limited* during the period from 8 March 2011 to 12 September 2013. Mr. Zhang is a brother-in-law of Mr. Lau Mo, a substantial shareholder of the Company (as defined in the GEM Listing Rules).

The English translation of names or any descriptions in Chinese which are marked with “*” is for identification purpose only.

Dr. Sung Tak Wing Leo (“Dr. Sung”), aged 56, is currently an executive director, chief executive officer, joint company secretary and authorized representative of the Company. Dr. Sung was appointed as an independent non-executive director of the Company on 23 December 2011, re-designated as an executive director of the Company on 7 March 2014, was appointed as a joint company secretary of the Company with effect from 24 December 2014 and was promoted from chief financial officer to the chief executive officer of the Company with effect from 30 April 2015. Dr. Sung is also a director of certain subsidiaries of the Company. Dr. Sung is responsible for the accounting and finance management, and business development as well as company secretarial matters of the Group. Dr. Sung obtained a bachelor’s degree of Commerce in Management and Marketing from Curtin University of Technology in Australia in 2002 and also obtained a Master Degree of Accountancy from Lingnan University in 2012. Dr. Sung has been awarded the distinction of an honorary doctor in Business Administration from American Purlinton University on 12 January 2013. Dr. Sung was admitted as a member of Institute of Public Accountants, Australia, an associate of Institute of Financial Accountants, UK and an associate member of Association of International Accountants, UK in 2012, 2015 and 2016 respectively. From September 2004 to February 2014, Dr. Sung served as the managing director and a responsible officer of King’s HT Securities Limited, a licensed corporation under the SFO, and accumulated working in the securities industry for about 12 years. Before entering into securities industry, Dr. Sung has worked for several solicitors’ firms in Hong Kong for about 17 years.

董事

執行董事

張慶先生(「張先生」)，47歲，自2014年7月1日起為本公司之執行董事及董事會主席，以及自2015年4月30日獲委任為監察主任。他於2014年3月18日獲委任為本公司之投資者關係主任。張先生亦擔任本公司屬下某些附屬公司的董事。張先生於1991年7月獲中華人民共和國廣州對外貿易學院(現稱為廣東外語外貿大學)經濟學學士學位，並於1998年12月獲美國聖地亞哥州立大學*授予工商管理碩士學位。由1991年7月至1996年7月，他擔任中國輕工業品進出口總公司的外銷員。由2000年2月至2003年11月，張先生擔任四川怡和企業(集團)有限責任公司的投資部經理。由2006年7月至2013年2月，他擔任Canada Shenghe Investment Inc.的投資經理。此外，張先生於2011年3月8日至2013年9月12日期間出任四川怡和企業(集團)有限責任公司的董事。張先生是本公司一位主要股東(定義見創業板上市規則)劉武先生的太太的弟弟。

標有[*]的英文翻譯名稱或任何中文描述乃僅供識別。

宋得榮博士(「宋博士」)，56歲，現為本公司執行董事，行政總裁，聯席公司秘書及授權代表。宋博士於2011年12月23日獲委任為本公司之獨立非執行董事，於2014年3月7日調任為本公司執行董事，於2014年12月24日獲委任為本公司之聯席公司秘書及於2015年4月30日由財務總監晉升為本公司之行政總裁。宋博士亦為本公司若干附屬公司的董事。宋博士負責會計核算和財務管理、業務發展以及本集團之公司秘書事宜。宋博士於2002年獲得澳洲科庭科技大學頒授商業管理及市場學學士學位，及亦於2012年獲嶺南大學頒授會計學碩士學位。宋博士於2013年1月12日獲得美國普林頓大學授予工商管理榮譽博士殊銜。宋博士於2012年、2015年及2016年分別獲認可為澳洲公共會計師協會會員，英國財務會計師協會會員及國際會計師協會會員。由2004年9月至2014年2月，宋博士出任皇冠亨達國際證券有限公司(證券及期貨條例下的持牌法團)的董事總經理及負責人員，及累計於證券行業工作約有12年。於加入證券行業前，宋博士曾於香港多家律師事務所工作約17年。

Non-Executive Directors

Mr. Ye Jian (“Mr. Ye”), aged 49, was appointed as a non-executive director of the Company on 26 August 2014. He is a businessman engaging in pawn business and experienced in market analysis and risk assessment on pawn transactions, and an investor experienced in market analysis and risk assessment on business and securities investments for more than 14 years. Mr. Ye is the sole owner of Metro Classic Limited, a company which is beneficially interested in 400,800,000 ordinary shares of the Company, representing approximately 28.67% of the issued share capital of the Company as at 31 December 2016.

Mr. Liu Kam Lung (“Mr. Liu”), aged 53, previously an executive director of the Company, was re-designated as a non-executive director of the Company on 16 October 2014. Mr. Liu obtained a Diploma of Business Administration from Hong Kong Shue Yan College (now known as Hong Kong Shue Yan University) in 1990. Mr. Liu was admitted as an associate of The Institute of Chartered Secretaries and Administrators of the United Kingdom, an associate of The Hong Kong Institute of Chartered Secretaries, an associate of Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants, a full member of the Society of Registered Financial Planners and an associate of the Taxation Institute of Hong Kong in 1993, 1994, 1995, 1999, 2009 and 2010 respectively. Mr. Liu has over 25 years of experience in the financial industry. Mr. Liu was ceased from office as the chief financial officer of Symphony Holdings Limited (stock code: 1223.HK) with effect from 1 June 2016 and is currently the chief executive officer of China Rise Finance Group Company Limited, a subsidiary of Symphony Holdings Limited. Mr. Liu is also the independent non-executive director of Pak Tak International Limited (stock code: 2668.HK) and the independent non-executive director of Enterprise Development Holdings Limited (stock code: 1808.HK). Mr. Liu was a non-executive director of Kith Holdings Limited (stock code: 1201.HK) for the period from October 2010 to June 2013. In addition, from March 2011 to October 2014, Mr. Liu was an executive Director, finance director, company secretary and authorised representative of the Company.

非執行董事

葉堅先生(「葉先生」)，49歲，自2014年8月26日獲委任為本公司之非執行董事。彼為一名從事典當業務並對典當交易的市場分析和風險評估具經驗的商人，並為一名對商業及證券投資的市場分析和風險評估具超過14年經驗的投資者。葉先生為Metro Classic Limited的唯一擁有人，該公司實益擁有本公司400,800,000股普通股中權益，相當於本公司於2016年12月31日已發行股本約28.67%。

廖金龍先生(「廖先生」)，53歲，先前為本公司之執行董事，自2014年10月16日調任為本公司之非執行董事。廖先生於1990年獲香港樹仁學院(現稱為香港樹仁大學)頒授工商管理文憑。廖先生於1993年、1994年、1995年、1999年、2009年及2010年分別獲認可為英國特許秘書及行政人員公會會員、香港特許秘書公會會員、香港會計師公會會員、特許公認會計師公會資深會員、註冊財務策劃師協會正式會員及香港稅務學會會員。廖先生於金融業積逾25年經驗。廖先生自2016年6月1日起生效退任新豐集團有限公司(股份代號：1223.HK)之首席財務執行官的職務及現為新豐集團有限公司之附屬公司華晉金融集團有限公司的首席執行官。廖先生亦為百德國際有限公司(股份代號：2668.HK)的獨立非執行董事及企展控股有限公司(股份代號：1808.HK)的獨立非執行董事。廖先生由2010年10月至2013年6月期間，出任僑威集團有限公司(股份代號：1201.HK)的非執行董事。此外，於2011年3月至2014年10月，廖先生為本公司執行董事、財務總監、公司秘書及授權代表。

Independent Non-Executive Directors

Mr. Cheung Chi Man Dennis (“Mr. Cheung”), aged 49, was appointed as an independent non-executive director of the Company on 30 April 2015. He is currently a financial controller and company secretary of Swift Express Holding Limited (順昌快達控股有限公司). He was a former independent non-executive director (from November 2005 to October 2008), executive director (from October 2008 to December 2013), chief financial officer (from October 2008 to December 2013) and company secretary (from October 2008 to September 2014) of Peace Map Holding Limited (formerly known as Ming Hing Waterworks Holdings Limited) (stock code: 0402.HK), a company listed on the Main Board of the Stock Exchange. He was also an independent non-executive director of Powerwell Pacific Holdings Limited (stock code: 8265.HK) from September 2010 to September 2014, a company listed on the GEM. Prior to taking up the above-mentioned post of the Company, he was the chief finance officer of the China division of Midland Holdings Limited (stock code: 1200.HK) from November 2004 to November 2008, a company listed on the Main Board of the Stock Exchange. Mr. Cheung was a director of XACT INTEGRATED MARKETING LIMITED, a private company incorporated in Hong Kong, which was dissolved by deregistration pursuant to section 291AA of the then prevailing Companies Ordinance (Chapter 32 of the Laws of Hong Kong) on 7 September 2007. To the best of the knowledge and belief of Mr. Cheung, XACT INTEGRATED MARKETING LIMITED was principally engaged in commercial advertising and had ceased business and was solvent at the time of it being dissolved by deregistration. Mr. Cheung has over 22 years of experience in accounting and financial management. He obtained a master’s degree in commerce from the University of New South Wales, Australia in April 1993 and a bachelor’s degree in mechanical engineering from the University of London, United Kingdom in August 1990. Mr. Cheung is a fellow member of the Hong Kong Institute of Certified Public Accountants and member of The Taxation Institute of Hong Kong.

Mr. Chiu Yu Wang (“Mr. Chiu”), aged 57, was appointed as an independent non-executive director of the Company on 17 February 2014. He obtained a certificate in Business Studies (Banking) from Lee Wai Lee Technical Institute of the Vocational Training Council Hong Kong in August 1983. He has over 20 years of marketing experience in banking industry. Since May 2010, Mr. Chiu has become a shareholder and a director of Sparkle Well Environmental Lighting Company Limited, which is principally engaged in trading of environmental lighting products.

Mr. Ko Yin Wai (“Mr. Ko”), aged 54, was appointed as an independent non-executive director of the Company on 23 December 2011. He currently is an enterprise consultant for Dongguan Changping Qiaohui Lipeng Plastic & Hardware Manufacturing Company (東莞常平橋滙勵鵬塑膠五金製品廠) and a marketing strategic consultant for Shenzhen Lanshuo Communication Equipment Company Limited (深圳市藍碩通訊設備有限公司). Mr. Ko has been working in the electronic consumer products industry for about 19 years.

獨立非執行董事

張志文先生(「張先生」)，49歲，於2015年4月30日獲委任為本公司之獨立非執行董事。彼現為順昌快達控股有限公司的財務總監及公司秘書。彼曾擔任天下圖控股有限公司(前稱明興水務控股有限公司)(股份代號：0402.HK，一間於聯交所主板上市的公司)之前獨立非執行董事(自2005年11月至2008年10月)、執行董事(自2008年10月至2013年12月)、財務總監(自2008年10月至2013年12月)及公司秘書(自2008年10月至2014年9月)。自2010年9月至2014年9月，彼亦曾擔任宏峰太平洋集團有限公司(股份代號：8265.HK，一間於創業板上市的公司)之獨立非執行董事。於擔任上述公司職務之前，彼曾自2004年11月至2008年11月擔任美聯集團有限公司(股份代號：1200.HK，一間於聯交所主板上市的公司)中國部財務總監。張先生曾擔任XACT INTEGRATED MARKETING LIMITED(一間在香港註冊成立之私人公司，其於2007年9月7日根據當時生效之公司條例(香港法例第32章)第291AA條透過撤銷註冊後解散)之董事。就張先生所深知及確信，於透過撤銷註冊解散時，XACT INTEGRATED MARKETING LIMITED主要從事商業廣告，並已經停止業務及有償債能力。張先生於會計及財務管理領域擁有逾22年之經驗。彼於1993年4月取得澳洲新南威爾斯大學商學碩士學位，及於1990年8月取得英國倫敦大學機械工程學士學位。張先生為香港會計師公會資深會員及香港稅務學會會員。

趙汝宏先生(「趙先生」)，57歲，於2014年2月17日獲委任為本公司之獨立非執行董事。彼於1983年8月取得香港職業訓練局李惠利工業學院商業學(銀行)證書。彼擁有超過20年在銀行業的業務經驗。自2010年5月起，趙先生成為耀佳環保照明有限公司的股東及董事，該公司主要從事環保照明產品的貿易業務。

高賢偉先生(「高先生」)，54歲，於2011年12月23日獲委任為本公司之獨立非執行董事。彼現為東莞常平橋滙勵鵬塑膠五金製品廠的企業顧問及深圳市藍碩通訊設備有限公司的營銷策略顧問。高先生於電子消費產品行業工作約19年。

SENIOR MANAGEMENT

高級管理人員

Mr. Li Kwei Chung (“Mr. Li”), aged 47, is one of the founders of the Group. He was an Executive Director of the Company during the period from 15 June 2011 to 30 April 2015. He was the chief executive officer and compliance officer of the Company until 30 April 2015. Mr. Li has been a director of a subsidiary of the Company, MiniLogic Device Corporation Limited, since September 2004 and is also a director of two of the Company’s subsidiaries. He is responsible for daily operations, research and development activities, procurement and quality control of the Group. Mr. Li obtained a bachelor’s degree of Engineering and master’s degree of Science in Engineering from the University of Hong Kong in 1992 and 1998 respectively. He has over 20 years of experience in the semiconductor field. Mr. Li was appointed as a member of the Information and Communication Technology R&D Centre Technology Review Panel of ASTRI for the years of 2011 to 2014. His responsibilities includes advising ASTRI on improving the quality of ASTRI’s R&D projects in terms of technical merit as well as the commercialisation prospects and technology transfer potential of the projects and assisting in evaluating the effectiveness of funded projects in terms of assisting Hong Kong and Pearl River Delta based companies’ to upgrade their technological competitiveness.

Mr. Lam Nim Yin (“Mr. Lam”), aged 57, joined one subsidiary of the Company, MiniLogic Device Corporation Limited, in March 2007 and is currently the marketing manager. From June 2013 to January 2016, he was a director of MiniLogic Device Corporation Limited. He is responsible for sales and marketing activities, logistic and warehouse control. Mr. Lam has been working in semiconductor industry for about 28 years. During the period from 1993 to 2009, he served as a director of a company engaging in trading of electronics such as IC.

Mr. Liu Loi Ying (“Mr. Liu”), aged 39, joined one subsidiary of the Company, MiniLogic Device Corporation Limited, in July 2003 and is currently the engineering director and team leader in the R&D Department. He is responsible for leading a team of engineers in R&D operations, and supporting sales and marketing activities. Mr. Liu was an executive director of the Company during the period from 15 June 2011 to 30 April 2013. He obtained a bachelor’s degree of Engineering in Computer Science and Computer Engineering and a master’s degree of Science in IC Design Engineering from The Hong Kong University of Science and Technology in 2001 and 2005 respectively. He has been working in the semiconductor field for about 14 years.

李桂聰先生(「李先生」)，47歲，為本集團創辦人之一。彼於2011年6月15日至2015年4月30日期間為本公司執行董事。彼為本公司的行政總裁兼監察主任直至2015年4月30日。李先生自2004年9月起為本公司一間附屬公司微創高科有限公司的董事，亦為本公司的其他兩間附屬公司的董事。彼負責本集團日常運作、研發活動、採購及質量監控。李先生於1992年及1998年獲香港大學分別頒授工程學學士學位及工程科學碩士學位。彼於半導體行業積逾20年經驗。李先生獲委任為香港應科院資訊及通訊技術研發中心技術評審委員會於2011至2014年度的成員。彼負責向香港應科院提出意見，以改善香港應科院的研發項目於技術水平及商業化發展方面的質素及該等項目的技術轉讓潛力，以及協助評估受資助項目是否有效幫助以香港及珠江三角洲為基地的公司提升其於技術上的競爭力。

林念賢先生(「林先生」)，57歲，於2007年3月加入為本公司一間附屬公司微創高科有限公司及現為營銷部經理。彼由2013年6月至2016年1月為微創高科有限公司的董事。彼負責銷售及營銷活動、物流及倉庫管理。林先生於半導體行業工作約28年。於1993年至2009年期間，彼出任一間公司之董事，該公司從事電子產品(如集成電路)貿易。

廖來英先生(「廖先生」)，39歲，於2003年7月加入本公司一間附屬公司微創高科有限公司工作，現為工程總監及研發部內的團隊領導。彼負責帶領一支工程師團隊進行研發工作，以及支援銷售及營銷活動。廖先生於2011年6月15日至2013年4月30日期間曾任本公司執行董事。彼於2001年及2005年獲香港科技大學分別頒授計算機科學及計算機工程學士學位及集成電路設計工程碩士學位。彼於半導體行業工作約14年。

Mr. Ng King Hang (“Mr. Ng”), aged 33, is an associate of Hong Kong Institute of Certified Public Accountants and holds a Master of Science in Accountancy from Hong Kong Polytechnic University. Mr. Ng has over 9 years of experience in the field of auditing and accounting. He was appointed as an assistant financial controller of the Company with effect from 6 July 2015 and was promoted to financial controller of the Company with effect from 1 April 2016. He was responsible for accounting and financial management and company secretaries matter of the Group. He has served as a joint company secretary and authorised representative of the Company since 29 April 2016.

Mr. Yuen Wai Yiu Gary, aged 32, joined one subsidiary of the Company, Easy Loan Finance Limited (“Easy Loan”), in 24 July 2015 and was appointed as a director of Easy Loan on 26 February 2016 and is responsible for money lending business and daily operations of Easy Loan. He obtained a bachelor’s degree in Computing and Information Systems from Hong Kong Baptist University in 2008 and a Master Degree of Accountancy from Lingnan University in 2012. He has been working in the money lending business for about 8 years.

Mr. Chung Pui Nam Roger (“Mr. Chung”), aged 49, the founder of one subsidiary of the Company, Maximus Venture Holdings Limited and its subsidiaries (“Maximus”), had over 31 years of experiences in the technical and business consulting industry. Mr. Chung is responsible for business strategy, overall financial and operational management of Maximus. Mr. Chung held various technical and management positions in companies listed in NASDAQ and in a multi-national airline company, expertise in software design and development, system engineering and enterprise security technologies solution areas. Mr. Chung holds EMBA and a computer engineering degree from the Queen’s University of Brighton and Brighton Polytechnic in year 1992.

吳勁衡先生(「吳先生」)，33歲，為香港會計師公會會員，並持有香港理工大學會計學理學碩士學位。吳先生於核數及會計領域擁有逾9年經驗。彼於2015年7月6日獲委任為本公司財務副總監，並於2016年4月1日晉升為本公司財務總監。彼負責本集團之會計及財務管理以及公司秘書事宜。彼自2016年4月29日起擔任本公司聯席公司秘書及授權代表。

袁維堯先生，32歲，於2015年7月24日加入本公司一間附屬公司易按財務有限公司(「易按」)並於2016年2月26日獲委任為易按財務之董事並負責易按財務之放債業務及日常運作。彼於2008年獲香港浸會大學頒授計算機及資訊系統理學士學位及於2012年獲嶺南大學頒授會計學碩士學位。彼於放債業務工作約8年。

鍾沛南先生(「鍾先生」)，49歲，本公司一間附屬公司Maximus Venture Holdings Limited及其附屬公司(「Maximus」)之創辦人，於技術及業務諮詢業擁有逾31年經驗。鍾先生負責明治之業務戰略、整體財務及營運管理。鍾先生於多間在納斯達克上市的公司及一間跨國航空公司擔任技術及管理職位，擁有軟件設計及開發、系統工程及企業安全技術解決方案方面之專業知識。鍾先生於1992年取得Queen’s University of Brighton及Brighton Polytechnic的行政人員工商管理碩士學位及電腦工程學位。

COMPANY SECRETARY

Dr. Sung Tak Wing Leo and Mr. Ng King Hang are the Joint Company Secretaries of the Company. For details of their profile, please refer to the paragraphs headed “Executive Directors” and “Senior Management” under this section.

公司秘書

宋得榮博士及吳勁衡先生為本公司的聯席公司秘書。有關彼等的履歷詳情，請參閱本節「執行董事」及「高級管理人員」段內。

COMPLIANCE OFFICER

Mr. Zhang Qing is the compliance officer of the Company. For details of his profile, please refer to the paragraph headed “Executive Directors” under this section.

監察主任

張慶先生為本公司的監察主任。有關其履歷詳情，請參閱本節「執行董事」段內。

DIRECTORS' REPORT

董事會報告

The directors ("Directors") of Megalogic Technology Holdings Limited (the "Company") submit herewith their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES, GEOGRAPHICAL ANALYSIS OF OPERATION AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 1 to the consolidated financial statements. The Group acquired Maximus Group, which operates an information security business in Hong Kong during the year. Except the acquisition of Maximus Group, there were no other significant changes in the nature of the Group's principal activities during the year.

The analysis of geographical locations of the company and its subsidiaries for the year are set out in note 21 to the consolidated financial statements.

The business review of the Company and its subsidiaries for the year can be found in the section of "Management Discussion and Analysis" set out on pages 8 to 17 of this annual report. This discussion forms parts of this Directors' Report.

RESULTS AND APPROPRIATION

The results of the Group for the year ended 31 December 2016 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 62 to 66 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2016.

SEGMENT INFORMATION

Details of the segment information of the Group for the year ended 31 December 2016 are set out in note 7 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company during the year are set out in note 18 to the consolidated financial statements.

宏創高科集團有限公司(「本公司」)董事(「董事」)謹此呈報本公司及其附屬公司(統稱「本集團」)截至2016年12月31日止年度的年報及經審核綜合財務報表。

主要業務、業務的地域分析及業務回顧

本公司的主要業務為投資控股。本公司的附屬公司的主要業務及其他詳情載於綜合財務報表附註1。於年內，本集團收購Maximus集團，其於香港從事資訊保安業務。年內，除收購Maximus集團外，本集團的主要業務性質並無其他重大改變。

年內，本公司及其附屬公司的地理位置分析載於綜合財務報表附註21內。

本公司及其附屬公司年內之業務回顧可參閱載於本年報第8至17頁之「管理層討論及分析」一節。此討論為本董事會報告之一部分。

業績及分派

本集團截至2016年12月31日止年度的業績以及本公司及本集團事務於該日的狀況載於本年報第62至66頁的綜合財務報表。

董事不建議派發截至2016年12月31日止年度之任何股息。

分部資料

本集團於截至2016年12月31日止年度之分部資料詳情載於綜合財務報表附註7。

物業、廠房及設備

有關本集團及本公司物業、廠房及設備於年內的變動詳情載於綜合財務報表附註18。

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the "Consolidated Statement of Changes in Equity" and note 33(b)(ii) to the consolidated financial statements respectively.

SHARE CAPITAL

During the year ended 31 December 2016, 15,382,400 ordinary shares were issued due to the exercise of share options under the Share Option Scheme. Details of the abovementioned exercise of Share Option Scheme can be found in note 35 to the consolidated financial statements.

Details of movements in the share capital of the Company during the year are set out in note 33(a) to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserve available for distribution as at 31 December 2016 was approximately HK\$139,763,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws 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

A summary of the results and of the assets and liabilities of the Group for the last 5 financial years is set out on page 144 of this annual report.

EQUITY-LINK AGREEMENTS

Save for the share option scheme of the Group as set out in note 35 of the consolidated financial statements, no equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2016.

儲備

有關本集團及本公司儲備於年內的變動詳情分別載於綜合財務報表之「綜合權益變動表」及附註33(b)(ii)。

股本

於截至2016年12月31日止年度內，由於購股權計劃項下購股權獲行使而發行了15,382,400股普通股。有關上述之購股權計劃行使之詳情可參閱綜合財務報表附註35。

有關本公司股本於年內的變動詳情載於綜合財務報表附註33(a)。

可供分派儲備

本公司於2016年12月31日可供分派的儲備金額約為139,763,000港元。

優先購買權

章程或開曼群島法律並無載有優先購買權條文規定本公司須按比例向現有股東發售新股。

五年財務概要

本集團最近5個財政年度之業績及資產與負債概要載於本年報第144頁。

股權相連協議

除載於綜合財務報表附註35有關本集團之購股權計劃外，於截至2016年12月31日止年度，本集團概無訂立股權相連協議或概無股權相連協議存續。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

SHARE OPTION SCHEME

Details of the Share Option Scheme are set out in note 35 to the consolidated financial statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. Zhang Qing (*Chairman*)

Dr. Sung Tak Wing Leo (*Chief Executive Officer*)

Non-Executive Directors

Mr. Ye Jian

Mr. Liu Kam Lung

Independent Non-Executive Directors

Mr. Cheung Chi Man Dennis

Mr. Chiu Yu Wang

Mr. Ko Yin Wai

ROTATION OF DIRECTORS IN THE FORTHCOMING ANNUAL GENERAL MEETING

Pursuant to the Article 84 of the Articles, Mr. Zhang Qing, Mr. Liu Kam Lung and Mr. Cheung Chi Man Dennis shall retire from office as Directors by rotation at the forthcoming annual general meeting and, being eligible, have agreed to offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICES CONTRACTS

Each of the independent non-executive Directors and non-executive Directors is appointed for an initial term of one year commencing from their respective dates of appointment and shall continue thereafter from year to year until terminated by one month's notice in writing served by either party on the other party.

購買、出售或贖回本公司上市證券

本公司或其任何附屬公司於截至2016年12月31日止年度概無購買、出售或贖回任何本公司上市證券。

購股權計劃

有關購股權計劃詳情載於綜合財務報表附註35。

董事

於年內及直至本報告日期為止，本公司的董事如下：

執行董事

張慶先生(主席)

宋得榮博士(行政總裁)

非執行董事

葉堅先生

廖金龍先生

獨立非執行董事

張志文先生

趙汝宏先生

高賢偉先生

於應屆股東週年大會上的董事輪任

根據章程第84條之規定，張慶先生、廖金龍先生及張志文先生將於應屆股東週年大會上輪席退任董事並符合資格且同意於應屆股東週年大會上膺選連任。

董事服務合約

各獨立非執行董事及非執行董事已獲委任，初始任期由各自的委任日期起計為期一年，並將於其後每年繼續生效，直至其中一方給予對方一個月的書面通知而終止。

No director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

擬於應屆股東週年大會上膺選連任之董事概無訂立任何不得於一年內在無需支付任何賠償(法定賠償除外)之情況下由本集團終止之服務合約。

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

董事於有關本公司業務之重大交易、安排及合約的重大權益

No other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its controlling shareholder or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2016.

概無有關本集團業務而本公司、其控股股東或其任何附屬公司或同系附屬公司為其中一名訂約方且本公司董事及董事之關連方於當中擁有重大利益(不論直接或間接)之其他重大交易、安排或合約，於年末或於截至2016年12月31日止年度內任何時間存續。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員的履歷

Profiles of the Directors and senior management of the Group are set out on pages 39 to 43 of this annual report.

本集團董事及高級管理人員的履歷資料載於本年報第39至43頁。

EMOLUMENT POLICY

酬金政策

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

本集團僱員的酬金政策由薪酬委員會按其表現、資歷及能力而訂立。

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

董事的酬金由薪酬委員會經考慮本公司的經營業績、個人表現及可比較市場統計數據而釐定。

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

董事及五名最高酬金人士的薪酬

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 13 to the consolidated financial statements.

有關董事及五名最高酬金人士的薪酬詳情載於綜合財務報表附註13。

RETIREMENT BENEFIT SCHEME

退休福利計劃

Details of the retirement benefit scheme of the Group are set out in note 4(n)(i) to the consolidated financial statements.

有關本集團的退休福利計劃詳情載於綜合財務報表附註4(n)(i)。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

董事及最高行政人員於本公司或任何相聯法團股份、相關股份及債券的權益及淡倉

As at 31 December 2016, the interests and short position 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 Securities and Futures Ordinance ("SFO")), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules, were as follows:

於2016年12月31日，本公司董事及最高行政人員於本公司及其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債券中擁有(a)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益及淡倉(包括根據證券及期貨條例該等條款彼等被當作或視為持有之權益及淡倉)，或(b)根據證券及期貨條例第352條須登記於由本公司存置之登記冊內的權益及淡倉；或(c)根據創業板上市規則第5.46至5.68條規定須另行知會本公司及聯交所的權益及淡倉如下：

Long and Short Position

Ordinary shares and underlying share of the Company

好倉及淡倉

本公司的普通股股份及相關股份

Name of Directors	Capacity/Nature of interests	Number of the Company's issued ordinary shares held (Note 1)	Total interests (Note 1)	Approximate percentage of total issued shares capital of the Company (Note 2)
董事姓名	身份/權益性質	所持本公司已發行普通股股份數目 (附註1)	權益總數 (附註1)	佔本公司已發行股本總數的概約百分比 (附註2)
Executive Directors				
執行董事				
Mr. Zhang Qing 張慶先生	Personal interest 個人權益	4,000,000(L) 4,000,000(好)	4,000,000(L) 4,000,000(好)	0.29%
Dr. Sung Tak Wing Leo 宋得榮博士	Personal interest 個人權益	10,000,000(L) 10,000,000(好)	10,000,000(L) 10,000,000(好)	0.72%
Non-executive Director				
非執行董事				
Mr. Ye Jian 葉堅先生	Interest of a controlled corporation 受控制法團權益	400,800,000(L)(S) (Note 3) 400,800,000(好)(淡) (附註3)	400,800,000(L)(S) 400,800,000(好)(淡)	28.67%
Independent Non-executive Director				
獨立非執行董事				
Mr. Chiu yu Wang 趙汝宏先生	Personal interest 個人權益	442,400(L) 442,400(好)	442,400(L) 442,400(好)	0.03%

Notes:

1. The letter "L" denotes long positions in the shares and underlying shares of the Company and the letter "S" denotes short positions in the shares and underlying shares of the Company.
2. The percentages are calculated on the basis of 1,397,782,400 ordinary shares of the Company in issues as at 31 December 2016.
3. Mr. Ye Jian is the beneficial owner of all of the issued share capital of Metro Classic Limited, and is therefore deemed to be interested in the 400,800,000 ordinary shares of the Company in which Metro Classic Limited is beneficially interested. As disclosed in the announcement of the Company dated 3 January 2017, Metro Classic Limited has pledged the 400,800,000 ordinary shares of the Company in favour of China Rise Finance Company Limited as security for a term loan facility provided to Metro Classic Limited. China Rise Finance Company Limited, and thus it has security interest over these shares.

Save as disclosed above, as at 31 December 2016, so far as is known to the Directors or Chief Executive Officer of the Company, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

附註：

1. 「好」指於本公司股份及相關股份之好倉，「淡」指於本公司股份及相關股份之淡倉。
2. 百分比乃根據於2016年12月31日本公司已發行之1,397,782,400股普通股股份所計算。
3. 葉堅先生為Metro Classic Limited全部已發行股本之實益擁有人，因此被視為擁有Metro Classic Limited實益擁有的400,800,000股本公司普通股股份之權益。根據本公司於2017年1月3日披露之公告，Metro Classic Limited已向華晉財務有限公司質押該400,800,000股本公司普通股股份，作為Metro Classic Limited獲提供一項定期貸款融資之抵押品。因此華晉財務有限公司擁有該等股份之抵押權益。

除上文所披露外，於2016年12月31日，就本公司董事或行政總裁所知，概無本公司之董事及最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有(a)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益及淡倉(包括根據證券及期貨條例該等條款彼等被當作或視為持有之權益及淡倉)，或(b)根據證券及期貨條例第352條登記於該條所指登記冊內的權益及淡倉，或(c)根據創業板上市規則第5.46至5.68條規定須另行知會本公司及聯交所之權益及淡倉。

收購股份或債券的安排

於年內任何時間內，本公司或其任何附屬公司或同系附屬公司概無作為一方參與任何安排，致令董事可藉購入本公司或任何其他法團的股份或債券而獲得利益。

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

主要股東及其他人士於本公司股份及相關股份的權益及淡倉

As at 31 December 2016, so far as is known to the Directors or Chief Executive Officer of the Company, the following persons or corporation (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to 336 of the SFO:

就本公司任何董事或行政總裁所知於2016年12月31日，本公司根據證券及期貨條例第336條存置的登記冊記錄，以下人士或公司(除本公司的董事或最高行政人員外)擁有本公司股份及相關股份的權益或淡倉：

Long and Short Positions

好倉及淡倉

Ordinary shares of the Company

本公司的普通股股份

Name of shareholders	Capacity/Nature of interests	Total number of the Company's issued ordinary shares held (Note 1) 所持本公司已發行普通股股份總數(附註1)	Approximate percentage of total issued share capital of the Company 佔本公司已發行股本總數的概約百分比
股東姓名/名稱	身份/權益性質		
Champsword Limited	Beneficial owner (Note 2) 實益擁有人(附註2)	278,000,000(L) 278,000,000(好)	19.89%
Lau Mo 劉武	Interest of a controlled corporation (Note 2) 受控制法團權益(附註2)	278,000,000(L) 278,000,000(好)	19.89%
Metro Classic Limited	Beneficial owner (Note 3) 實益擁有人(附註3)	400,800,000(L)(S) 400,800,000(好)(淡)	28.67%
Mr. Ye Jian 葉堅先生	Interest of a controlled corporation (Note 3) 受控制法團權益(附註3)	400,800,000(L)(S) 400,800,000(好)(淡)	28.67%
China Rise Finance Company Limited 華晉財務有限公司	Beneficial owner (Notes 3 and 4) 實益擁有人(附註3及4)	400,800,000(L) 400,800,000(好)	28.67%
China Rise Finance Group Company Limited 華晉金融集團有限公司	Interest of a controlled corporation (Note 4) 受控制法團權益(附註4)	400,800,000(L) 400,800,000(好)	28.67%
Jin Dragon Holdings Limited	Interest of a controlled corporation (Note 4) 受控制法團權益(附註4)	400,800,000(L) 400,800,000(好)	28.67%
Essential Holdings Limited	Interest of a controlled corporation (Note 4) 受控制法團權益(附註4)	400,800,000(L) 400,800,000(好)	28.67%
Cosmo Group Holdings Limited	Interest of a controlled corporation (Note 4) 受控制法團權益(附註4)	400,800,000(L) 400,800,000(好)	28.67%
Symphony Holdings Limited 新豐集團有限公司	Interest of a controlled corporation (Note 4) 受控制法團權益(附註4)	400,800,000(L) 400,800,000(好)	28.67%

Notes:

1. The letter "L" denotes long positions in the shares and underlying shares of the Company and the letter "S" denotes short positions in the shares and underlying shares of the Company.
2. Mr. Lau Mo is the beneficial owner of all of the issued share capital of Champsword Limited, and is therefore deemed to be interested in the 278,000,000 ordinary shares in which Champsword Limited is beneficially interested.
3. Mr. Ye Jian is the beneficial owner of all the issued share capital of Metro Classic Limited, and is therefore deemed to be interested in the 400,800,000 ordinary shares of the Company in which Metro Classic Limited is beneficially interested. As disclosed in the announcement of the Company dated 3 January 2017, Metro Classic Limited has pledged the 400,800,000 ordinary shares of the Company in favour of China Rise Finance Company Limited as security for a term loan facility provided to Metro Classic Limited. China Rise Finance Company Limited, and thus it has security interest over these shares.
4. China Rise Finance Company Limited is wholly-owned by China Rise Finance Group Company Limited. China Rise Finance Group Company Limited is wholly-owned by Jin Dragon Holdings Limited which in turn is wholly-owned by Essential Holdings Limited. Essential Holdings Limited is wholly-owned by Cosmo Group Holdings Limited which in turn is wholly-owned by Symphony Holdings Limited. Thus China Rise Finance Group Company Limited, Jin Dragon Holdings Limited, Essential Holdings Limited, Cosmo Group Holdings Limited and Symphony Holdings Limited are deemed to be interested in the 400,800,000 ordinary shares of the Company in which China Rise Finance Company Limited has security interest.

Save as disclosed above, as at 31 December 2016, so far as is known to the Directors and Chief Executive Officer of the Company, and based on the public records filed on the website of Hong Kong Exchanges and Clearing Limited and records kept by the Company, no other persons or corporations (other than Directors and Chief Executive Officer of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

附註：

1. 「好」指於本公司股份及相關股份之好倉，「淡」指於本公司股份及相關股份之淡倉。
2. 劉武先生為Champsword Limited全部已發行股本之實益擁有人，因此被視為擁有Champsword Limited實益擁有278,000,000股本公司普通股股份之權益。
3. 葉堅先生為Metro Classic Limited全部已發行股本之實益擁有人，因此被視為擁有Metro Classic Limited實益擁有400,800,000股本公司普通股股份之權益。根據本公司於2017年1月3日披露之公告，Metro Classic Limited已向華晉財務有限公司質押該400,800,000股本公司普通股股份，作為Metro Classic Limited獲提供一項定期貸款融資之抵押品。因此華晉財務有限公司擁有該等股份之抵押權益。
4. 華晉財務有限公司由華晉金融集團有限公司全資擁有。華晉金融集團有限公司為Jin Dragon Holdings Limited全資擁有而Jin Dragon Holdings Limited為Essential Holdings Limited全資擁有。Essential Holdings Limited由Cosmo Group Holdings Limited全資擁有而Cosmo Group Holdings Limited為新灃集團有限公司全資擁有。因此華晉金融集團有限公司、Jin Dragon Holdings Limited、Essential Holdings Limited、Cosmo Group Holdings Limited及新灃集團有限公司被視為擁有華晉財務有限公司於400,800,000股本公司普通股股份之抵押權益的權益。

除上文所披露外，於2016年12月31日，就本公司董事及行政總裁所知，以及基於香港交易及結算所有限公司網站上備案的公共記錄及本公司保存的記錄，概無其他人士或法團（本公司董事或行政總裁除外）根據本公司按照證券及期貨條例第336條所存置之登記冊記錄於本公司股份或相關股份中擁有權益或淡倉。

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the year are as follows:

		Sales 銷售	Purchases 採購
The largest customer	最大客戶	9%	N/A 不適用
Five largest customers in aggregate	五大客戶合計	28%	N/A 不適用
The largest supplier	最大供應商	N/A 不適用	32%
Five largest suppliers in aggregate	五大供應商合計	N/A 不適用	90%

Save as disclosed in this annual report and to the best knowledge of the Directors, none of the Directors, their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) has any interest in the Group's five largest customers or suppliers during the year ended 31 December 2016.

MANAGEMENT CONTRACTS

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

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2016 are disclosed in note 39 to the consolidated financial statements, which do not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicity available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained a sufficient public float as required under the GEM Listing Rules.

主要客戶及供應商

本集團的主要客戶及供應商分別應佔年內銷售及採購的資料如下：

		Sales 銷售	Purchases 採購
The largest customer	最大客戶	9%	N/A 不適用
Five largest customers in aggregate	五大客戶合計	28%	N/A 不適用
The largest supplier	最大供應商	N/A 不適用	32%
Five largest suppliers in aggregate	五大供應商合計	N/A 不適用	90%

除本年報所披露者外及據董事所深知，截至2016年12月31日止年度，董事、彼等之緊密聯繫人或任何就董事所知擁有本公司股本逾5%之股東概無擁有於本集團五大客戶或供應商的任何權益。

管理合約

本年度內，本公司並無就全盤或其中任何重大部分業務的管理及行政事宜訂立或存有任何合約。

關連交易

本集團於截至2016年12月31日止年度訂立重大關連人士之交易於綜合財務報表附註39披露，其並不符合創業板上市規則第二十章的「關連交易」或「持續關連交易」的定義。

足夠公眾持股量

根據本公司所獲得之公開資料及就董事所知，於本年報日期，本公司一直根據創業板上市規則之規定保持足夠公眾持股量。

INTEREST IN A COMPETING BUSINESS

During the year ended 31 December 2016, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

PERMITTED INDEMNITY PROVISION

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the Directors and directors of the subsidiaries of the Group.

At no time during the year 2016 and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors and directors of the subsidiaries of the Group.

EVENT AFTER THE REPORTING PERIOD

Details of event after the reporting period are set out in note 41 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

A corporate governance report is set out on pages 18 to 38 of this annual report. Mr. Zhang Qing whose biographical details are set out on page 39 of this report, is the Compliance Officer of the Company and Dr. Sung Tak Wing Leo and Mr. Ng King Hang whose biographical details are set out on page 39 and 43 of this annual report respectively, are the Joint Company Secretaries of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance Report of the Company prepared in accordance with Appendix 20 to the GEM Listing Rules will be published within three months after the publication of this annual report.

於競爭業務的權益

截至2016年12月31日止年度，董事、本公司的控股股東及彼等各自的緊密聯繫人(定義見創業板上市規則)概無於任何與本集團業務直接或間接構成或可能構成競爭的業務中擁有任何權益，或與本集團有任何其他利益衝突。

獲准許彌償條文

本公司已投購及維持董事之責任保險，其為董事及本集團附屬公司之董事提供充分保障。

於2016年內所有時間及直至本董事會報告日期，概無為任何董事及本集團附屬公司董事之利益而生效的任何獲准許彌償條文。

報告期後事項

報告期後事項的詳細資料載於綜合財務報表附註41。

企業管治報告

企業管治報告載於本年報第18至38頁。張慶先生(其履歷詳情刊載於本年報第39頁)為本公司之監察主任，而宋得榮博士及吳勁衡先生(其履歷詳情分別刊載於本年報第39及43頁)為本公司之聯席公司秘書。

環境、社會及管治報告

本公司根據創業板上市規則附錄20編製的本公司環境、社會及管治報告將於本年報刊發後的三個月內刊發。

AUDITOR

Graham H.Y. Chan & Co. was re-appointed as the auditors of the Company and its subsidiaries at the annual general meeting of the Company held on 30 April 2014. On 31 October 2014, Graham H.Y. Chan & Co. resigned as an auditor of the Company and its subsidiaries. JH CPA Alliance Limited was appointed as an auditor of the Company and its subsidiaries by the Board of Directors of the Company on 5 December 2014 to fill the casual vacancy following the resignation of Graham H.Y. Chan & Co..

Save as disclosed above, there is no other change in the auditors of the Company in any of the preceding 3 years. The financial statements have been audited by JH CPA Alliance Limited.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint JH CPA Alliance Limited as the auditor of the Company.

On behalf of the Board

Mr. Zhang Qing

Chairman

Hong Kong, 24 March 2017

核數師

陳浩賢會計師事務所於2014年4月30日舉行之本公司股東週年大會上獲重新委任為本公司及其附屬公司之核數師。於2014年10月31日，陳浩賢會計師事務所辭任本公司及其附屬公司之核數師。晉華會計師事務所有限公司於2014年12月5日獲本公司董事會委任為本公司及其附屬公司之核數師，以填補陳浩賢會計師事務所辭任之空缺。

除上文所披露者外，於過去三年的任何一年，本公司核數師未有其他變更。晉華會計師事務所有限公司已審核財務報表。

於本公司之應屆股東週年大會上將提呈一項決議案，以重新委任晉華會計師事務所有限公司為本公司之核數師。

代表董事會

張慶先生

主席

香港，2017年3月24日

**TO THE MEMBERS OF
MEGALOGIC TECHNOLOGY HOLDINGS LIMITED**
(Incorporated in the Cayman Islands with limited liability)

致宏創高科集團有限公司股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Megalogic Technology Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 62 to 143, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, 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 (the “HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

意見

吾等已審核列載於第62至143頁宏創高科集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，此等綜合財務報表包括於2016年12月31日的綜合財務狀況表、截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於2016年12月31日的綜合財務狀況以及截至該日止年度的綜合財務表現和綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

意見基礎

吾等已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核。根據該等準則，吾等的責任於本報告「核數師就審計綜合財務報表的責任」一節中進一步詳述。根據「香港會計師公會專業會計師道德守則」(「守則」)，吾等獨立於 貴集團，並已遵循守則履行其他道德責任。吾等相信，吾等所獲得的審核憑證足夠及能適當地為吾等的意見提供基礎。

KEY AUDIT MATTERS

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

Key audit matters

Accounting for business combination

Refer to note 36(c) to the consolidated financial statements

In May 2016, the Group completed the acquisition of Maximus Venture Holdings Limited and its subsidiaries (the "Maximus Group"). Due to the complexity of and significant judgments and assumptions involved in the purchase price allocation for the acquisition, we have identified it as a key audit matter.

How our audit addressed the key audit matter

We have clarified with the management for any existence of intangible assets and purchase price allocation upon the acquisition; and

We audited the acquired assets and assumed liabilities at the acquisition date and challenged the management's assumptions and justifications for recognising the goodwill.

Impairment assessment of goodwill

Refer to note 19 to the consolidated financial statements

In respect of the goodwill amounting to HK\$27,280,000 arose from acquisition of Maximus Group, the management concluded that there was no impairment of it. For the impairment assessment, it involved the significant management assumptions and judgments with respect to underlying cash flows, discount rates and future growth rates for calculation of value in use of the cash generated unit.

Given that significant level of the goodwill, we have identified it as a key audit matter.

How our audit addressed the key audit matter

Our audit procedures in relation to the impairment assessment of goodwill included:

- Evaluation of the independent valuer's competence, capabilities and objectivity;
- Assessing the cash flow projections and challenging the assumptions in comparison with recent performance; and
- Challenging the assumptions and methodologies used by the valuer.

關鍵審核事項

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

關鍵審核事項

業務合併會計處理

請參閱綜合財務報表附註36(c)

2016年5月，貴集團完成收購Maximus Venture Holdings Limited及其附屬公司（「Maximus集團」）。由於收購之購買價格分配較為複雜及涉及重大判斷及假設，故吾等將其視為關鍵審核事項。

吾等進行審核時如何處理關鍵審核事項

吾等已與管理層釐清是否存在任何收購後的無形資產及購買價格分配；及

吾等已審核於收購日期的已收購資產及已承擔負債及質疑管理層就確認商譽作出的假設及判斷。

商譽減值評估

請參閱綜合財務報表附註19

就收購Maximus集團產生的27,280,000港元的商譽而言，管理層認為商譽並不存在減值。就減值評估而言，其涉及到管理層須就相關現金流量、貼現率及計算現金產生單位使用價值的未來增長率作出重大假設及判斷。

鑑於商譽數值較大，吾等將其視為關鍵審核事項。

吾等進行審核時如何處理關鍵審核事項

吾等有關商譽減值評估的審核程序包括：

- 評估獨立估值師的能力及客觀程度；
- 經比較近期表現，評估現金流量預測及質疑假設；及
- 質疑估值師使用的假設及方法。

Key audit matters

Impairment assessment of loans receivables

Refer to note 24 to the consolidated financial statements

As at 31 December 2016, the Group had loans receivables of approximately HK\$ 255,954,000.

In exercising impairment assessment of the loans receivables, the management applied own judgment and used subjective assumptions. It includes assessing customers with default risk, identifying indication of impairment based on creditworthiness of customers and the level of collaterals in proportion to the outstanding receivables balances. Estimates are used in assessing the recoverable amount of the collateral. Since the loans receivables represented significant amounts of the total assets, we have identified it as a key audit matter.

How our audit addressed the key audit matter

We assessed controls over the approval, recording and monitoring of loans receivables, and evaluated the methodologies, inputs and assumptions used by the Group in impairment assessment.

We assessed factors for determining whether any indication of impairment, which include:

- Checking subsequent settlement of loans receivables; and
- Checking historical repayment record to ascertain whether any likelihood of default.

We sent audit confirmation letters to majority of borrowers to ascertain the existence and accuracy of the outstanding loans receivables.

關鍵審核事項

應收貸款減值評估

請參閱綜合財務報表附註24

於2016年12月31日，貴集團擁有應收貸款約為255,954,000港元。

在對應收貸款進行減值評估時，管理層須應用自身判斷及使用主觀假設。這包括評估客戶違約風險，基於客戶的信貸質素及抵押品佔未償還應收賬款結餘的比例確認是否存在減值跡象。評估抵押品的可收回金額時須運用估計。由於應收貸款佔總資產的比例較大，吾等將其視為關鍵審核事項。

吾等進行審核時如何處理關鍵審核事項

吾等對應收貸款的批准、記錄及監察的控制進行評估，及評估貴集團在作出減值評估時使用的方法、輸入數據及假設。

吾等評估各種因素以釐定是否存在任何減值跡象，其中包括：

- 核對應收貸款的其後結賬；及
- 核對歷史還款記錄以釐定是否存在違約的可能性。

吾等向大部分借款人發出審核確認函，以確定是否存在未償還應收貸款及其準確性。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditors' report thereon ("Other Information").

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 THE 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.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報所載資料(綜合財務報表及吾等就此發出的核數師報告除外)(「其他資料」)。

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

就審核綜合財務報表而言，吾等的責任是閱讀其他資料，及在此過程中，考慮其他資料是否與綜合財務報表或吾等在審計過程中所瞭解的情況有重大不符，或者似乎有重大錯誤陳述。基於吾等已執行的工作，倘吾等認為其他資料有重大錯誤陳述，吾等需要報告有關事實。就此而言，吾等無需報告任何事項。

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要求，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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

審核委員會負責監督貴集團財務報告流程。

AUDITORS' 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 auditors' 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 HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計綜合財務報表承擔的責任

吾等的目標，是對整體綜合財務報表是否存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等僅向閣下(作為整體)報告，除此之外本報告別無其他目的。吾等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，但不能保證按香港審計準則進行的審計總能發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果按合理預期而錯誤陳述個別或匯總起來可能影響綜合財務報表使用者所作出的經濟決定，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，吾等運用了職業判斷，保持了職業懷疑態度。吾等亦：

- 識別及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該等風險，以及取得充足及適當的審計憑證，作為吾等意見的基礎。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較因錯誤而導致的重大錯誤陳述的風險為高。
- 瞭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合適性及作出會計估計及相關披露資料的合理性。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

- 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 auditors' 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 auditors' 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.
- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所得的審計憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團持續經營的能力構成重大疑慮。倘吾等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關注綜合財務報表中的相關披露資料，或倘有關披露資料不足，則吾等須修訂吾等之意見。吾等的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事件或情況可能導致貴集團不能繼續持續經營。
- 評估綜合財務報表的整體列報方式、結構及內容，包括披露資料，以及綜合財務報表是否公允反映相關交易及事項。
- 就貴集團實體或業務活動的財務資料獲取充分、適當的審計憑證，以對綜合財務報表發表意見。吾等負責指導、監督及執行集團審計。吾等對審計意見承擔全部負責。

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

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

From the matters communicated with the 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 auditors' 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.

吾等與審核委員會溝通計劃審計範圍、審計時間安排、重大審計發現等事項，包括吾等於審計期間識別出內部控制的任何重大缺陷。

吾等亦向審核委員會提交聲明，說明吾等已符合有關獨立性的相關道德要求，並與彼等溝通所有合理地被認為會影響吾等獨立性的關係及其他事項，以及(倘適用)相關的防範措施。

就與審核委員會溝通的事項而言，吾等釐定哪些事項對本期間綜合財務報表的審計最為重要，因而構成關鍵審計事項。吾等於核數師報告中描述該等事項，除非法律法規不允許對某件事項作出公開披露，或在極端罕見的情況下，若有合理預期於吾等報告中溝通某事項而造成的負面後果將會超過其產生的公眾利益，吾等將不會在此等情況下在報告中溝通該事項。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
獨立核數師報告(續)

The engagement partner on the audit resulting in this independent auditor's report is Chan Chi Kwong, Dickson.

出具本獨立核數師報告的審計項目合夥人為陳智光。

JH CPA Alliance Limited

Certified Public Accountants
Hong Kong, 24 March 2017

晉華會計師事務所有限公司

執業會計師
香港，2017年3月24日

CHAN Chi Kwong, Dickson

Practicing Certificate Number: P04383

陳智光

執業證書編號：P04383

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

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MEGALOGIC TECHNOLOGY HOLDINGS LIMITED ANNUAL REPORT 2016

		Notes 附註	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Revenue	收益	8	60,752	29,244
Cost of sales and services	銷售及服務成本		(19,760)	(20,024)
Gross profit	毛利		40,992	9,220
Other income	其他收入	9	46	123
Other gains and losses	其他收益及虧損	10	126	(110)
Staff costs	員工成本		(14,164)	(10,659)
Depreciation and amortisation	折舊及攤銷		(1,829)	(1,449)
Operating lease rental — land and buildings	經營租賃租金 — 土地及樓宇		(2,201)	(1,230)
Other operating expenses	其他經營開支		(9,139)	(4,753)
Finance cost	財務費用	11	(354)	—
Profit/(loss) before income tax	除所得稅前溢利/(虧損)		13,477	(8,858)
Income tax expense	所得稅開支	14	(2,885)	—
Profit/(loss) for the year	年內溢利/(虧損)		10,592	(8,858)
Other comprehensive expense, net of income tax	其他全面開支 (扣除所得稅)			
Items that may be subsequently reclassified to profit or loss:	其後可能重列至損益之項目:			
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額		(20)	(24)
Total comprehensive income/(expense) for the year	年內全面收益/(開支) 總額		10,572	(8,882)
Profit/(loss) for the year attributable to:	應佔年內溢利/(虧損):			
Owners of the Company	本公司擁有人		8,898	(8,858)
Non-controlling interests	非控股權益		1,694	—
			10,592	(8,858)
Total comprehensive income/(expense) for the year attributable to:	應佔年內全面收益/(開支) 總額:			
Owners of the Company	本公司擁有人		8,878	(8,882)
Non-controlling interests	非控股權益		1,694	—
			10,572	(8,882)
			HK cents	HK cents
			港仙	港仙
Earnings/(loss) per share attributable to owners of the Company	本公司擁有人應佔每股 盈利/(虧損)	17		
Basic and diluted	基本及攤薄		0.64	(1.87)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AS AT 31 DECEMBER 2016

於2016年12月31日

		Notes 附註	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	18	3,795	3,103
Goodwill	商譽	19	27,280	—
Intangible asset	無形資產	20	1,822	—
Loans receivables	應收貸款	24	5,216	6,101
Total non-current assets	總非流動資產		38,113	9,204
Current assets	流動資產			
Inventories	存貨	22	4,432	5,152
Trade receivables	應收貿易賬款	23	9,851	2,191
Loans receivables	應收貸款	24	250,738	80,319
Deposits and prepayments	按金及預付款項	25	2,004	1,157
Bank balances and cash	銀行結餘及現金	26	8,005	188,739
Total current assets	總流動資產		275,030	277,558
Current liabilities	流動負債			
Trade payables	應付貿易賬款	27	543	928
Other payables and accruals	其他應付及應計款項	28	3,415	1,233
Amount due to a non-controlling interest shareholder of a subsidiary	應付一間附屬公司之一位非控股權益股東之款項	29	5,258	—
Tax payables	應付稅項		1,527	—
Provision	撥備	30	123	—
Total current liabilities	總流動負債		10,866	2,161
Net current assets	淨流動資產		264,164	275,397
Total assets less current liabilities	總資產減流動負債		302,277	284,601
Non-current liability	非流動負債			
Deferred tax liabilities	遞延稅項負債	32	342	—
Net assets	淨資產		301,935	284,601
Capital and reserves	資本及儲備			
Share capital	股本	33(a)	139,778	138,240
Reserves	儲備	33(b)	160,283	146,361
Equity attributable to owners of the Company	本公司擁有人應佔權益		300,061	284,601
Non-controlling interests	非控股權益		1,874	—
Total equity	權益總額		301,935	284,601

The consolidated financial statements on pages 62 to 143 were approved and authorised for issue by the board of directors on 24 March 2017 and signed on its behalf by:

第62至143頁的綜合財務報表已於2017年3月24日獲董事會批准及授權刊發，並由下列董事代表簽署：

ZHANG Qing

張慶

Director

董事

SUNG Tak Wing Leo

宋得榮

Director

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

Attributable to owners of the Company

本公司擁有人應佔

							(Accumulated losses)/	Sub-total	Non-controlling interests	Total equity
		Share capital	Share premium	Merger reserve	Share option reserve	Exchange reserve	retained profits			
		股本	股份溢價	合併儲備	購股權儲備	匯兌儲備	(累計虧損)/ 保留溢利	小計	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2015	於2015年1月1日	28,800	34,277	17,941	—	4	(5,945)	75,077	—	75,077
Loss for the year	年內虧損	—	—	—	—	—	(8,858)	(8,858)	—	(8,858)
Other comprehensive expense for the year:	年內其他全面開支：									
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	—	—	—	—	(24)	—	(24)	—	(24)
Total comprehensive expense for the year	年內全面開支總額	—	—	—	—	(24)	(8,858)	(8,882)	—	(8,882)
Issue of shares upon placing (Note 33(a)(i))	因配售發行股份 (附註33(a)(i))	5,760	13,824	—	—	—	—	19,584	—	19,584
Issue of shares pursuant to open offer (Note 33(a)(ii))	根據公開發售發行股份 (附註33(a)(ii))	103,680	103,680	—	—	—	—	207,360	—	207,360
Expenses incurred in connection with the issue of shares during the year	年內發行股份產生的開支	—	(8,538)	—	—	—	—	(8,538)	—	(8,538)
At 31 December 2015 and 1 January 2016	於2015年12月31日及2016年1月1日	138,240	143,243	17,941	—	(20)	(14,803)	284,601	—	284,601
Profit for the year	年內溢利	—	—	—	—	—	8,898	8,898	1,694	10,592
Other comprehensive expense for the year:	年內其他全面開支：									
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	—	—	—	—	(20)	—	(20)	—	(20)
Total comprehensive (expense)/income for the year	年內全面(開支)/收益總額	—	—	—	—	(20)	8,898	8,878	1,694	10,572
Recognition of equity-settled share-based payments (Note 12)	確認股權結算股份付款 (附註12)	—	—	—	968	—	—	968	—	968
Issue of shares upon exercise of share options granted (Note 33(a)(iii))	因行使已授出購股權發行股份 (附註33(a)(iii))	1,538	5,044	—	(968)	—	—	5,614	—	5,614
Non-controlling interests arising on business combination (Note 36(d))	業務合併產生之非控制性權益 (附註36(d))	—	—	—	—	—	—	—	180	180
At 31 December 2016	於2016年12月31日	139,778	148,287	17,941	—	(40)	(5,905)	300,061	1,874	301,935

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

	Notes 附註	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Cash flows from operating activities	來自經營活動之現金流量		
Profit/(loss) before income tax	除所得稅前溢利/(虧損)	13,477	(8,858)
Adjustments for:	經調整下列各項：		
Bank interest income	銀行利息收入	(6)	(14)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	1,767	1,449
Amortisation of Intangible asset	無形資產攤銷	62	—
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	—	6
Provision for slow-moving and obsolete inventories	滯銷及過時存貨撥備	259	1,176
Gain on disposal of trading securities	出售貿易證券之收益	—	(64)
Accumulated interest on promissory note	承兌票據之累計利息	354	—
Waive of accumulated interest on promissory note	豁免承兌票據之累計利息	(354)	—
Equity-settled share-based payments	股權結算股份付款	968	—
Operating cash flows before working capital changes	營運資金變動前經營現金流量	16,527	(6,305)
Decrease in inventories	存貨減少	461	2,158
(Increase)/decrease in trade receivables	應收貿易賬款(增加)/減少	(5,603)	1,677
Increase in loans receivables	應收貸款增加	(169,534)	(86,218)
(Increase)/decrease in deposits and prepayments	按金及預付款項(增加)/減少	(406)	624
Decrease in trade payables	應付貿易賬款減少	(647)	(1,174)
Increase/(decrease) in other payables and accruals	其他應付及應計款項增加/(減少)	943	(713)
Increase in amount due to a non-controlling interest shareholder of a subsidiary	應付一間附屬公司之一位非控股權益股東之款項增加	1,589	—
Cash used in operations	經營所用之現金	(156,670)	(89,951)
Income tax paid	已付所得稅	(941)	—
Net cash used in operating activities	用於經營活動之淨現金	(157,611)	(89,951)
Cash flows from investing activities	來自投資活動之現金流量		
Payment for purchase of property, plant and equipment	購買物業、廠房及設備之付款	(1,598)	(794)
Acquisition of subsidiaries	收購附屬公司	(25,241)	—
Additions to development cost of intangible asset	無形資產研發成本之增加	(1,884)	—
Proceeds from disposal of trading securities	由出售貿易證券之所得款項	—	3,874
Bank interest received	已收銀行利息	6	14
Net cash (used in)/generated from investing activities	(用於)/來自投資活動之淨現金	(28,717)	3,094

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

綜合現金流量表(續)

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

		Notes 附註	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Cash flows from financing activities	來自融資活動之現金流量			
Issue of shares upon placing	因配售發行股份	33(a)(i)	—	19,584
Issue of shares pursuant to open offer	根據公開發售發行股份	33(a)(ii)	—	207,360
Expenses incurred in connection with the issue of shares	就發行股份產生的開支		—	(8,538)
Issue of shares upon exercise of share options granted	因行使已授出購股權發行股份		5,614	—
Net cash generated from financing activities	來自融資活動之淨現金		5,614	218,406
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物淨(減少)/增加		(180,714)	131,549
Cash and cash equivalents at 1 January	於1月1日的現金及現金等價物		188,739	57,214
Effects of foreign exchange rate changes, net	外匯匯率變動之影響，淨額		(20)	(24)
Cash and cash equivalents at 31 December	於12月31日的現金及現金等價物		8,005	188,739
Analysis of balances of cash and cash equivalents:	現金及現金等價物結餘分析：			
Bank balances and cash	銀行結餘及現金		8,005	188,739

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 31 March 2011, as an exempted company with limited liability under the Companies Law Cap. 22 of the Cayman Islands. The address of its registered office is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of its principal place of business is located at Suite 2101, 21/F, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries (together with the Company referred to as the "Group") are (1) the provision of integrated circuit solutions and the design, development and sales of integrated circuits; (2) money lending business in Hong Kong through the provision of unsecured and secured loans to customers, including individual and corporations under the provisions of the Money Lenders Ordinance; and (3) the provision of total solutions for information security services, including security assessment, consulting, testing, monitoring and training as well as system integration services of information security business. The details of particulars of subsidiaries of the Company are set out in note 21 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is the same as the functional currency of the Company, and all value are rounded to the nearest thousand except when otherwise indicated.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out in note 4 to the consolidated financial statements below.

HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 to the consolidated financial statements provides information on any changes in accounting policies resulting from initial application of these new and revised HKFRSs to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

1. 一般資料

本公司於2011年3月31日根據開曼群島第22章公司法在開曼群島註冊成立為一間獲豁免有限責任公司。本公司註冊辦事處地址位於190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands。其主要營業地址為香港灣仔告士打道178號華懋世紀廣場21樓2101室。

本公司乃一間投資控股公司。其附屬公司(連同本公司,統稱為「本集團」)的主要業務為(1)提供集成電路的解決方案,並從事集成電路的設計、開發及銷售;(2)根據放債人條例於香港從事放債業務,透過向客戶,包括個人及公司,提供無抵押及有抵押貸款;及(3)提供資訊保安服務的整體解決方案,包括資訊安全評估、諮詢、測試、監控與培訓及資訊保安的系統集成服務業務。本公司附屬公司之詳情載於綜合財務報表附註21。

本綜合財務報表以本公司的功能貨幣港元(「港元」)呈報,除另有所指明者外,所有金額均已調整至最接近千港元。

2. 遵例聲明

本綜合財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈之所有適用香港財務報告準則(「香港財務報告準則」)(此統稱包括所有適用之個別香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港普遍採納之會計原則及香港公司條例之披露規定而編製。本綜合財務報表亦符合香港聯合交易所有限公司創業板證券上市規則(「創業板上規規則」)之適用披露條文。本集團採納的主要會計政策概要載於下文綜合財務報表附註4。

香港會計師公會頒佈若干新訂及經修訂之香港財務報告準則。此等準則在本集團當前之會計期間開始生效或可供提前採用。首次應用此等新訂及經修訂香港財務報告準則所引致與本集團當前和以往會計期間相關的會計政策變動已於本綜合財務報表內反映,有關資料載列於綜合財務報表附註3。

3. APPLICATION OF NEW AND REVISED HKFRSs

(a) New and revised HKFRSs adopted

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

(b) Issued but not yet effective new and revised HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but not yet effective in these financial statements:

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions²</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts²</i>
HKFRS 9	<i>Financial Instruments²</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 15	<i>Revenue from Contracts with Customers²</i>
HKFRS 16	<i>Leases³</i>
Amendments to HKAS 7	<i>Disclosure Initiative¹</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses¹</i>

- ¹ Effective for annual periods beginning on or after 1 January 2017
- ² Effective for annual periods beginning on or after 1 January 2018
- ³ Effective for annual periods beginning on or after 1 January 2019
- ⁴ No mandatory effective date yet determined but available for adoption

3. 採納新訂及經修訂香港財務報告準則

(a) 所採納之新訂及經修訂香港財務報告準則

於本年度，本集團已採納香港會計師公會頒佈之所有有關其業務並於其自2016年1月1日起的會計年度生效的新訂及經修訂香港財務報告準則。採納此等新訂及經修訂香港財務報告準則對此等財務報表並無顯著財務影響。

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無於該等財務報表中應用下列已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第2號(修訂本)	以股份為基礎付款的交易的分類及計量 ²
香港財務報告準則第4號(修訂本)	應用香港財務報告準則第4號保險合約時併應用香港財務報告準則第9號金融工具 ²
香港財務報告準則第9號	金融工具 ²
香港財務報告準則第10號及香港會計準則第28號(2011年)(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注資 ⁴
香港財務報告準則第15號	來自客戶合約的收益 ²
香港財務報告準則第16號	租賃 ³
香港會計準則第7號(修訂本)	披露計劃 ¹
香港會計準則第12號(修訂本)	就未變現虧損確認遞延稅項資產 ¹

- ¹ 於2017年1月1日或之後開始的年度期間生效
- ² 於2018年1月1日或之後開始的年度期間生效
- ³ 於2019年1月1日或之後開始的年度期間生效
- ⁴ 尚未釐定強制性生效日期，惟可予採納

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

(b) Issued but not yet effective new and revised HKFRSs (Continued)

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far the Group has identified some aspects of the new HKFRSs which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new and revised HKFRSs before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new HKFRSs.

HKFRS 9 *Financial Instruments*

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

本集團正評估該等新訂及經修訂香港財務報告準則於首次應用期間預期帶來的影響。迄今本集團已識別新訂香港財務報告準則的若干方面可能對綜合財務報表造成重大影響。有關預期影響的進一步詳情於下文論述。由於本集團尚未完成其評估，故本集團可於適當時候識別進一步影響，並將於決定於該等新訂及經修訂香港財務報告準則生效日期前是否採納任何該等準則及根據新訂香港財務報告準則有替代方法可用時採用何種過渡方法時考慮該等影響。

香港財務報告準則第9號「金融工具」

2014年9月，香港會計師公會頒佈香港財務報告準則第9號的最終版本，將金融工具項目的所有階段集合以代替香港會計準則第39號以及香港財務報告準則第9號的全部過往版本。該準則引入分類及計量、減值及對沖會計處理的新規定。本集團預期自2018年1月1日起採納香港財務報告準則第9號。本集團當前正在評估該準則的影響。

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

(b) Issued but not yet effective new and revised HKFRSs (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgments and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implement issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第15號「來自客戶合約的收益」

香港財務報告準則第15號訂立一個新的五步驟模型，以將來自客戶合約收益列賬。根據香港財務報告準則第15號，收益按能反映實體預期就向客戶轉讓貨物或服務作交換而有權獲得的代價金額確認。香港財務報告準則第15號的原則為計量及確認收益提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收益總額，關於履約責任、不同期間的合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取代香港財務報告準則項下所有現時收益確認規定。2016年6月，香港會計師公會頒佈香港財務報告準則第15號(修訂本)解釋採納該準則的不同實施問題，包括識別履約責任，主事人與代理人及知識產權許可有關的應用指引，以及準則採納的過渡。該等修訂亦擬協助確保實體於採納香港財務報告準則第15號時能更加一致地應用及降低應用有關準則的成本及複雜性。本集團預期自2018年1月1日起採納香港財務報告準則第15號，目前正評估採納香港財務報告準則第15號的影響。

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

(b) Issued but not yet effective new and revised HKFRSs (Continued)

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases — Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

3. 採納新訂及經修訂香港財務報告準則(續)

(b) 已頒佈但尚未生效之新訂及經修訂香港財務報告準則(續)

香港財務報告準則第16號「租賃」

香港財務報告準則第16號取代香港會計準則第17號「租賃」、香港(國際財務報告詮釋委員會)–詮釋第4號「釐定安排是否包括租賃」、香港(準則詮釋委員會)–詮釋第15號「經營租賃 – 優惠」及香港(準則詮釋委員會)–詮釋第27號「評估涉及租賃法律形式交易的內容」。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人就大多數租賃確認資產及負債。該準則包括給予承租人兩項租賃確認豁免 – 低價值資產租賃及短期租賃。於租賃開始日期，承租人將確認於租賃期作出租賃付款為負債(即租賃負債)及代表可使用相關資產的權利為資產(即有使用權資產)。除非有使用權資產符合香港會計準則第40號投資物業的定義，有使用權資產其後按成本減累計折舊及任何減值虧損計量。租賃負債其後會就反映租賃負債利息而增加及因租賃付款而減少。承租人將須分別確認租賃負債的利息開支及有使用權資產的折舊開支。承租人將亦須於若干事件發生時重新計量租賃負債，例如由於租賃期變更及用於釐定該等付款的一項指數或比率變更而引致未來租賃付款變更。承租人一般將重新計量租賃負債的數額確認為有使用權資產的調整。香港財務報告準則第16號大致沿用香港會計準則第17號內出租人的會計處理方式。出租人將繼續使用與香港會計準則第17號相同的分類原則對所有租賃進行分類，並將之分為經營租賃及融資租賃。本集團預期自2019年1月1日採納香港財務報告準則第16號，目前正評估採納香港財務報告準則第16號的影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5 to the consolidated financial statements.

4. 主要會計政策

(a) 編製基準

截至2016年12月31日止年度的綜合財務報表包括本公司及其附屬公司。

綜合財務報表按歷史成本法作量度基準編製。

編製符合香港財務報告準則之財務報表時，要求管理層作出判斷、估計及假設，有關判斷、估計及假設會影響政策之應用以及資產、負債、收入及開支之呈報金額。該等估計及相關假設乃根據過往經驗及其他在有關情況下被認為合理之各種因素作出，所得結果構成對未能從其他來源取得之資產及負債之賬面值作出判斷之基準。實際結果或會有別於該等估計。

本集團會持續檢討該等估計及相關假設。會計估計之修訂如只影響修訂估計之期間，則於該期間確認；修訂如影響本期間及未來期間，則於修訂期間及未來期間確認。

管理層在應用對財務報表及估計不確定性的主要來源造成重大影響之香港財務報告準則時作出的判斷，於綜合財務報表附註5內論述。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. 主要會計政策(續)**(b) 綜合基準**

截至2016年12月31日止年度，綜合財務報表包括本公司及其附屬公司之財務報表。附屬公司為本公司所直接或間接控制的實體(包括結構性實體)。當本集團就參與被投資公司所產生浮動回報而承受風險或享有權利，且有能透過對其行使權力(即讓本集團現時能夠支配被投資公司相關活動的現有權利)而影響有關回報時，則本集團已控制該被投資公司。

當本公司並未直接或間接擁有被投資公司大多數投票權或類似的權力時，本集團會考慮所有相關因素及情況，以評估其是否對被投資公司具有控制權，包括：

- (a) 與被投資公司之其他投票權持有者之間的合約式安排；
- (b) 從其他合約式安排中獲取的權力；及
- (c) 本集團的投票權和潛在投票權。

附屬公司之財務報表乃就與本公司相同之報告期間採用一致之會計政策編製。附屬公司之業績於本集團取得控制權當日起直至該控制權終止當日止綜合入賬。

損益及其他全面收入之各項乃歸屬於本集團之母公司擁有人及非控股權益，即使此舉會導致非控股權益出現虧絀結餘。與本集團成員公司間交易有關之所有集團內公司間資產及負債、權益、收入、開支及現金流量於綜合入賬時全數對銷。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(b) Basis of consolidation (Continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

(c) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

4. 主要會計政策(續)**(b) 綜合基準(續)**

倘事實及情況表明上述三個控制權因素中之一個或以上出現變動，本集團會重新評估其是否控制被投資公司。附屬公司之擁有權權益之變動(未喪失控制權)乃按權益交易入賬。

倘本集團喪失一間附屬公司之控制權，其終止確認(i)該附屬公司之資產(包括商譽)及負債；(ii)任何非控股權益之賬面值；及(iii)於權益記錄之累計換算差額；及確認(i)已收代價之公平值；(ii)任何保留投資之公平值及(iii)於損益中任何產生之盈餘或虧絀。本集團先前於其他全面收入確認之應佔部分按倘本集團直接出售有關資產或負債須採用之相同基準重新分類至損益或保留溢利(如適用)入賬。

(c) 業務合併及商譽

業務合併乃以收購法列賬。轉讓對價乃以收購日期的公平值計量，該公平值為本集團轉讓的資產於收購日期的公平值、本集團向被收購方前擁有人承擔的負債，及本集團發行以換取被收購方控制權的股本權益的總和。於各業務合併中，本集團選擇是否以公平值或以被收購方可識別淨資產的應佔比例，計量於被收購方的非控股權益，即於被收購方中賦予持有人在清盤時按比例分佔淨資產的現有所有權權益。非控股權益的所有其他組成部分均按公平值計量。收購相關成本於產生時列為開支。

當本集團收購一項業務時，會根據合同條款、於收購日期的經濟環境及相關條件，評估須承擔的金融資產及負債，以作出適合的分類及標示，其中包括分離被收購方主合同中的嵌入式衍生工具。

如業務合併分階段進行，先前持有的股本權益按其於收購日期的公平值重新計量，所產生的任何收益或虧損於損益內確認。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

4. 主要會計政策(續)**(c) 業務合併及商譽(續)**

收購方將轉讓的任何或然對價按收購日期的公平值確認。分類為資產或負債的或然對價按公平值計量，其公平值變動於損益內確認。分類為權益的或然對價不重新計量，其之後的結算在權益中入賬。

商譽起初按成本計量，即已轉讓對價、非控股權益的確認金額及本集團先前持有的被收購方股本權益的任何公平值總額，與所收購可識別淨資產及所承擔負債之間的差額。如對價與其他項目的總額低於所收購淨資產的公平值，於重新評估後該差額將於損益內確認為議價收購收益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年作減值測試，若有事件發生或情況改變顯示賬面值有可能減值時，則會更頻密地進行測試。本集團於12月31日進行商譽的年度減值測試。為進行減值測試，因業務合併而購入的商譽自收購日期起被分配至預期可從合併產生的協同效益中獲益的本集團各現金產生單位（「現金產生單位」）或現金產生單位組別，而無論本集團其他資產或負債是否已分配至該等單位或單位組別。

減值乃通過評估與商譽有關的現金產生單位（或現金產生單位組別）的可收回金額釐定。當現金產生單位（或現金產生單位組別）的可收回金額低於賬面金額時，減值虧損便予以確認。已就商譽確認的減值虧損不得於隨後期間撥回。

如商譽已分配至現金產生單位（或現金產生單位組別），而該單位的部分業務已出售，則在釐定出售損益時，與所出售業務相關的商譽會計入該業務的賬面金額。在該等情況下出售的商譽乃根據所出售業務的相對價值及現金產生單位的保留份額進行計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2016

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4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated at rates sufficient to write off their cost over their estimated useful lives on a straight line basis. The principal annual rates used for this purpose during the reporting period are as follows:

Computer equipment	30%
Instruments	20%
Office equipment	30%
Motor vehicle	30%
Furniture and fixtures	20%
Leasehold improvement	Over the lease term

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. 主要會計政策(續)

(d) 物業、廠房及設備

物業、廠房及設備，包括持作生產或供應貨品或服務用途或作行政用途之樓宇及租賃土地(歸類為融資租約)，乃按成本減其後之累計折舊及其後之累計減值虧損(如有)於綜合財務狀況表內列賬。

其後成本只在與該項目有關的日後經濟利益很可能會流向本集團及該項目的成本能可靠地計量時，始會計入該資產的賬面值內或確認為另一項資產(如適用)。所有其他維修及保養於其發生的財政期間在損益表內確認。

物業、廠房及設備的折舊按足以在其估計可使用期內撇銷其成本的年率按直線法計算。於報告期間就此目的所用的主要年率如下：

電腦設備	30%
工具	20%
辦公室設備	30%
汽車	30%
傢俱及裝置	20%
租賃物業裝修	於租賃期內

估計可使用年期及折舊方法於各報告期末檢討，而估計變動之影響乃按預提基準入賬。

物業、廠房及設備項目於出售時或預期日後繼續使用該資產不會再產生經濟利益時即終止確認。出售或棄用一項物業、廠房及設備所產生之盈虧以按出售所得款項及資產賬面值之差額計算，並於損益內確認。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(e) Intangible asset

Internally-generated intangible asset — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses (if any).

4. 主要會計政策(續)

(e) 無形資產

內部產生之無形資產 — 研究與開發開支

研究活動的開支於其產生的期間確認為支出。

當及僅當以下各項得到證明的情況下，來自開發活動(或來自一個內部項目之開發階段)之內部產生無形資產將予以確認：

- 完成無形資產使可供使用或出售的技術可行性；
- 完成無形資產及使用或出售的意圖；
- 使用或出售無形資產的能力；
- 無形資產將如何產生可能的日後經濟利益；
- 有足夠的技術、財務及其他資源去完成開發及使用或出售無形資產；及
- 能可靠地計量與無形資產於開發時有關的開支。

內部產生的無形資產的初步確認金額乃由無形資產首次符合上述確認準則日期起所產生的開支總和。倘並無可確認的內部產生無形資產，則開發開支於其發生的期間內於損益確認。初始確認後，內部產生之無形資產按成本值減累計攤銷及累計減值虧損(如有)入賬。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(f) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than goodwill, inventories and contract assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible asset with definite useful lives is tested for impairment whenever there is an indication that it may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. 主要會計政策(續)

(f) 非金融資產減值

於各報告期末，本集團審閱其非金融資產(商譽、存貨及合約資產除外)賬面值，以決定該等資產有否出現減值虧損的跡象。倘出現任何該等跡象，則對資產的可收回金額作出估計，以確定減值虧損(如有)的程度。倘不可能估計個別資產的可收回金額，則本集團將估計資產所屬現金產生單位的可收回金額。當可識別合理持續的分配基準時，公司資產亦會分配至個別現金產生單位或分配至可識別合理持續分配基準的最小現金產生單位組別。

有限可使用年期之無形資產於有跡象顯示可能出現減值時進行減值測試。

可收回金額為公平值減去銷售成本及使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量以稅前貼現率貼現至其現值，該貼現率反映市場現時所評估的金錢時間值及並未就其調整估計未來現金流量的資產特定風險。

倘資產(或現金產生單位)的估計可收回金額低於其賬面值，則資產(或現金產生單位)的賬面值將被調低至其可收回金額。減值虧損即時於損益確認。

倘減值虧損其後撥回，則資產(或現金產生單位)的賬面值將上調至其經修訂估計可收回金額，惟經上調賬面值不得超出資產(或現金產生單位)於以往年度並無確認減值虧損時原應確定的賬面值。減值虧損撥回即時於損益確認。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. 主要會計政策(續)

(g) 公允值計量

公允值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格。公允值計量乃根據假設出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)最具優勢市場進行而作出。主要或最具優勢市場須為本集團可進入之市場。資產或負債的公允值乃按假設市場參與者於資產或負債定價時會以最佳經濟利益行事計量。

非金融資產的公允值計量須考慮市場參與者能自最大限度使用該資產達致最佳用途，或將該資產出售予將最大限度使用該資產達致最佳用途的其他市場參與者，所產生的經濟效益。

本集團採納適用於不同情況且具備充分數據以供計量公允值的估值方法，以盡量使用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

所有載於本財務報表計量或披露的資產及負債乃基於對公允值計量整體而言屬重大的最低層輸入數據按以下公允值等級分類：

- 第一級：基於相同資產或負債於活躍市場的報價(未經調整)
- 第二級：基於對公允值計量而言屬重大的可觀察(直接或間接)最低層輸入數據的估值方法
- 第三級：基於對公允值計量而言屬重大的不可觀察最低層輸入數據的估值方法

就按經常性基準於本財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公允值計量整體而言屬重大的最低層輸入數據)確定是否發生不同等級轉移。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the first-in-first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Financial assets of the Group are classified into the following specified categories: "financial assets at fair value through profit or loss" ("FVTPL") and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. 主要會計政策(續)**(h) 存貨**

存貨以成本及可變現淨值之較低者列賬。成本乃按先進先出基準計算，並包括所有採購成本、加工成本及其他使存貨達致其現時地點及狀況而產生之成本。可變現淨值指存貨的估計售價減所有估計完成成本及進行銷售所需成本。

倘售出存貨，則該等存貨之賬面值在相關收益確認之期間確認為支出。任何撇減存貨至可變現淨值之金額及存貨之所有虧損於撇減或出現虧損之期間內確認為支出。轉回任何撇減存貨之金額於出現撥回之期間沖減確認為支出之存貨金額。

(i) 金融工具

金融資產及金融負債於集團實體成為有關工具合約條文的訂約方時確認。

金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債(按公平值計入損益的金融資產及金融負債除外)直接應佔交易成本於初步確認時加入金融資產或金融負債的公平值或自金融資產或金融負債的公平值扣除(如適用)。收購按公平值計入損益的金融資產或金融負債直接應佔交易成本即時於損益內確認。

(i) 金融資產

本集團的金融資產被分類為以下特定類別：「按公平值計入損益」(「按公平值計入損益」)之金融資產和「貸款及應收款項」。分類視乎金融資產之性質及目的而定，並於首次確認時釐定。所有以常規方式購入或出售之金融資產均按買賣日期基準確認及終止確認。以常規方式購入或出售指須於市場規定或慣例所訂時限內交付資產之金融資產購入或出售。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial instruments (Continued)**(ii) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than these financial assets classified as at FVTPL.

(iii) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

4. 主要會計政策(續)**(i) 金融工具(續)****(ii) 實際利率法**

實際利率法乃計算債務工具攤銷成本及於相關期間內分配利息收入的方法。實際利率乃按債務工具預期年期或適用的較短期間準確貼現估計未來現金收款(包括構成實際利率不可或缺部分的所有已付或已收費用及點子、交易成本及其他溢價或折讓)至初步確認時賬面淨值的利率。

債務工具的收益乃按實際利率基準確認，按公平值計入損益之金融資產除外。

(iii) 按公平值計入損益之金融資產

當金融資產乃持作買賣或指定為按公平值計入損益時，金融資產被分類為按公平值計入損益。

倘若出現下列情況，則金融資產分類為持作買賣：

- 購入的主要目的為於不久將來出售；或
- 於初步確認時其為本集團聯合管理的已識別金融工具組合的一部分，而近期實際具備短期獲利的模式；或
- 其為不指定及實際作為對沖工具的衍生工具。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial instruments (Continued)

(iii) Financial asset at FVTPL (Continued)

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item. Fair value is determined in the manner described in note 4(g) to the consolidated financial statements.

4. 主要會計政策(續)

(i) 金融工具(續)

(iii) 按公平值計入損益之金融資產(續)

金融資產(持作買賣的金融資產除外)可於下列情況下於初步確認時指定為按公平值計入損益:

- 該指定消除或大幅減少可能會出現的計量或確認方面的一致性;或
- 該金融資產構成一組金融資產或金融負債或金融資產及金融負債組合的一部分,而根據本集團制定的風險管理或投資策略,該項資產的管理及表現乃以公平值為基礎進行評估,且有關分組的資料乃按此基準向內部提供;或
- 其構成包含一項或多項嵌入式衍生工具的合約的一部分,而香港會計準則第39號金融工具: 確認及計量允許將整個組合合約指定為按公平值計入損益計量。

按公平值計入損益之金融資產按公平值列賬,而由重新計量產生之任何收益或虧損於損益賬確認。於損益確認之淨收益或虧損包括自金融資產賺取之任何股息或利息,並計入「其他收益及虧損」項目。公平值乃按綜合財務報表附註4(g)所述方式釐定。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial instruments (Continued)**(iv) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

(v) Impairment of financial assets

Financial assets other than those at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

4. 主要會計政策(續)**(i) 金融工具(續)****(iv) 貸款及應收款項**

貸款及應收款項為具有固定或可釐定付款額但於活躍市場並無報價的非衍生金融資產。貸款及應收款項(包括應收貿易賬款及銀行結餘及現金)乃以實際利率法按攤銷成本減任何減值計量。

利息收入乃採用實際利率確認，惟倘確認利息屬不重大，則短期應收款項除外。

(v) 金融資產減值

金融資產(按公平值計入損益外之金融資產除外)於各報告期間末就減值跡象進行評估。倘出現客觀證據，顯示投資的估計未來現金流量因一項或多項於初步確認金融資產後發生的事件而遭受影響，則金融資產視作已減值。

減值的客觀證據可包括：

- 發行人或交易對手面臨重大財政困難；或
- 違約，例如欠繳或拖欠利息或本金付款；或
- 借用人可能將會破產或進行財務重組；或
- 該金融資產的活躍市場因財政困難而消失。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial instruments (Continued)

(v) Impairment of financial assets (Continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

4. 主要會計政策(續)

(i) 金融工具(續)

(v) 金融資產減值(續)

就應收貿易賬款等若干金融資產類別而言，被評估為非個別減值的資產將額外按整體基準進行減值評估。應收款項組合的客觀減值證據可包括本集團的過往收款經驗、組合內超逾平均信貸期的延遲還款次數增加，以及與拖欠應收款項有關的全國或地方經濟狀況出現可觀察改變。

就按攤銷成本列賬的金融資產而言，已確認減值虧損金額為該資產賬面值與按金融資產原來實際利率貼現的估計未來現金流量現值之間的差額。

就按成本入賬的金融資產而言，減值虧損的金額按資產的賬面值與按類似金融資產的現行市場回報率貼現的估計日後現金流量現值兩者之差額計量。上述減值虧損於其後期間不會撥回(參見下文會計政策)。

所有金融資產的賬面值直接按減值虧損削減，但應收貿易賬款除外，其賬面值乃透過使用撥備賬削減。當某項應收貿易賬款被認為無法收回，則於撥備賬內撇銷。其後如收回之前已撇銷的金額，則撥入撥備賬。撥備賬賬面值的變動於損益表中確認。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial instruments (Continued)**(v) Impairment of financial assets (Continued)**

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(vi) Financial liabilities and equity instruments*Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

(vii) Financial liabilities

Financial liabilities of the Group (including trade and other payables) are subsequently measured at amortised cost using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. 主要會計政策(續)**(i) 金融工具(續)****(v) 金融資產減值(續)**

對於按攤銷成本計量的金融資產，如於其後期間該減值虧損減少，而減少與確認減值後的某項事件存在客觀關係，則之前已確認的減值虧損透過損益撥回，但投資於撥回減值日期的賬面值不得超過倘並無確認減值的攤銷成本。

(vi) 金融負債及股本工具*分類為債務或股本*

集團實體發行的債務及股本工具乃按照合約安排內容及金融負債及股本工具的定義而分類為金融負債或股本。

股本工具

股本工具是證明某實體的資產(於扣除所有負債後)有剩餘權益的合約。由本集團發行的股本工具以所收取的所得款項扣除直接發行成本後列賬。

本公司購回本身之股本工具於權益內直接確認及扣除。本公司購買、出售、發行或註銷本身之股本工具時一概不會於損益內確認收益或虧損。

(vii) 金融負債

本集團的金融負債(包括應付貿易及其他應付賬款)其後以實際利率法按攤銷成本計量，除非貼現影響無關緊要，則在此情況下以成本列賬。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial instruments (Continued)

(vii) Financial liabilities (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

(viii) Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

4. 主要會計政策(續)

(i) 金融工具(續)

(vii) 金融負債(續)

實際利率法

實際利率法是計算金融負債攤銷成本及將利息支出分配於有關期間的一種方法。實際利率是指將金融負債的預計存在期(或如適用,較短期間)的估計日後現金付款準確貼現至於初步確認時的淨賬面值的利率。

利息支出以實際利率基準確認。

(viii) 終止確認

本集團僅在資產所產生現金流量的合約權利屆滿或於其轉讓金融資產以及資產擁有權絕大部分風險及回報予另一實體時終止確認該金融資產。倘本集團並無轉讓或保留擁有權絕大部分風險及回報,並繼續控制已轉讓資產,則本集團將繼續確認資產,惟以其持續參與者為限,並確認相關負債。倘本集團保留已轉讓金融資產擁有權絕大部分風險及回報,則本集團將繼續確認該金融資產,及亦確認已收所得款項的有擔保借款。

倘完全終止確認金融資產,資產賬面值與已收及應收代價與已於其他全面收入確認並於權益累積的累計收益或虧損的總和之間的差額將於損益確認。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(i) Financial instruments (Continued)**(viii) Derecognition (Continued)**

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

4. 主要會計政策(續)**(i) 金融工具(續)****(viii) 終止確認(續)**

倘非完全終止確認金融資產，本集團將於其繼續確認的部分與其不再確認的部分之間按該等部分於轉讓日期的相關公平值基準分配該金融資產先前賬面值。獲分配予不再確認部分的賬面值與就不再確認部分所收取代價與任何分配予該部分並已於其他全面收入確認的累計收益或虧損的總和之間的差額將於損益確認。已於其他全面收入確認的累計收益或虧損於繼續確認的部分與不再確認的部分之間按該等部分的相關公平值基準進行分配。

本集團僅於本集團的責任獲解除、取消或到期時終止確認金融負債。已終止確認金融負債賬面值與已付及應付代價之間的差額於損益確認。

(j) 現金及現金等價物

現金及現金等價物包含銀行存款及庫存現金、存放於銀行和其他金融機構的活期存款，以及短期和流動性極高的投資項目。這些項目可以容易地轉換為已知的現金數額，所須承受的價值變動風險甚小，並在購入後三個月內到期。就編製綜合現金流量表而言，現金及現金等價物也包括須按要價還，並構成本集團現金管理一部分的銀行透支。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(k) Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years.

4. 主要會計政策(續)**(k) 撥備及或然負債**

當本集團因過往事件而承擔現有責任(法律或推定)及倘可靠地估計該項責任之金額時本集團可能須履行該項責任,則會確認撥備。

確認為撥備的金額為清償報告期末的現時責任並計入該責任的風險及不明朗因素所需代價的最佳估計。倘使用估計用以清償現時責任的現金流量計量撥備,其賬面值為該等現金流量的現值(如貨幣時間價值的影響屬重大)。

倘用以償還撥備之部分或全部經濟利益預期將由第三方收回,則當實質上確認將收到償款且應收金額能可靠計量時,應收款項方確認為資產。

若流出經濟利益之可能性較低,或相關數額未能作出可靠估計時,該責任將披露為或然負債,惟流出經濟利益之可能性極低者除外。僅由於一項或多項未來事項之發生或不發生而確認是否存在之可能責任亦須披露為或然負債,惟流出經濟利益之可能性極低者除外。

(l) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產和負債的變動。即期稅項及遞延稅項資產和負債的變動均在損益內確認,惟與其他全面收益或直接於權益內確認之項目有關者除外,在此情況下,相關稅項金額分別於其他全面收益或直接於權益內確認。

即期稅項乃按年度應課稅收入,根據在報告期末已制訂或實質上已制訂的稅率計算的預期應付稅項,及以往年度應付稅項的任何調整。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(I) Income tax (Continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

4. 主要會計政策(續)**(I) 所得稅(續)**

遞延稅項資產和負債分別由可抵扣和應課稅暫時差異產生。暫時差異是指資產和負債就財務報告而言的賬面值與這些資產和負債的計稅基礎的差異。遞延稅項資產也可以由未利用稅項虧損和未利用稅款抵減產生。

除了某些例外情況外，所有遞延稅項負債和遞延稅項資產(只限於很可能獲得能利用該遞延稅項資產來抵扣的未來應課稅利潤)都會確認。可能支持確認由可抵扣暫時差異所產生遞延稅項資產的未來應課稅利潤包括因轉回目前存在的應課稅暫時差異而產生的數額；但這些轉回的差異必須與同一稅務機關及同一應課稅實體有關，並預期在暫時差異預計轉回的同一年間或遞延稅項資產所產生稅項虧損可轉回或結轉的期間內轉回。在決定目前存在的應課稅暫時差異是否足以支持確認由未利用稅項虧損和未利用稅款抵減所產生的遞延稅項資產時，亦會採用同一準則，即倘若該等差異與同一稅務機關及同一應課稅實體有關，且預期在能使用稅項虧損或稅款抵減的期間內轉回，則會計及該等差異。

確認為遞延稅項資產及負債之暫時差異是產生自以下有限之例外情況：不可在稅務方面獲得扣減之商譽所產生之暫時差異；不影響會計或應課稅溢利之資產或負債之初始確認(如屬業務合併之一部分除外)；以及投資附屬公司之暫時差異(如屬應課稅差異，只限於本集團可以控制撥回之時間，而且在可預見之將來不大可能撥回之暫時差異；或如屬可抵扣差異，則只限於很可能在將來撥回之差異)。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(I) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the company or the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise the assets and settle the liabilities simultaneously.

4. 主要會計政策(續)

(I) 所得稅(續)

本集團於每個報告期末檢討遞延稅項資產之賬面值。如不再可能獲得足夠之應課稅溢利以抵扣相關之稅務利益，該遞延稅項資產之賬面值便會調低；但如日後有可能獲得足夠之應課稅溢利，有關減額便會撥回。

即期和遞延稅項結餘及其變動額將各自列示，並不予抵銷。即期及遞延稅項資產會在本公司或本集團有合法可強制執行權利以即期稅項資產抵銷即期稅項負債時，並且符合以下附帶條件之情況下，方可分別抵銷即期及遞延稅項負債：

- 即期稅項資產及負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 遞延稅項資產和負債：此等資產及負債必須與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同之應課稅實體。這些實體計劃在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services provided in the normal course of business, net of returns and discounts. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Revenue from the sales of goods

Revenue is recognised when goods are delivered at the customers' designated location which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue is after deduction of any trade discounts.

(ii) Revenue from fixed-price contracts

Revenue from fixed-price contracts for the provision of application specific integrated circuit service ("ASIC Service") is recognised under the percentage of completion method, which is based on the services performed to date as a percentage of the total services to be performed under the relevant contract.

(iii) Revenue from the provision of total solutions for information security services

Revenue from the provision of total solutions for information security services is recognised by reference to the stage of completion of the contract under which revenue is recognised in the accounting periods upon services being rendered. The stage of completion of a transaction is determined by services performed to date as a percentage of total services to be performed.

(iv) Interest income

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. 主要會計政策(續)**(m) 收益確認**

收益按已收或應收之代價之公平值計量，相當於在正常業務過程中出售貨物或提供服務應收之金額，並扣除退貨及折扣。倘經濟利益可能會流入本集團，而收益及成本(如適用)亦能夠可靠計算時，收益便會根據下列基準在損益內確認：

(i) 來自銷售貨品的收益

收益在貨品抵達客戶指定的地點，而且客戶接收貨品及其所有權相關的風險及回報時確認。收益已扣除任何營業折扣。

(ii) 來自固定價格合約的收益

來自提供應用指定集成電路服務(「ASIC服務」)的固定價格合約的收益按照迄今完成百分比法確認，乃根據相關合約已提供的服務佔將予提供的全部服務的百分比確認。

(iii) 來自提供資訊保安整體解決方案服務的收益

來自提供資訊保安整體解決方案服務的收益參考合約完成階段確認，據此，收益於提供服務之會計期間確認。交易完成階段按截至本日所履行之服務佔將履行服務總額之百分比釐定。

(iv) 利息收入

利息收入初始確認時按時間基準參考未償還本金及適用實際利率(即於金融資產預計年期內將其估計未來現金收入準確貼現至該資產的賬面淨值所用的比率)累計。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plan

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group participates in a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF scheme vest immediately. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees.

The PRC subsidiary of the Group also participates in a defined contribution retirement benefit scheme ("the PRC Scheme") organised by the PRC municipal and provincial government authorities whereby the PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the PRC Schemes.

The total expenses recognised in profit or loss represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. The Group has no other material obligation for payment of retirement benefits beyond the contributions as described above.

4. 主要會計政策(續)

(n) 僱員福利

(i) 短期僱員福利及向定額供款退休計劃作出的供款

薪金、年度獎金、有薪年假、定額供款退休計劃供款及非金錢福利的成本，均在僱員提供相關服務的年度內累計。倘付款或結算延遲而影響屬重大，則上述數額會按其現值列賬。

本集團為所有香港合資格僱員參與根據香港強制性公積金計劃條例設立的強制性公積金計劃(「強積金計劃」)。強積金計劃乃由獨立信託人管理的定額供款退休計劃。根據強積金計劃，本集團和其僱員分別須按僱員有關收入的5%向該計劃作出供款，而有關收入以每月30,000港元為上限。向強積金計劃作出的供款即時歸屬。強積金計劃資產乃與本集團資產分開持有，放置於受託人控制的基金內。

本集團中國附屬公司亦參與一項由中國市級及省級政府部門組織的定額供款退休福利計劃(「該中國計劃」)，中國附屬公司被要求將其若干比例的工資貢獻予退休福利計劃。本集團已產生規定供款，該等供款乃於供款到期時匯寄予各地方政府部門。地方政府部門負責應付予該中國計劃所覆蓋之退休僱員的退休金義務。

於損益確認之開支總額指本集團應按計劃規則指定比例向該等計劃支付之供款。本集團除上述供款外，並無其他重大的支付退休福利責任。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Employee benefits (Continued)**(ii) Termination benefit**

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(iii) Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments whereby employees render services as consideration for equity instruments ("equity-settled transactions").

For share options granted under the share option scheme, the fair value of the employee's services rendered in exchange for the grant of the options is recognised as an expense and credited to share option reserve under equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date. At the end of each reporting period, the Group revises its estimates of the number of options that is expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, and a corresponding adjustment to share option reserve over the remaining vesting period.

4. 主要會計政策(續)**(n) 僱員福利(續)****(ii) 離職福利**

離職福利於本集團不再能取消提供該等福利時及本集團確認涉及支付離職福利的重組成本時(以較早者為準)確認。

(iii) 購股權計劃

本公司設有一項購股權計劃，為對本集團業務成功作出貢獻之合資格參與者提供鼓勵與獎賞。本集團僱員(包括董事)以股份為基礎付款之方式收取報酬，而僱員則提供服務作為權益工具之代價(「權益結算交易」)。

就根據購股權計劃授出之購股權而言，僱員所提供服務換取獲授購股權之公平值確認為開支，並計入權益內的購股權儲備。歸屬期間支銷之總額參照授出日期所授出購股權之公平值釐定。於各報告期末，本集團修訂預計成為可予行使購股權數目之估計。其於綜合損益及其他全面收益表內確認修訂原有估計(若有)之影響及餘下歸屬期間內對購股權儲備之相應調整。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Employee benefits (Continued)

(iii) Share option scheme (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified if the original terms of the award are met. In addition, an expense is recognised for any modification, which increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share, if any.

(o) Leases

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease terms, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Lease should recognise the aggregate benefit of incentives as a reduction of rental expense over the lease term.

4. 主要會計政策(續)

(n) 僱員福利(續)

(iii) 購股權計劃(續)

倘若權益結算報酬的條款有所變更，所確認開支最少須達到猶如條款並無任何變更的水平(倘獎勵的原有條件已達成)。此外，倘若按變更日期計量，任何變更導致以股份為基礎付款的總公平值有所增加，或對僱員帶來其他利益，則應就該等變更確認開支。

倘權益結算報酬被註銷，則被視為於註銷當日已歸屬，而尚未就該報酬確認的任何費用須即時予以確認。然而，倘有一項新報酬取代已經註銷報酬，及於授出當日被指定為該報酬的替代品，則該已註銷報酬及新報酬均被視為原有報酬的改動(見上段所述)。

尚未行使購股權的攤薄影響已反映於計算每股盈利(如有)時的額外股份攤薄。

(o) 租賃

租賃不會使所有權的絕大部份風險及回報轉移至本集團，則分類為經營租賃。倘本集團有透過經營租賃使用資產的情況，則根據租賃作出的付款會於租賃期所涵蓋的會計期間內，以等額於損益表中扣除。若有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。經營租賃協議所涉及的激勵措施均於損益表中確認為租賃淨付款總額的組成部份。租賃項下有關激勵措施的收入總額應確認為租賃期內的租金支出減少。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(q) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

4. 主要會計政策(續)**(p) 借貸成本**

因收購、興建或生產需要長時間籌備方可供作其擬定用途或銷售的合資格資產應佔的直接借貸成本，乃資本化為該等資產成本的一部分，直至該等資產大致可供作其擬定用途或銷售為止。在特定借貸撥作合資格資產的支出前暫時用作投資所賺取的投資收入，將從資本化借貸成本中扣除。所有其他借貸成本於產生期間支銷。借貸成本包括實體就借入資金而產生的利息及其他成本。

(q) 外幣

於編製個別集團實體的財務報表時，以該實體的功能貨幣以外貨幣(外幣)進行的交易均以各自的功能貨幣(即該實體經營所在的主要經濟環境的貨幣)按交易日的當時匯率入賬。於報告期間末，以外幣列賬的貨幣項目按當日的當時匯率再換算。以外幣按歷史成本計量的非貨幣項目毋須再換算。

來自貨幣項目結算及於再換算貨幣項目時的匯兌差額於其發生的期間於損益中確認。

就呈列綜合財務報表而言，本集團外國業務的資產與負債乃按本集團的呈報貨幣(即港元)按報告期間末的當時匯率換算，而其收入及支出按期間內的平均匯率換算，除非匯率於期間內大幅波動，在這種情況下，則使用於各交易日的當時匯率。如出現匯兌差額(如有)，則於其他全面收益確認及權益中的匯兌儲備項下累計。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(r) Related parties

(A) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parents.

(B) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (A); or
- (vii) a person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parents of the Group.

4. 主要會計政策(續)

(r) 關連人士

(A) 該名人士須符合以下條件時，該名人士或其家族之近親與本集團方有關連：

- (i) 對本集團擁有控制權或聯合控制權；
- (ii) 對本集團擁有重大影響；或
- (iii) 為本集團或本集團母公司之主要管理層成員。

(B) 倘實體適用於以下任何條件，與本集團方有關連：

- (i) 實體與本集團為同一集團公司成員，即母公司、附屬公司及同系附屬公司彼此相互關連；
- (ii) 某一實體為另一實體之聯營公司或合營公司，或為另一實體所屬集團公司成員之聯營公司或合營公司；
- (iii) 實體均為同一第三方之合營公司；
- (iv) 某一實體為第三實體之合營公司，而另一實體為第三方之聯營公司；
- (v) 實體為本集團或與本集團有關之實體之僱員福利設立離職後福利計劃；
- (vi) 實體受(A)所界定人士控制或聯合控制；或
- (vii) (A)(i)所界定人士對實體擁有重大影響或為實體(或該實體母公司)之主要管理層成員；及
- (viii) 該實體或組成本集團其中一部分之任何成員公司向本集團或本集團之母公司提供主要管理人員服務。

4. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(s) Segment report

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group's accounting policies, which are described in note 4 to the consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other information that are considered to be relevant. Actual results may differ from these estimates.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) Capitalised development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Determining the amounts to be expensed in profit or loss or to be capitalised required management to make judgment, and assumptions regarding the expected progress and outcome of the research and development activities, the future expected cash generation of the assets, discount rates to be applied, and also the expected period of, probable future economic benefits.

4. 主要會計政策(續)

(s) 分部報告

經營分部及綜合財務報表所呈列各分部的金額，乃從為向本集團各項業務及地理位置分配資源及評估其業績而定期向本集團最高行政管理層提供的財務報表當中識別出來。

個別重要的經營分部不會合計以供財務報告之用，但如該等經營分部的產品和服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務的方法以及監管環境的本質等經濟特性均屬類似，則作別論。個別不重要的經營分部如果符合以上大部分條件，則可以合計為一個報告分部。

5. 重大會計判斷及估計

於應用本集團的會計政策(載於綜合財務報表附註4)時，管理層須就從其他來源不易得知的資產與負債賬面值作出判斷、估計及假設。估計及相關假設乃基於歷史經驗及認為相關的其他資料。實際結果可能與這些估計不同。

在應用本集團會計政策過程中，除該等對於財務報表中所確認金額產生最重大影響的相關估計外，管理層已作出以下判斷：

(i) 資本化研發成本

研發活動相關費用於產生時列作開支。內部項目開發費用所產生的無形資產僅在本集團能夠證明完成無形資產使其可供使用或出售的技術可行性、其完成意圖及使用或出售資產的能力、資產如何產生未來經濟利益、完成開發的資源的可用性以及可靠計量在開發中無形資產應佔費用的能力。釐定於損益列作開支或予以資本化之金額時，管理層須作出判斷及假設有關於研究及開發活動之預期進度及結果、未來資產產生的現金、將應用之貼現率，及可能未來經濟效益之預期期間。

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

(ii) Business combination

The recognition of business combinations requires the Group making of judgment and estimation in relation to the purchase price allocation for the acquisition over the fair value of the acquired assets and the assumed liabilities of the acquired entity. If any unallocated portion is positive it is recognised as goodwill and if negative, it is recognised in the consolidated statement of profit and loss or other comprehensive income.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

(iii) Useful lives of property, plant and equipment and intangible asset

In applying the accounting policy on property, plant and equipment and intangible asset with respect to depreciation and amortisation, management estimates the useful lives of various categories of property, plant and equipment and intangible asset based on the historical experience of the actual useful lives of assets of similar nature and functions. The Group will revise the depreciation and amortisation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(iv) Allowance for slow-moving and obsolete inventories

Allowance for slow-moving and obsolete inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgment and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and the allowance charge/write-back in the period in which such estimate has been changed.

5. 重大會計判斷及估計(續)

(ii) 業務合併

確認業務合併需本集團就有關收購之購買價格分配至所收購實體的所收購資產及所承擔負債的公允值作出判斷及估計。倘任何未分配部分為正值，則確認為商譽，及倘為負值，則於綜合損益表或其他全面收益中確認。

以下是關係到日後的主要假設，以及於報告期間末對下一個財政期間的資產與負債賬面值有引致重大調整風險的其他估計不明朗因素主要來源。

(iii) 物業、廠房及設備以及無形資產的可用期

在對物業、廠房及設備以及無形資產的折舊及攤銷應用會計政策時，管理層根據類似性質及功能的資產實際可用期的過往經驗估計各類物業、廠房及設備以及無形資產的可用期。倘可用期與之前估計不同，本集團會修正折舊及攤銷支出，或撇銷或撇減技術上已過時或已廢棄或出售的非策略性資產。

(iv) 對滯銷及過時存貨的撥備

對滯銷及過時存貨的撥備乃根據存貨的賬齡及估計變現淨值而作出。評估撥備額涉及判斷和估計。倘日後的實際結果與原來估計不同，有關差異將會對有關估計已改變期間的存貨賬面值和扣除／撥回撥備有影響。

5. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

(v) Provisions and contingent liabilities

The Group recognises provision for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as contingent liabilities in a note 40 to the consolidated financial statements.

(vi) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purposes of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on five year financial budgets approved by management. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key assumptions include the expected growth in revenues, timing of future capital expenditures, growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgment is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviewed.

(vii) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

5. 重大會計判斷及估計(續)

(v) 撥備及或然負債

當本集團因過往事件而須負上法律或推定責任，且可能須就履行該等責任而導致經濟利益流出，並能夠就此作出可靠估計，本集團會就該等未能確定發生時間或金額不定的負債作出撥備。倘不一定需要流出經濟利益履行責任或未能可靠估計款額，則該等責任將於綜合財務報表附註40中披露作或然負債。

(vi) 商譽減值

本集團每年測試商譽是否出現任何減值。就減值檢討而言，商譽可收回金額乃根據使用值的計算方法釐定。使用值的計算方法主要利用按管理層批准的五年財務預算計算的現金流量預測。編製批准預算涵蓋期間的現金流量預測涉及若干假設及估計。主要假設包括收益的預期增長、未來資本開支的時間、增長率及選擇反映有關風險的貼現率。管理層編製反映實際及往年表現及市場發展預測的財政預算。釐定現金流量預測所採納的主要假設時須作出判斷，而主要假設的變動可對此等現金流量預測造成重大影響，因而影響減值檢討的結果。

(vii) 除商譽外之非財務資產減值

於各報告期間末，本集團評估所有非財務資產是否有任何減值跡象。倘有跡象顯示賬面值未必能收回，則會對可使用年期有限之非財務資產進行減值測試。當資產或現金產生單位之賬面值超出其可收回金額(即其公平值減銷售成本與其使用價值之較高者)時即存在減值。公平值減出售成本乃按類似資產公平交易中具約束力之銷售交易所得數據或可觀察市場價格減出售資產之增加成本計算。當計算使用價值時，管理層必須估計該項資產或現金產生單位之預期未來現金流量，並選擇合適折現率以計算該等現金流量之現值。

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amounts of the Group's financial assets and liabilities as at the end of each reporting year are as follows:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Financial assets:	金融資產：		
Loans and receivables	貸款及應收款項		
— Trade receivables	— 應收貿易賬款	7,985	2,191
— Loans receivables	— 應收貸款	255,954	86,420
— Deposit	— 按金	926	629
— Bank balances and cash	— 銀行結餘及現金	8,005	188,739
		272,870	277,979
Financial liabilities:	金融負債：		
Financial liabilities measured at amortised cost	按攤銷成本計量的金融負債		
— Trade payables	— 應付貿易賬款	543	928
— Other payables and accruals	— 其他應付及應計款項	6,996	1,233
		7,539	2,161

(b) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are described below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk include United States dollars ("USD") and Renminbi ("RMB"). In addition, certain bank balances of the Group are also denominated in USD. The Group currently does not have a foreign currency hedging policy with respect to its foreign exchange exposure. However, management monitors foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arise.

6. 金融工具

(a) 金融工具的分類

本集團於各報告年末的金融資產與負債賬面值如下：

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Financial assets:	金融資產：		
Loans and receivables	貸款及應收款項		
— Trade receivables	— 應收貿易賬款	7,985	2,191
— Loans receivables	— 應收貸款	255,954	86,420
— Deposit	— 按金	926	629
— Bank balances and cash	— 銀行結餘及現金	8,005	188,739
		272,870	277,979
Financial liabilities:	金融負債：		
Financial liabilities measured at amortised cost	按攤銷成本計量的金融負債		
— Trade payables	— 應付貿易賬款	543	928
— Other payables and accruals	— 其他應付及應計款項	6,996	1,233
		7,539	2,161

(b) 財務風險管理目標及政策

本集團的活動面對多種財務風險：市場風險(包括貨幣風險及利率風險)、信貸風險及流動資金風險。如何減低這些風險的政策載於下文。管理層管理及監察這些風險以確保及時及有效地實施適當的措施。

(i) 貨幣風險

本集團面對的外幣風險，主要透過以相關業務的功能貨幣以外的貨幣進行銷售和採購。帶來此項風險的貨幣包括美元(「美元」)及人民幣(「人民幣」)。此外，本集團之若干銀行結餘亦以美元計值。本集團目前並無就其外匯風險訂立外幣對沖政策。然而，管理層會監察外匯風險及在有需要時考慮對沖重大外匯風險。

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(i) Currency risk (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Assets	資產		
USD	美元	2,543	1,913
RMB	人民幣	1,314	228
Liabilities	負債		
USD	美元	1,050	1,098
RMB	人民幣	260	98

Foreign currency sensitivity analysis

The Group mainly exposes to foreign exchange fluctuation of the currencies of USD and RMB against the currency of Hong Kong dollar ("HKD"). The directors consider that the Group's exposure to USD does not give rise to significant foreign currency risk on the ground that HKD is pegged to USD. Therefore, no sensitivity analysis of USD against the functional currency of the respective group entity is disclosed.

A reasonably possible change of 5% in the exchange rate between RMB and HKD would have no material impact on the Group's profit or loss during the reporting periods and there would be no material impact on the Group's equity as at the end of each reporting period. The sensitivity analysis includes only outstanding RMB denominated monetary items and adjusts their translation at the end of respective reporting period for a 5% change in the currency rate. 5% is the sensitivity rate used when reporting foreign currency risk in respect of RMB internally to key management personnel and represents management's assessment of the reasonably possible change in the exchange rate of HKD against RMB.

6. 金融工具(續)

(b) 財務風險管理目標及政策(續)

(i) 貨幣風險(續)

本集團於各報告期間末以外幣計值的貨幣資產及貨幣負債的賬面值如下：

外幣敏感度分析

本集團主要承受美元和人民幣兌港元(「港元」)的外匯波動。董事認為，由於港元與美元掛鈎，本集團所承受由美元引起的外幣風險並不重大。因此，概無披露美元兌相關集團實體之功能貨幣之敏感度分析。

人民幣與港元之間的匯率可能出現的5%合理變動不會對本集團於報告期間的溢利或虧損構成重大影響，亦不會對本集團於各報告期間末之權益構成重大影響。敏感度分析只包括未償還並以人民幣計值之貨幣項目，及於各自之報告期間末時作出5%貨幣匯率之匯兌調整。在向主要管理人員內部匯報有關人民幣之外幣風險時，5%為所用的敏感率比率，亦代表管理層評估港元兌換人民幣匯率之合理可能變動。

6. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)****(ii) Interest rate risk**

The Group's exposure to cash flow interest rate risk arises primarily from its variable-rate bank deposits.

The Group currently does not have any interest rate hedging policy. However, the management monitors the Group's exposure to interest rate risk on an ongoing basis and will consider hedging interest rate risk should the need arise.

Interest rate sensitivity analysis

The sensitivity analysis below has been prepared based on the exposure to interest rates for the Group's variable-rate bank deposits at the end of each reporting period. The analysis is prepared assuming the amount of these assets and liabilities outstanding at the end of each reporting period were outstanding for the whole period. A 25 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. The analysis has been performed on the same basis throughout the reporting periods.

At the end of the reporting period, if interest rates had been 25 (2015: 25) basis points higher/lower in respect of the Group's variable-rate bank deposits and bank overdrafts, with all other variables held constant, there would have increased/decreased (2015: decreased/increased) by approximately HK\$6,000 (2015: HK\$295,500) on the Group's profit/loss during the reporting period. These are mainly attributable to Group's exposure to interest rate on its variable rate bank balances.

(iii) Credit risk

The Group's credit risk is primarily attributable to trade receivables, loans receivables and bank deposits. As at 31 December 2016 and 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position.

6. 金融工具(續)**(b) 財務風險管理目標及政策(續)****(ii) 利率風險**

本集團承受之現金流量利率風險主要來自其可變利率銀行存款。

本集團現時概無任何利率對沖政策。然而，管理層會持續監控本集團之利率風險，並在有需要時考慮對沖利率風險。

利率敏感度分析

以下敏感度分析基於各報告期間末本集團之可變利率銀行存款所帶來的利率風險編製。於編製分析時假設於各報告期間末結欠的該等資產及負債金額於整個期間內結欠。於向主要管理人員內部匯報利率風險時使用25個基點的利率上升或下降，並代表管理層評估利率變動之合理可能變動。於整段報告期間的分析亦以相同的基準編製。

於報告期末，倘本集團之可變利率銀行存款及銀行透支之利率上升/降低25(2015年：25)個基點(而所有其他可變因素保持不變)，本集團於報告期間的溢利/虧損將上升/減少(2015年：減少/上升)約6,000港元(2015年：295,500港元)。這主要是歸因於本集團就其可變利率銀行結餘的利率風險。

(iii) 信貸風險

本集團之信貸風險主要是來自應收貿易賬款、應收貸款及銀行存款。於2016年及2015年12月31日，因交易對手未能履行責任而將對本集團造成財務損失之最高信貸風險為綜合財務狀況表所呈列相關已確認金融資產之賬面值。

6. FINANCIAL INSTRUMENTS (Continued)**(b) Financial risk management objectives and policies (Continued)****(iii) Credit risk (Continued)**

The Group has a credit policy in place and will perform credit evaluations on all customers requiring credit over a certain amount. The Group also has an export credit insurance with the Hong Kong Export Credit Insurance Corporation to cover risks on non-payment by customers.

In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade debt regularly to ensure that adequate allowance for impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk as the Group's top one (2015: one) trade debtor accounted for 27% (2015: 74%) of its total trade receivables as at the end of the reporting period. In addition, the Group's five largest trade debtors accounted for 74% and 88% of its total trade receivables as at 31 December 2016 and 2015 respectively.

The Group has 60 (2015: 36) loans receivables as at 31 December 2016.

The credit risk for liquid funds is limited because such amounts are placed with various banks with good credit ratings.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 23 to the consolidated financial statements.

Collateral held as security and other credit enhancements

The Group does not hold other credit enhancements to cover its credit risks associated with its financial assets.

6. 金融工具(續)**(b) 財務風險管理目標及政策(續)****(iii) 信貸風險(續)**

本集團有適當的信貸政策並將對要求獲得超過若干金額的信貸的所有客戶進行信貸評估。本集團亦有向香港出口信用保險局購買覆蓋某些客戶不繳款之風險之出口信用保險。

為盡量減低信貸風險，本集團定期審閱個別貿易債務的可收回金額，以確保為不能收回之金額作出足夠的減值虧損撥備。就此而言，本集團之管理層認為本集團之信貸風險已大幅降低。

於報告期末，本集團最大(2015年：最大)應收貿易賬款佔其總應收貿易賬款之27%(2015年：74%)，故本集團之信貸風險集中。此外，於2016年及2015年12月31日，本集團五大應收貿易賬款分別佔其總應收貿易賬款的74%及88%。

於2016年12月31日，本集團有60項(2015年：36項)應收貸款。

本集團在流動資金方面之信貸風險有限，因為有關資金存放在多間信貸評級良好之銀行。

有關本集團所承受來自應收貿易賬款的信貸風險的進一步定量披露載於綜合財務報表附註23。

持有作擔保之抵押品及其他信貸增強措施

本集團並無持有其他信貸增強措施以為其金融資產相關之信貸風險提供保障。

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iv) Liquidity risk

The Group's liquidity position is monitored closely by the management of the Group. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to meet its liquidity requirements in the short and longer term.

During the reporting periods, the Group financed its working capital requirements principally by funds generated from operations and issue of shares.

The following table details the Group's contractual maturities at the end of each reporting period for its financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Repayable on demand or within 1 month 須按要求或於一個月內償還 HK\$'000 千港元	Between 1-3 months 一個月至三個月 HK\$'000 千港元	Between 3 months to 1 year 三個月至一年 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金流量總額 HK\$'000 千港元	Carrying amount 賬面金額 HK\$'000 千港元
As at 31 December 2016	於2016年12月31日				
Trade and other payables	7,539	—	—	7,539	7,539
As at 31 December 2015	於2015年12月31日				
Trade and other payables	2,161	—	—	2,161	2,161

6. 金融工具(續)

(b) 財務風險管理目標及政策(續)

(iv) 流動資金風險

本集團之管理層會密切監察本集團之流動資金狀況。在管理流動資金風險方面，本集團監控及維持管理層視為充足之現金及現金等價物水平，以為本集團之營運撥資及應付其短期及較長期的流動資金需求。

於報告期內，本集團主要透過營運產生的資金及發行股份提供所需營運資本。

下表詳列本集團於各報告期末金融負債之合約到期分析。下表是根據金融負債之未貼現現金流量，並以本集團須付款的最早日期為基準編製。表內包括利息及主要的現金流量。

7. SEGMENT INFORMATION

The chief operating decision maker has been identified as the executive directors and certain senior management (collectively referred to as the “CODM”) that make strategic decisions. Information reported to the CODM, for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

The CODM considers that the Group had two reportable operating segments, namely IC business, being the design, development and sales of integrated circuits ICs, and money lending business, prior to the completion of acquisition of an information security business on 1 May 2016. Following the acquisition, the Group was engaged in three reportable operating segments, namely IC business, money lending business and information security business. The CODM regularly reviews the nature of their operations and the products and services. Each of the Group’s reportable operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

7. 分部資料

主要營運決策者為負責作出策略決策的執行董事及若干高級管理人員(統稱為「主要營運決策者」)。向主要營運決策者呈報以分配資源及評估分部表現的資料，著重所付運貨品或提供服務的類別。

主要營運決策者認為，在於2016年5月1日完成收購一項資訊保安業務之前，本集團擁有兩個可呈報經營分部，即集成電路業務(設計、開發和銷售集成電路)以及放債業務。於收購後，本集團從事三個可呈報經營分部，即集成電路業務、放債業務及資訊保安業務。主要營運決策者定期審閱其經營及產品和服務的性質。本集團各可呈報經營分部為一個戰略業務單位，提供產品及服務的風險與回報不同於其他經營分部。

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7. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results and assets and liabilities by reportable operating segments:

(i) Segment results, assets and liabilities

		IC		Money lending		Information security		Unallocated corporate		Total	
		集成電路	2015	放債	2015	資訊保安	2015	未分配企業	2015	合計	2015
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Revenue	收益										
Revenue from external customers	來自外界客戶的收益	23,908	23,701	27,012	5,543	9,832	—	—	—	60,752	29,244
Gross profit	毛利	6,502	3,677	27,012	5,543	7,478	—	—	—	40,992	9,220
Bank interest income	銀行利息收入	1	1	—	—	1	—	4	13	6	14
Depreciation and amortisation	折舊及攤銷	(1,214)	(1,243)	(141)	(24)	(292)	—	(182)	(182)	(1,829)	(1,449)
Other income and expenses	其他收入及開支	(7,538)	(8,064)	(12,200)	(5,306)	(2,709)	—	(3,245)	(3,273)	(25,692)	(16,643)
Profit/(loss) before income tax	除所得稅前溢利/(虧損)	(2,249)	(5,629)	14,671	213	4,478	—	(3,423)	(3,442)	13,477	(8,858)
Income tax expense	所得稅開支	—	—	(2,173)	—	(712)	—	—	—	(2,885)	—
Profit/(loss) for the year	年內溢利/(虧損)	(2,249)	(5,629)	12,498	213	3,766	—	(3,423)	(3,442)	10,592	(8,858)
Assets	資產										
Reportable segment assets	可呈報分部資產	11,826	11,319	260,215	93,628	11,265	—	29,837	181,815	313,143	286,762
Liabilities	負債										
Reportable segment liabilities	可呈報分部負債	1,349	1,683	2,238	50	7,100	—	521	428	11,208	2,161
Other segment information	其他分部資料										
Additions to property, plant and equipment	添置物業、廠房及設備	627	753	737	41	234	—	—	—	1,598	794
Additions to development cost of intangible asset	無形資產研發成本之增加	—	—	—	—	1,884	—	—	—	1,884	—

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2015: nil).

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4 to the consolidated financial statements. Segment profit or loss represents the profit or loss earned by each segment without allocation of central administration costs including directors' emoluments, investment and other income, other gains and losses, and income tax expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

7. 分部資料(續)

以下為按可呈報經營分部劃分的本集團收益及業績和資產及負債之分析：

(i) 分部業績、資產及負債

以上呈報之分部收益指外界客戶產生之收益。本年度並無分部間銷售(2015年：零)。

經營分部的會計政策與綜合財務報表附註4所述之本集團會計政策相同。分部溢利或虧損指各分部賺取之溢利或虧損，不計分配中央管理成本(包括董事薪酬、投資及其他收入、其他收益及虧損以及所得稅開支)。此乃向主要營運決策者呈報以分配資源及評估分部表現的數據。

7. SEGMENT INFORMATION (Continued)**(ii) Information about major customers**

The Group's revenue from customers which accounted for 10% or more of the Group's total revenue are as follows:

		2016	2015
		2016年	2015年
		HK\$'000	HK\$'000
		千港元	千港元
Customer A	客戶A	N/A 不適用	4,149
Customer B	客戶B	N/A 不適用	6,958
		N/A 不適用	11,107

Note: N/A: not applicable, as the corresponding figure did not contribute over 10% of the total revenue of the Group

The Group's operations are located in Hong Kong. The geographical location of customers is based on the location of the customers, irrespective of the origin of the goods or services. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment. The Group's revenue from external customers by geographical location of customers and information about its non-current assets (other than loans receivables) by geographical location of the assets are set out below:

7. 分部資料(續)**(ii) 有關主要客戶的資料**

來自佔本集團總收益10%或以上的客戶的本集團收益如下：

		2016	2015
		2016年	2015年
		HK\$'000	HK\$'000
		千港元	千港元
Customer A	客戶A	N/A 不適用	4,149
Customer B	客戶B	N/A 不適用	6,958
		N/A 不適用	11,107

附註：不適用：因為相關數字並未貢獻本集團總收益10%以上

本集團的業務位於香港。客戶的地域位置乃根據客戶的所在地而定，而不論貨物或服務的來源地。就物業、廠房及設備而言，非流動資產的地域位置乃根據資產的實際地點而定。本集團按客戶地域位置劃分來自外界客戶的收益及按資產地域位置劃分有關其非流動資產(應收貸款除外)的資料如下：

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7. SEGMENT INFORMATION (Continued)

7. 分部資料(續)

(iii) Revenue from external customers

(iii) 來自外界客戶的收益

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Hong Kong (place of domicile)	香港(居駐地)	40,602	10,436
The People's Republic of China ("PRC"), excluding Hong Kong and Taiwan	中華人民共和國(「中國」), 不包括香港及台灣	19,203	16,815
Korea	韓國	193	659
Taiwan	台灣	264	295
Russia	俄羅斯	485	1,036
Others	其他	5	3
		60,752	29,244

(iv) Non-current assets (other than loans receivables)

(iv) 非流動資產(應收貸款除外)

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Hong Kong (place of domicile)	香港(居駐地)	30,983	607
The PRC, excluding Hong Kong and Taiwan	中國, 不包括香港及台灣	248	296
Taiwan	台灣	1,666	2,200
		32,897	3,103

8. REVENUE

The Group is principally engaged in the design, development and sales of integrated circuits ("ICs"), money lending business and information security business. Revenue represents the net invoice value of goods sold and services provided after allowances for returns and trade discounts, interest from money lending business, and the value of services rendered from information security business during the reporting periods. An analysis of the Group's revenue recognised during the year is as follows:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Revenue	收益		
— Sales of ICs	— 銷售集成電路	22,335	22,833
— Provision of ASIC services	— 提供ASIC服務	1,573	868
— Interest from money lending business	— 放債業務的利息	27,012	5,543
— Provision of information security services	— 提供資訊保安服務	9,832	—
		60,752	29,244

8. 收益

本集團主要從事集成電路(「集成電路」)的設計、開發和銷售、放債業務及資訊保安業務。收益指於報告期內出售貨物及提供服務(經扣除退貨及貿易折扣撥備)的淨發票價值、放債業務的利息,以及資訊保安業務所提供服務的價值。本集團於年內已確認收益分析如下:

9. OTHER INCOME

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Bank interest income	銀行利息收入	6	14
Sundry income	雜項收入	40	109
		46	123

9. 其他收入**10. OTHER GAINS AND LOSSES**

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Gain on disposal of trading securities	出售貿易證券之收益	—	64
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備 虧損淨額	—	(6)
Exchange loss	匯兌虧損	(228)	(168)
Waive of accumulated interest on promissory note	豁免承兌票據之累計利息	354	—
		126	(110)

10. 其他收益及虧損

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11. FINANCE COST

11. 財務費用

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Accumulated interest on promissory note	承兌票據之累計利息	354	—
		354	—

12. PROFIT/(LOSS) FOR THE YEAR

12. 年內溢利／(虧損)

Profit/(loss) for the year has been arrived at after charging:

年內溢利／(虧損)已扣除：

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
(a) Staff costs	(a) 員工成本		
Staff costs including directors' emoluments	包括董事酬金的員工成本		
— Salaries, bonus and benefits in kind	— 薪金、花紅及實物福利	12,491	10,272
— Equity-settled share-based payments	— 股權結算股份付款	968	—
— Staff welfare	— 員工福利	236	58
— Contributions to retirement benefit schemes	— 退休福利計劃供款	469	329
		14,164	10,659
(b) Other items	(b) 其他項目		
Auditor's remuneration	核數師薪酬		
— audit services	— 審計服務	535	720
— other services	— 其他服務	350	60
Cost of inventories recognised as an expenses (Note 22)	確認作為開支的存貨成本(附註22)	17,406	20,024
Commission paid	佣金支出	1,190	—
Legal and professional fees including auditors' remuneration — other services	法律及專業費用(包括核數師酬金—其他服務)	2,716	1,611
Design and development costs	設計及開發成本	841	369

13. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Remuneration of Directors

All Directors' emoluments shown below were mainly for the services in connection with the management of the affairs of the Company and its subsidiaries. Details of emoluments paid by the Group to the directors of the Company are as follow:

			Year ended 31 December 2016 截至2016年12月31日止年度				
Name of Director			Director's fee	Salary	Equity-settled share-based payments	Contributions to retirement benefits schemes	Total
董事姓名			董事袍金	薪金	股權結算股份付款	退休福利計劃供款	合計
Notes			HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
附註			千港元	千港元	千港元	千港元	千港元
ZHANG Qing	張慶	i	—	1,800	252	18	2,070
SUNG Tak Wing Leo	宋得榮	ii	—	1,800	629	18	2,447
LIU Kam Lung	廖金龍	iii	129	—	—	—	129
YE Jian	葉堅	iii	129	—	—	—	129
CHEUNG Chi Man Dennis	張志文	iv	162	—	—	—	162
KO Yin Wai	高賢偉	v	129	—	—	—	129
CHIU Yu Wang	趙汝宏	v	129	—	87	—	216
Total	合計		678	3,600	968	36	5,282

13. 董事及五名最高薪酬人士的酬金

(a) 董事酬金

下文所示的所有董事薪酬主要與彼等就管理本公司及其附屬公司的事務的服務有關。本集團向本公司董事支付的酬金詳情如下：

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13. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

13. 董事及五名最高薪酬人士的酬金(續)

(a) Remuneration of Directors (Continued)

(a) 董事酬金(續)

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Name of Director 董事姓名	Notes 附註	Director's fee	Salary	Other benefits (Note viii) 其他福利 (附註viii)	Contributions to retirement benefits schemes 退休福利 計劃供款	Total 合計	
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元		
ZHANG Qing	張慶	i	—	1,195	—	18	1,213
LI Kwei Chung	李桂聰	vi	—	220	77	6	303
SUNG Tak Wing Leo	宋得榮	ii	—	1,195	—	18	1,213
LIU Kam Lung	廖金龍	iii	120	—	—	—	120
YE Jian	葉堅	iii	120	—	—	—	120
CHAN Sun Kwong	陳晨光	vii	48	—	—	—	48
CHEUNG Chi Man Dennis	張志文	iv	96	—	—	—	96
KO Yin Wai	高賢偉	v	120	—	—	—	120
CHIU Yu Wang	趙汝宏	v	120	—	—	—	120
Total	合計		624	2,610	77	42	3,353

Notes:

附註:

- | | | | |
|------|---|------|----------------------------------|
| i. | executive director and Chairman | i | 執行董事及主席 |
| ii | executive director and promoted from Chief Financial Officer to Chief Executive Officer on 30 April 2015 | ii | 執行董事及於2015年4月30日由財務總監晉升為行政總裁 |
| iii | non-executive director | iii | 非執行董事 |
| iv | appointed as independent non-executive director on 30 April 2015 | iv | 於2015年4月30日獲委任為獨立非執行董事 |
| v | independent non-executive director | v | 獨立非執行董事 |
| vi | retired as Chief Executive Officer and executive director on 30 April 2015 | vi | 於2015年4月30日辭任行政總裁及執行董事 |
| vii | retired as independent non-executive director on 30 April 2015 | vii | 於2015年4月30日辭任獨立非執行董事 |
| viii | Other benefits include quarter, car rental allowance and leave pay. All other benefits were paid in cash. | viii | 其他福利包括宿舍、租車補貼及假期薪資。所有其他福利已以現金支付。 |

13. REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals' remuneration

The five highest paid individuals of the Group included two directors (2015: three) of the Company, details of whose emoluments are included in the disclosures in above. The emoluments of the remaining three (2015: two) highest paid individuals for the year ended 31 December 2016 and 2015 are as follows:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,795	1,726
Contributions to retirement benefits schemes	退休福利計劃供款	47	41
		1,842	1,767

The emoluments of the 3 (2015: 2) individuals with the highest emoluments are all within Nil to HK\$1,000,000.

None of emoluments has been paid to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the financial year (2015: Nil). In addition, none of the directors of the Company has waived or agreed to waive any emoluments during the year (2015: Nil).

13. 董事及五名最高薪酬人士的酬金(續)

(b) 五名最高薪酬人士的酬金

本集團的五名最高薪酬人士當中，包括本公司兩名(2015年：三名)董事，其薪酬詳情列入上文披露中。截至2016年及2015年12月31日止年度餘下三名(2015年：兩名)最高薪酬人士的薪酬如下：

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,795	1,726
Contributions to retirement benefits schemes	退休福利計劃供款	47	41
		1,842	1,767

該3名(2015年：2名)最高薪酬人士的薪酬介乎零港元至1,000,000港元。

財政年度內，本集團並無向上述人士支付酬金作為鼓勵加入或於其加入本集團時的獎勵或作為離職的補償(2015年：無)。此外，概無本公司董事於年內放棄或同意放棄任何酬金(2015：無)。

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14. INCOME TAX EXPENSE

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Current tax — Hong Kong Profits Tax	即期稅項 — 香港利得稅		
Charge for the year	年內支出	2,468	—
Deferred tax (note 32(a))	遞延稅項(附註32(a))	417	—
		2,885	—

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) of the estimated assessable profits for the year ended 31 December 2016. Provision for Hong Kong Profits Tax is made on the estimated assessable profits for the year ended 31 December 2016 for two subsidiaries. Easy loan Finance Limited and Maximus Consulting (Hong Kong) Limited (2015: nil).

Save as disclosed above, no provision for Hong Kong Profits Tax is made since the Company and certain subsidiaries have no estimated assessable profits for the year ended 31 December 2016.

Under the Law of the PRC on Enterprise Income Tax ("EIT") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% (2015: 25%). No provision for EIT is made since the PRC subsidiary has no estimated assessable profit for the year ended 31 December 2016 (2015: Nil).

14. 所得稅開支

(a) 綜合損益及其他全面收益表中的稅項指：

截至2016年12月31日止年度，香港利得稅按估計應課稅溢利之16.5%(2015年：16.5%)計算。截至2016年12月31日止年度，香港利得稅按兩間附屬公司(易按財務有限公司及明治資訊顧問有限公司)產生的估計應課稅溢利作出撥備(2015年：零)。

除上文所披露者外，由於本公司及若干附屬公司於截至2016年12月31日止年度並無產生任何估計應課稅溢利，故並無就香港利得稅作出撥備。

根據中國企業所得稅(「企業所得稅」)法及企業所得稅法實施條例，中國附屬公司之稅率為25%(2015年：25%)。由於中國附屬公司於截至2016年12月31日止年度並無產生任何估計應課稅溢利，故並無就企業所得稅作出撥備(2015年：零)。

14. INCOME TAX EXPENSE (Continued)

(b) Reconciliation between tax expense and profit/(loss) before income tax at applicable tax rates:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Profit/(loss) before income tax	除所得稅前溢利／(虧損)	13,477	(8,858)
Tax at applicable income tax rate	按適用所得稅稅率計算的稅項	2,185	(1,502)
Tax effect of expenses not deductible for tax purpose	就稅項而言不可扣減開支的稅務影響	355	234
Tax effect of income not taxable for tax purpose	就稅項而言毋須課稅收入的稅務影響	(1)	(2)
Deferred tax assets not recognised	未確認遞延稅項資產	591	1,305
Utilisation of tax losses previously not recognised	動用先前未確認之稅務虧損	(245)	(35)
Income tax expense	所得稅開支	2,885	—

14. 所得稅開支 (續)

(b) 按適用稅率計算的稅項開支及除所得稅前溢利／(虧損)對賬如下：

15. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company was approximately HK\$3,156,000 (2015: HK\$3,244,000) which has been dealt with in the financial statements of the Company (see note 33(b)(ii)).

16. DIVIDENDS

No dividends was declared or paid during the year ended 31 December 2016 (2015: Nil).

15. 本公司擁有人應佔虧損

本公司擁有人應佔虧損為約3,156,000港元(2015年：3,244,000港元)(請參閱附註33(b)(ii))。

16. 股息

截至2016年12月31日止年度，並無宣派或支付任何股息(2015年：零)。

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17. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share are based on the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Profit/(loss) for the year	年內溢利/(虧損)		
Profit/(loss) attributable to owners of the Company	本公司擁有人應佔溢利/(虧損)	8,898	(8,858)
		Number of shares (thousands) 股份數目(千股)	
Shares	股份		
Weighted average number of ordinary shares in issue during the year	年內已發行普通股股份加權平均數目	1,388,746	473,976

(b) Diluted earnings/(loss) per share

The Group did not have any dilutive potential ordinary shares during the year ended 31 December 2016 and 2015.

17. 每股盈利/(虧損)

(a) 每股基本盈利/(虧損)

每股基本盈利/(虧損)乃根據本公司擁有人應佔溢利/(虧損)及年內已發行普通股加權平均數目計算。

(b) 每股攤薄盈利/(虧損)

本集團於截至2016年及2015年12月31日止年度並無任何具攤薄潛力的普通股。

18. PROPERTY, PLANT AND EQUIPMENT

18. 物業、廠房及設備

		Computer		Office	Motor	Furniture	Leasehold	Total
		Equipment	Instruments	Equipment	Vehicle	and Fixture	Improvement	
		電腦設備	工具	辦公室設備	汽車	傢俱及裝置	租賃物業裝修	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Cost	成本							
At 1 January 2015	於2015年1月1日	415	10,714	40	—	111	546	11,826
Additions	添置	79	702	13	—	—	—	794
Disposal	出售	(79)	(2)	—	—	—	—	(81)
At 31 December 2015 and 1 January 2016	於2015年12月31日及 2016年1月1日	415	11,414	53	—	111	546	12,539
Additions through acquisition of subsidiaries (note 36(c))	透過收購附屬公司添置 (附註36(c))	—	—	727	182	100	580	1,589
Additions	添置	20	620	263	—	98	597	1,598
Disposal	出售	—	—	—	—	(5)	—	(5)
At 31 December 2016	於2016年12月31日	435	12,034	1,043	182	304	1,723	15,721
Accumulated depreciation	累計折舊							
At 1 January 2015	於2015年1月1日	269	7,484	16	—	29	264	8,062
Charge for the year	年內支出	75	1,205	10	—	21	138	1,449
Written back on disposals	於出售時撥回	(75)	—	—	—	—	—	(75)
At 31 December 2015 and 1 January 2016	於2015年12月31日及 2016年1月1日	269	8,689	26	—	50	402	9,436
Additions through acquisition of subsidiaries (note 36(c))	透過收購附屬公司添置 (附註36(c))	—	—	441	106	42	139	728
Charge for the year	年內支出	82	1,176	131	30	38	310	1,767
Written back on disposals	於出售時撥回	—	—	—	—	(5)	—	(5)
At 31 December 2016	於2016年12月31日	351	9,865	598	136	125	851	11,926
Net book value	賬面淨值							
At 31 December 2016	於2016年12月31日	84	2,169	445	46	179	872	3,795
At 31 December 2015	於2015年12月31日	146	2,725	27	—	61	144	3,103

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19. GOODWILL

19. 商譽

		HK\$'000 千港元
Cost and carrying amount	成本及賬面值	
Addition arising from acquisition of subsidiaries (note 36)	收購附屬公司產生之添置(附註36)	27,280
At 31 December 2016	於2016年12月31日	27,280
At 31 December 2015	於2015年12月31日	—

Goodwill arose from acquisition of subsidiaries whose principal activities are mainly provision of information security services.

商譽乃自收購主要業務為提供資訊保安服務的附屬公司產生。

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to information security CGU for impairment testing.

商譽減值測試

就減值測試而言，業務合併所收購商譽分配至資訊保安現金產生單位。

The recoverable amount of the CGU is determined by the value-in-use. The calculation was carried out by cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows for the five-year period are estimated based on the management's expectation for market development in the first year and an average annual growth rate of turnover of 11.0% thereafter until year 5 and a pretax discount rate of 12.8%. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3.1%. The estimated growth rates used are comparable to the average inflation rate of the last 10 years.

現金產生單位之可收回金額乃透過使用價值釐定。計算基於根據管理層批准的涵蓋五年期間的財務預算之現金流量預測作出。五年期間的現金流量乃根據管理層對第一年市場發展的預期及按其後直至第五年止營業額年均增長率11.0%及稅前貼現率12.8%估計。五年期間之後的現金流量以估計加權平均增長率3.1%推算。所使用估計增長率與過往十年的平均通脹率相若。

The key assumption used in the value-in-use calculation is the average annual growth rate of turnover, which is determined based on the management's expectation for market development. The discount rate used is pre-tax and reflects specific risks relating to this segment. Any adverse change in the key assumptions could reduce the recoverable amount below carrying amount.

使用價值計算所使用的主要假設為營業額的平均年增長率，乃根據管理層對市場發展的預期而釐定。所使用的貼現率為除稅前及反映有關該分部的特定風險。主要假設的任何不利變動均可能使可收回金額減至低於賬面值。

The management reassessed the recoverable amount of the CGU of information security business as at 31 December 2016 by reference to the discounted cash flow calculation with the above estimation and was of the opinion that no impairment loss should be recognised as the recoverable amount of the CGU is higher than its carrying amount.

管理層透過參考貼現現金流量計算連同上述估計重新評估於2016年12月31日資訊保安業務現金產生單位的可收回金額，並認為，由於現金產生單位的其可收回金額大於其賬面值，故無須確認減值虧損。

20. INTANGIBLE ASSET

20. 無形資產

		Capitalised development costs 已資本化的 研發成本 HK\$'000 千港元	Software 軟件 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Cost	成本			
At 1 January 2015, 31 December 2015 and 1 January 2016	於2015年1月1日、 2015年12月31日及 2016年1月1日	—	—	—
Addition through internal development	透過內部研發添置	1,884	—	1,884
Transfer in/(out)	轉入/(轉出)	(1,884)	1,884	—
At 31 December 2016	於2016年12月31日	—	1,884	1,884
Accumulated amortisation	累計攤銷			
At 1 January 2015, 31 December 2015 and 1 January 2016	於2015年1月1日、 2015年12月31日及 2016年1月1日	—	—	—
Charge of the year	年內支出	—	62	62
At 31 December 2016	於2016年12月31日	—	62	62
Net book value:	賬面淨值：			
At 31 December 2016	於2016年12月31日	—	1,822	1,822
At 31 December 2015	於2015年12月31日	—	—	—

Development costs of software were capitalised during the year 2016 as the software was internally generated intangible asset, with definite useful lives is amortised on a straight-line basis over 5 years.

The software mainly represented a method for parsing and correlating analysis of input data.

由於軟件為內部產生之無形資產，軟件的開發成本於2016年已資本化處理，按5年有限可使用期以直線法攤銷。

軟件主要指一個用於輸入數據解析和相關聯分析的方法。

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21. INTERESTS IN SUBSIDIARIES

(a) General information of subsidiaries

At as 31 December 2016, the Company had direct or indirect interest in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of Company 公司名稱	Place of Incorporation and Operation 註冊成立及經營地點	Paid up, issued Capital/Registered Capital 已繳足、發行股本/註冊資本	Proportion of ownership interest 擁有權益比例			Principal Activities 主要業務
			Group's Effective Interest 本集團實際權益	Held by the Company 由本公司持有	Held by a Subsidiary 由一間附屬公司持有	
Directly held 直接持有						
Megalogic Business Limited	British Virgin Islands 英屬處女群島	Ordinary share US\$1 普通股 1 美元	100%	100%	—	Investment holding 投資控股
Megalogic Investment Limited	British Virgin Islands 英屬處女群島	Ordinary share US\$1 普通股 1 美元	100%	100%	—	Investment holding 投資控股
Minilogic Investment Limited	British Virgin Islands 英屬處女群島	Ordinary share US\$1 普通股 1 美元	100%	100%	—	Investment holding 投資控股
Excellence Steps Limited	British Virgin Islands 英屬處女群島	Ordinary share US\$1 普通股 1 美元	100%	100%	—	Investment holding 投資控股
Indirectly held 間接持有						
Easy Loan Finance Limited 易按財務有限公司	Hong Kong 香港	Ordinary shares HK\$80,000,000 普通股 80,000,000 港元	100%	—	100%	Money lending 放債
MiniLogic Device Corporation Limited ("MiniLogic HK") 微創高科有限公司 〔微創高科香港〕	Hong Kong 香港	Ordinary shares HK\$18,321,554 普通股 18,321,554 港元	100%	—	100%	Design, development and sales of ICs 設計、開發及銷售集成電路
Megalogic China Development Limited 宏創中國發展有限公司	Hong Kong 香港	Ordinary share HK\$1 普通股 1 港元	100%	—	100%	Investment holding 投資控股
成都宏創投企業管理有限公司 (note (i))	PRC	Registered capital HK\$50 million 註冊資本 5 千萬港元	100%	—	100%	Inactive 暫無營業
Easy Trade Securities Limited (note (ii))	Hong Kong	Ordinary shares HK\$10,000,000 普通股 10,000,000 港元	100%	—	100%	Investment holding 投資控股
Maximus Venture Holdings Limited	British Virgin Islands 英屬處女群島	Ordinary shares US\$50,000 普通股 50,000 美元	55%	—	55%	Investment holding 投資控股
Maximus Group Consulting Limited	British Virgin Islands 英屬處女群島	Ordinary shares US\$50,000 普通股 50,000 美元	55%	—	55%	Investment holding 投資控股
Maximus Consulting (Hong Kong) Limited 明治資訊顧問有限公司	Hong Kong 香港	Ordinary shares HK\$10,000 普通股 10,000 港元	55%	—	55%	Information security 資訊保安

Notes:

- (i) The registered capital was increased from HK\$1,000,000 to HK\$50,000,000 during the current year. As of 31 December 2016, the paid up capital was HK\$1,500,000 and the remaining registered capital to be injected on or before 30 March 2026.
- (ii) With effect from 10 January 2017, Easy Trade Securities Limited has changed its name to Easy Finance Assets Management Limited.

21. 於附屬公司之權益

(a) 附屬公司之一般資料

於2016年12月31日，本公司於下列附屬公司中擁有直接或間接權益，該等附屬公司全部為私營企業，相關詳情載列如下：

附註：

- (i) 本年度註冊資本由1,000,000港元增至50,000,000港元。截至2016年12月31日，已付資本為1,500,000港元及餘下增資應於2026年3月30日或之前注入。
- (ii) 自2017年1月10日起，易利通證券有限公司正式易名為融通易資產管理有限公司。

21. INTERESTS IN SUBSIDIARIES (Continued)**(b) Details of non wholly-owned subsidiary that have material non-controlling interests**

The table below shows details of non wholly-owned subsidiary of the Group which were acquired during the year that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership	Profit allocated	Accumulated
		interest held by non-controlling interests	to non-controlling interests	non-controlling interests
附屬公司名稱	註冊成立地點及主要營業地點	非控股權益持有之擁有權益比例	分配予非控股權益之溢利	累計非控股權益
		2016	2016	2016
		2016年	2016年	2016年
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
Maximus Consulting (Hong Kong) Limited 明治資訊顧問有限公司	Hong Kong 香港	45%	1,694	1,699

21. 於附屬公司之權益(續)**(b) 擁有重大非控股權益之非全資附屬公司之詳情**

下表顯示本集團在年內收購及擁有重大非控股權益之非全資附屬公司之詳情：

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21. INTERESTS IN SUBSIDIARIES (Continued)

(b) Details of non wholly-owned subsidiary that have material non-controlling interests

(Continued)

Note: The following table summarised financial information of Maximus Consulting (Hong Kong) Limited. The amounts disclosed are before intra-group eliminations.

21. 於附屬公司之權益(續)

(b) 擁有重大非控股權益之非全資附屬公司之詳情(續)

附註：下表概述明治資訊顧問有限公司之財務資料。所披露金額為集團內公司間對銷前金額。

2016	2016年	HK\$'000 千港元
Current assets	流動資產	9,223
Non-current assets	非流動資產	2,688
Current liabilities	流動負債	(7,794)
Non-current liabilities	非流動負債	(342)
Equity attributable to owners of the Company	本公司擁有人應佔權益	(2,076)
Non-controlling interests	非控股權益	(1,699)
Revenue	收益	9,832
Expenses	開支	(6,066)
Profit and total comprehensive income for the year attributable to:	年內溢利及全面收益	
Owners of the Company	總額歸屬於： 本公司擁有人	2,072
Non-controlling interests	非控股權益	1,694
		3,766
Dividend paid to non-controlling interests	支付予非控股權益之股息	—
Net cash generated from operating activities	經營活動所得之現金淨額	1,545
Net cash used in investing activities	投資活動所用之現金淨額	(2,118)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(573)

22. INVENTORIES

22. 存貨

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Raw materials	原材料	450	762
Work in progress	在製品	2,546	1,929
Finished goods	成品	3,561	4,327
		6,557	7,018
Less: Provision for slow-moving and obsolete inventories	減：滯銷及過時存貨撥備	(2,125)	(1,866)
		4,432	5,152

During the year ended 31 December 2016, the Group made a provision of HK\$259,000 for slow-moving and obsolete inventories (2015: HK\$1,175,000).

The above amounts were included in "cost of inventories recognised as an expense" for the respective years.

截至2016年12月31日止年度，本集團作出滯銷及過時存貨撥備259,000港元（2015年：1,175,000港元）。

上述金額計入各年度的「確認作為開支的存貨成本」。

23. TRADE RECEIVABLES

23. 應收貿易賬款

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Trade receivables	應收貿易賬款	7,985	2,191
Recognised services receivables	已確認服務應收賬款	1,866	—
		9,851	2,191

The recognised service receivables were services performed to customers pending for invoicing, which is subject to mutually agreed payments terms.

已確認服務應收賬款為已履行客戶之服務，但根據相互協定之付款條款尚未開出賬單。

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23. TRADE RECEIVABLES (Continued)

(a) Ageing analysis

The Group normally allows a credit period ranging from “cash on delivery” to 120 days (2015: “cash on delivery” to 90 days) to its trade customers as at 31 December 2016. The following is an ageing analysis of trade receivables at the end of each reporting period, presented based on the invoice date:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
0–30 days	0–30日	5,130	1,006
31–60 days	31–60日	1,675	604
61–90 days	61–90日	834	518
More than 90 days	超過90日	346	63
		7,985	2,191

Amounts included in trade receivables at 31 December 2016 related to both IC sold and services performed under ASIC services contracts and services performed under information security services contracts, and invoiced to those customers (2015: both IC sold and services performed under ASIC services contracts).

The Group has implemented policies that require appropriate credit checks on potential customers before granting credit. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and credit ratings of its counterparties are monitored by management. The maximum credit risk of such financial assets is represented by the carrying value of asset.

Before accepting any new customer, the Group uses an internal credit assessment process to assess the potential customer's credit quality and defines credit limits of the customer. Credit limits attributed to customers are reviewed by the management regularly. In determining recoverability of a trade receivable, the Group considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

23. 應收貿易賬款(續)

(a) 賬齡分析

於2016年12月31日，本集團通常為其貿易客戶提供「貨到付款」至120日(2015年：「貨到付款」至90日)的信貸期。以下是於各報告期末按發票日期呈列的應付貿易賬款的賬齡分析：

於2016年12月31日，列入應收貿易賬款的款項與集成電路銷售及根據ASIC服務合約提供服務以及根據資訊保安服務合約提供服務有關，並已向該等客戶開具發票(2015年：集成電路銷售及根據ASIC服務合約提供服務)。

本集團已制定政策，要求授出信貸前對潛在客戶進行適當信貸審查。本集團的政策為僅與信譽良好的對手方進行交易，而管理層亦會注意本集團所面對的風險及其對手方的信貸評級。相關金融資產的最高信貸風險為資產的賬面值。

於接納任何新客戶之前，本集團運用內部信貸評估程序以評估潛在客戶的信貸質素及界定客戶的信貸限額。給予客戶的信貸限額由管理層定期檢討。釐定應收貿易賬款的可收回程度時，本集團考慮自初次授出信貸當日至報告期末應收貿易賬款信貸質素的任何轉變。

23. TRADE RECEIVABLES (Continued)**(b) Trade receivables that are not impaired**

Included in the Group's trade receivables balance are debtors with approximately aggregate carrying amount of HK\$3,144,000 and HK\$1,299,000 which are past due as at 2016 and 2015 respectively for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

The ageing analysis of the Group's trade receivables that are not individually nor collectively considered to be impaired are as follows:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Neither past due nor impaired	非逾期或減值	4,841	892
Past due but not considered impaired	逾期但未被視作減值		
1-30 days	1-30日	874	140
31-60 days	31-60日	1,100	578
61-90 days	61-90日	824	518
More than 90 days	超過90日	346	63
		3,144	1,299
		7,985	2,191

Trade receivables that were past due but not impaired related to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary as there has not been a significant change in credit quality up to the date of this report and the balances are still considered fully recoverable.

23. 應收貿易賬款(續)**(b) 並無減值之應收貿易賬款**

列入本集團應收貿易賬款結餘中有賬面值合共約為3,144,000港元及1,299,000港元的應收款項，該等款項已分別於2016年及2015年逾期，而本集團尚未為減值虧損作出撥備。本集團並無就該等結餘持有任何抵押品。

本集團並無個別或集體認定為減值的應收貿易賬款賬齡分析如下：

已逾期但未減值的應收貿易賬款與近期並無拖欠記錄的若干獨立客戶有關。根據過往經驗，管理層認為毋須作出減值撥備，原因是截至本報告日期信貸質素並無重大改變，而結餘仍被視為可全數取回。

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24. LOANS RECEIVABLES

24. 應收貸款

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Loans to customers	貸款予多名客戶	253,968	86,097
Accrued interest receivables	應收應計利息	1,986	323
		255,954	86,420
Analysed as:	分析為：		
Non-current assets	非流動資產	5,216	6,101
Current assets	流動資產	250,738	80,319
		255,954	86,420

Loans receivables arise from the Group's money lending business. They are repayable according to repayment schedules, normally with contractual maturity between 1 month and 12 years as at 31 December 2016 and 2015. Loans to customers bear annual interest rate ranging from 10% to 26.4% as at 31 December 2016 (2015: 12%–24%).

Except for loans receivables with a carrying amount of approximately HK\$86,972,000 (2015: HK\$35,897,000) as at 31 December 2016, which are secured by collaterals provided by customers, all loans receivables as at 31 December 2016 and 2015 are unsecured.

The following is an ageing analysis of loans receivables at the end of each reporting period, presented based on the remaining period to contractual maturity date:

應收貸款由本集團之放貸業務產生。於2016年及2015年12月31日，其根據還款時間表還款，合約到期日一般介乎1個月至12年。於2016年12月31日，向客戶提供的貸款按介乎10%至26.4%之年息率計息(2015年：12%至24%)。

除於2016年12月31日賬面值約為86,972,000港元(2015年：35,897,000港元)的應收貸款獲客戶提供之抵押品作為抵押外，於2016年及2015年12月31日的所有應收貸款並無獲抵押。

以下為各報告期間末按餘下期數至合約到期日呈列之應收貸款賬齡分析：

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Within 1 year	1年內	250,738	80,319
Over 1 year and up to 5 years	超過1年至5年	432	2,427
Over 5 years	超過5年	4,784	3,674
		255,954	86,420

The above balances are neither past due nor impaired.

The Group has implemented policies that require appropriate credit checks on potential customers before granting loan.

上述結餘並無逾期或減值。

本集團已制定政策，要求授出貸款前對潛在客戶進行適當信貸審查。

24. LOANS RECEIVABLES (Continued)

The Group's exposure and credit ratings of its counterparties are monitored by management. The maximum credit risk of such financial assets is represented by the carrying value of asset. Before accepting any new customer, the Group uses an internal credit assessment process to assess the potential customer's credit quality and defines credit limits.

In determining recoverability of loans receivables, the Group considers any change in credit quality of the loans receivables from the date of the loan was initially granted up to the end of the reporting period.

24. 應收貸款(續)

管理層會監察本集團所面對的風險及其對手方的信貸評級。相關金融資產的最高信貸風險為資產的賬面值。於接納任何新客戶之前，本集團運用內部信貸評估程序以評估潛在客戶的信貸質素及界定信貸限額。

釐定應收貸款的可收回程度時，本集團考慮自初次授出貸款當日至報告期末應收貸款信貸質素的任何轉變。

25. DEPOSITS AND PREPAYMENTS

		2016	2015
		2016年	2015年
		HK\$'000	HK\$'000
		千港元	千港元
Deposit for purchase of raw materials	採購原材料之按金	926	629
Rental and utilities deposits for leases	租約之租金及水電按金	806	377
Prepayment for legal and professional fees	法律及專業費用預付款項	81	46
Others	其他	191	105
		2,004	1,157

26. BANK BALANCES AND CASH

Bank balances and cash comprise cash and short-term deposits with an original maturity of three months or less which are held with financial institutions and carry interest at prevailing market rates. The average effective interest rates of the Group's bank balances are 0.01% and 0.04% per annum, as at 31 December 2016 and 2015 respectively.

26. 銀行結餘及現金

銀行結餘及現金包括現金及存放於金融機構原到期時間為三個月或以下及以現行市場利率計息的短期存款。於2016年及2015年12月31日，本集團銀行結餘的平均實際年利率分別為0.01%及0.04%。

		2016	2015
		2016年	2015年
		HK\$'000	HK\$'000
		千港元	千港元
Cash at bank and in hand	銀行及庫存現金	8,005	188,739

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27. TRADE PAYABLES

An ageing analysis of the Group's trade payables, presented based on the invoice date at the end of each reporting period, is as follows:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
0-30 days	0-30日	383	579
31-60 days	31-60日	160	134
61-90 days	61-90日	—	215
		543	928

27. 應付貿易賬款

本集團於各報告期末按發票日期呈列的應付貿易賬款的賬齡分析如下：

28. OTHER PAYABLES AND ACCRUALS

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Receipt in advance from customers	預收客戶之款項	1,972	39
Deposit received	已收按金	507	129
Accrued expenses	應計費用	672	990
Other payables	其他應付款	216	43
Amount due to a former director	應付一位前任董事之款項	48	32
		3,415	1,233

28. 其他應付及應計款項

The amount due to a former director is unsecured, interest-free and repayable on demand.

應付一位前任董事之款項為無抵押、免息並須應要求償還。

29. AMOUNT DUE TO A NON-CONTROLLING INTEREST SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest-free and repayable on demand.

29. 應付一間附屬公司之一位非控股權益股東之款項

該款項為無抵押、免息並須應要求償還。

30. PROVISION

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Provisions for long service payments	長期服務金撥備		
At 1 January	於1月1日	—	—
Addition through acquisition of a subsidiary	透過收購附屬公司所衍生的撥備	123	—
At 31 December	於12月31日	123	—

31. PROMISSORY NOTE

On 1 May 2016, the Company issued promissory note ("PN") with an aggregate principal amount of HK\$17,500,000 as part of the consideration for acquiring 55% of the issued share capital of Maximus Venture Holdings Limited (the "Maximus"). The fair value of PN was approximately HK\$17,500,000 on 1 May 2016. PN bear interest at 6% per annum and matured at the third anniversary from the date of issue, being 30 April 2019. The interest rate on initial recognition is 6% per annum.

The principal amount of the PN was, however, early redeemed by the Company before 31 December 2016 and on the same time, the holder of the PN has agreed to waive all accumulated interest payable under the PN to be incurred.

The movement of the carrying amount of PN during the year ended 31 December 2016 was set out below:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Issue of PN	發行承兌票據	17,500	—
Accumulated interest	累計利息	354	—
Waive of accumulated interest	豁免累計利息	(354)	—
Early redemption	提早贖回	(17,500)	—
At 31 December	於12月31日	—	—

30. 撥備

31. 承兌票據

於2016年5月1日，本公司發行總本金額17,500,000港元之承兌票據(「承兌票據」)，作為收購Maximus Venture Holdings Limited(「Maximus」)之55%已發行股本的部分代價。承兌票據於2016年5月1日之公平值約為17,500,000港元。承兌票據按年利率6厘計息且於發行日期起計第三週年到期，即2019年4月30日。於初步確認時的年利率為6厘。

然而，承兌票據之本金額已由本公司於2016年12月31日之前提早贖回及同時，承兌票據持有人已同意豁免承兌票據項下將產生的所有應付累計利息。

截至2016年12月31日止年度的承兌票據賬面值變動載列如下：

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32. DEFERRED TAXATION

(a) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

		Accelerated tax depreciation 加速稅務 折舊 HK\$'000 千港元	Intangible assets 無形資產 HK\$'000 千港元	Unused tax losses 未動用稅務 虧損 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Deferred tax arising from	所產生的遞延稅項				
At 1 January 2015	於2015年1月1日	528	—	(528)	—
(Credited)/charged to profit or loss	於損益中(計入)/扣除	(77)	—	77	—
At 31 December 2015 and at 1 January 2016	於2015年12月31日及 2016年1月1日	451	—	(451)	—
Addition through acquisition of a subsidiaries (note 36(c)) (Credited)/charged to profit or loss	透過收購一間附屬公 司添置(附註36(c)) 於損益中(計入)/扣除	57 (121)	— 301	(132) 237	(75) 417
At 31 December 2016	於2016年12月31日	387	301	(346)	342

(b) Deferred tax assets not recognised

As at 31 December 2016, the Group has unused tax loss of approximately HK\$27,444,000 (2015: HK\$25,495,000) available for offset against future profits that may be carried forward indefinitely. Deferred tax assets have been recognised in respect of HK\$2,098,000 (2015: HK\$2,734,000) of such tax loss. No further deferred tax asset has been recognised in respect of the tax loss due to the unpredictability of future profit streams.

32. 遞延稅項

(a) 確認的遞延稅項資產及負債：

於綜合財務狀況表確認的遞延稅項(資產)/負債組成部分以及其於年內的變動如下：

(b) 未確認的遞延稅項資產

於2016年12月31日，本集團尚未動用之稅項虧損約為27,444,000港元(2015年：25,495,000港元)，可用以抵銷未來溢利並可無限期結轉。本集團已就此等稅項虧損確認2,098,000港元(2015年：2,734,000港元)之遞延稅項資產。因未能預測未來溢利來源，故並未就稅項虧損確認更多遞延稅項資產。

33. SHARE CAPITAL AND RESERVES

(a) Share capital

		Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股0.1港元的普通股		
Authorised:	法定：		
At 31 December 2016 and 31 December 2015	於2016年12月31日及 2015年12月31日	10,000,000	1,000,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2015	於2015年1月1日	288,000	28,800
Issue of shares upon placing (note (i))	因配售發行股份(附註(i))	57,600	5,760
Issue of shares pursuant to open offer (note (ii))	根據公開發售發行股份 (附註(ii))	1,036,800	103,680
At 31 December 2015 and 1 January 2016	於2015年12月31日及 2016年1月1日	1,382,400	138,240
Issue of shares upon exercise of share options (note (iii))	因行使購股權發行股份 (附註(iii))	15,382	1,538
At 31 December 2016	於2016年12月31日	1,397,782	139,778

(i) On 3 June 2015, a total of 57,600,000 ordinary shares of HK\$0.10 each were issued by way of placing at a placing price of HK\$0.34 per share for cash consideration of HK\$19,584,000. The excess of the placing price over the par value of the shares issued was credited to the share premium account.

33. 股本及儲備

(a) 股本

		Number of shares 股份數目 '000 千股	Nominal value 面值 HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股0.1港元的普通股		
Authorised:	法定：		
At 31 December 2016 and 31 December 2015	於2016年12月31日及 2015年12月31日	10,000,000	1,000,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2015	於2015年1月1日	288,000	28,800
Issue of shares upon placing (note (i))	因配售發行股份(附註(i))	57,600	5,760
Issue of shares pursuant to open offer (note (ii))	根據公開發售發行股份 (附註(ii))	1,036,800	103,680
At 31 December 2015 and 1 January 2016	於2015年12月31日及 2016年1月1日	1,382,400	138,240
Issue of shares upon exercise of share options (note (iii))	因行使購股權發行股份 (附註(iii))	15,382	1,538
At 31 December 2016	於2016年12月31日	1,397,782	139,778

(i) 於2015年6月3日，本公司透過配售方式按每股配售股份0.34港元的配售價發行合共57,600,000股每股面值0.10港元的普通股以換取現金代價19,584,000港元。配售價超出已發行股份面值的部分已計入股份溢價賬。

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33. SHARE CAPITAL AND RESERVES (Continued)

(a) Share capital (Continued)

- (ii) On 17 December 2015, a total of 1,036,800,000 ordinary shares of HK\$0.10 each by way of an open offer at the subscription price of HK\$0.20 per offer share on the basis of three offer shares for every one share held on the record date, 24 November 2015. The net proceeds from the open offer, after deducting relevant costs and expenses, were approximately HK\$199,342,000. The excess of the subscription price over the par value of the shares issued was credited to the share premium account.
- (iii) On 3 August 2016, a total of 15,382,400 ordinary shares of HK\$0.10 each were issued upon exercise of share options granted under the share option scheme. The excess of the exercise price over the par value of the shares issued was credited to the share premium account.
- (iv) Details of the Company's share option scheme and the share options issued under the scheme are included in note 35 to the consolidated financial statements.

(b) Movements in components of equity

(i) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 64 of the consolidated financial statements.

Merger reserve arose as a result of the reorganisation taken place on 20 December 2011 which represents the differences between the issued shares and share premium of MiniLogic HK upon group reorganisation and the nil-paid issued of 380,000 shares of the Company which credited as fully paid.

33. 股本及儲備(續)

(a) 股本(續)

- (ii) 於2015年12月17日，本公司透過公開發售方式按認購價每股發售股份0.20港元以於記錄日期(即2015年11月24日)每持有一股股份獲發三股發售股份之基準發行合共1,036,800,000股每股面值0.10港元的普通股。公開發售所得款項淨額(經扣除相關成本及支出後)約為199,342,000港元。超出已發行股份面值之認購價金額已計入股份溢價賬。
- (iii) 於2016年8月3日，本公司發行合共15,382,400股每股面值0.10港元的普通股以行使購股權計劃項下授出的購股權。行使價超出已發行股份面值的部分已計入股份溢價賬。
- (iv) 本公司購股權計劃及計劃項下已發行購股權之詳情載於綜合財務報表附註35。

(b) 權益組成變動

(i) 本集團

本集團於本年度及往年的儲備金額及其變動呈列於綜合財務報表第64頁的綜合權益變動表內。

2011年12月20日因重組而產生的合併儲備指集團重組後微創高科香港的已發行股份及股份溢價與本公司以未繳股款方式發行的380,000股入賬列為繳足的股份之間的差額。

33. SHARE CAPITAL AND RESERVES (Continued)

33. 股本及儲備(續)

(b) Movements in components of equity (Continued)

(ii) The Company

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

		Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Accumulated losses 累計虧損 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2015	於2015年1月1日	28,800	34,277	(2,124)	60,953
Loss for the year	年內虧損	—	—	(3,244)	(3,244)
Total comprehensive expense	全面開支總額	—	—	(3,244)	(3,244)
Transactions with owner:	與擁有人之交易：				
Issue of shares upon placing (note 33(a)(i))	因配售發行股份 (附註33(a)(i))	5,760	13,824	—	19,584
Issue of shares pursuant to open offer (note 33(a)(ii))	根據公開發售發行股份 (附註33(a)(ii))	103,680	103,680	—	207,360
Expenses incurred in connection with the issue of shares during the year	年內發行股份產生的開支	—	(8,538)	—	(8,538)
		109,440	108,966	—	218,406
At 31 December 2015 and 1 January 2016	於2015年12月31日及 2016年1月1日	138,240	143,243	(5,368)	276,115
Loss for the year	年內虧損	—	—	(3,156)	(3,156)
Total comprehensive expense	全面開支總額	—	—	(3,156)	(3,156)
Transactions with owner:	與擁有人之交易：				
Issue of shares upon exercise of share option (note 33(a)(iii))	因行使購股權發行股份 (附註33(a)(iii))	1,538	5,044	—	6,582
		1,538	5,044	—	6,582
At 31 December 2016	於2016年12月31日	139,778	148,287	(8,524)	279,541

(c) Capital Management

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

(b) 權益組成變動(續)

(ii) 本公司

本集團綜合權益各組成部分年初與年末結餘的對賬載於綜合權益變動表。本公司各個權益組成部分於本年度年初至年末的變動詳情如下：

(c) 資本管理

本集團管理其資本以確保本集團能持續經營業務，而另一方面能透過優化債務與股本結餘為股東爭取最大回報。

本集團的資本架構包括本公司擁有人應佔權益(包括已發行股本、儲備及保留溢利)。

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33. SHARE CAPITAL AND RESERVES (Continued)

(c) Capital Management (Continued)

The management of the Group reviews the capital structure periodically. The Group considers the cost of capital and risk associated with each class of capital, and will balance its overall capital structure through payment of dividends, issuance of new shares as well as the raising of new debts.

33. 股本及儲備(續)

(c) 資本管理(續)

本集團的管理層定期檢討資本架構。本集團考慮與各類資本有關的資本成本和風險，並會透過支付股息、發行新股以及舉新債以平衡其整體資本架構。

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

34. 本公司之財務狀況表

		Notes 附註	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備		46	225
Investments in subsidiaries	於附屬公司之投資	21	—	—
Total non-current assets	總非流動資產		46	225
Current assets	流動資產			
Amounts due from subsidiaries	應收附屬公司款項		205,023	80,137
Loans receivables	應收貸款		72,901	15,000
Deposits and prepayments	按金及預付款項		18	23
Bank balances and cash	銀行結餘及現金		1,883	181,133
Total current assets	總流動資產		279,825	276,293
Current liability	流動負債			
Other payables and accruals	其他應付及應計款項		330	403
Total current liability	總流動負債		330	403
Net current assets	淨流動資產		279,495	275,890
Net assets	淨資產		279,541	276,115
Capital and reserves	資本及儲備			
Share capital	股本	33(a)	139,778	138,240
Reserves	儲備	33(b)(ii)	139,763	137,875
Total equity	權益總額		279,541	276,115

The financial statements were approved and authorised for issue by the board of directors on 24 March 2017 and signed on its behalf by:

財務報表已於2017年3月24日經董事會批准及授權刊發，並由下列董事代表簽署：

ZHANG Qing

張慶

Director

董事

SUNG Tak Wing Leo

宋得榮

Director

董事

35. SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “Share Option Scheme”) on 16 May 2012 (“the Adoption Date”). Share Option Scheme will remain in force for a period of 10 years effective from 10 July 2012 of the scheme and will expire on 9 July 2022.

The purpose of the Share Options Scheme is to provide incentives to the participants. The participants of the Share Option Scheme, as absolutely determined by the Board, include:

- (a) any employee (whether full time or part time employee, including any executive directors) of any member of the Group or any entity in which the Group holds any equity interest (“Invested Entity”);
- (b) any non-executive directors (including independent non-executive directors) of any member of the Group or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity.

35. 購股權計劃

本公司於2012年5月16日(「採納日期」)採納一項購股權計劃(「購股權計劃」)。購股權計劃由2012年7月10日起10年內有效，直至2022年7月9日屆滿。

購股權計劃之目的為獎勵其參與者。購股權計劃之參與者(均由董事會全權決定)包括：

- (a) 本集團任何成員公司或本集團持有任何股權之任何實體(「受投資實體」)之任何僱員(不論全職或兼職僱員，包括任何執行董事)；
- (b) 本集團任何成員公司或任何受投資實體之任何非執行董事(包括獨立非執行董事)；
- (c) 向本集團任何成員公司或任何受投資實體提供貨物或服務之任何供應商；
- (d) 本集團任何成員公司或任何受投資實體之任何客戶；
- (e) 向本集團任何成員公司或任何受投資實體提供研究、開發或其他技術支援之任何人士或實體；
- (f) 本集團任何成員公司或任何受投資實體之任何股東或本集團任何成員公司或任何受投資實體所發行任何證券之任何持有人；及
- (g) 本集團任何成員公司或任何受投資實體之任何領域業務或業務發展方面之任何顧問(專業或其他)或諮詢者。

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35. SHARE OPTION SCHEME (Continued)

The maximum number of shares in respect to which options may be granted under the Share Option Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Share Option Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the GEM Listing Rules. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Options may be exercised at any time from the date of grant of the option to the 10th anniversary of the date of grant as may be determined by the Directors. The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of a share.

The refreshment of the Share Option Scheme mandate limit was approved at the annual general meeting held on 29 April 2016, based on 1,382,400,000 shares in issue as at 29 April 2016, the Company was allowed to grant further options under the Share Option Scheme at up to a total of 138,240,000 shares, representing 10% of the shares in issue as at 29 April 2016 and representing 9.9% of the issue share capital of the Company as at 31 December 2016 and the date of this annual report respectively, and representing 10.0% of the issued share capital of the Company, as at the date of 2015 annual report.

35. 購股權計劃(續)

根據購股權計劃可能授出之購股權所涉及之股份數目，最多不得超過採納購股權計劃當日本公司已發行股本之10%。該上限可隨時更新，惟新限額合共不得超過股東於股東大會批准當日本公司已發行股本之10%。然而，根據購股權計劃及本公司任何其他計劃已授出但尚未行使之全部購股權獲行使時，可予發行之股份數目合共不得超過當時已發行股份之30%。於任何十二個月期間內，向任何個別人士授出之購股權獲行使時，可予發行之股份數目不得超過該十二個月期間最後一天已發行股份之1%，除非按照創業板上市規則經由本公司股東批准則作別論。接納授出之購股權時，應付象徵性代價1港元。

購股權可在授出當日起至授出日之十周年為止期間內隨時行使，而期限由董事釐定。行使價將由董事釐定，但不會低於下列之最高者：(i) 每股股份在購股權授出當日在聯交所每日報價表上所列之收市價；(ii) 緊接授出購股權日期前五個營業日每股股份在聯交所每日報價表上所列之平均收市價；或(iii) 股份面值。

更新購股權計劃授權上限已於2016年4月29日舉行的股東週年大會上獲批准，按於2016年4月29日已發行1,382,400,000股股份計，本公司獲允許根據購股權計劃進一步授出購股權，最多合共達138,240,000股股份，代表於2016年4月29日已發行股份的10%及代表本公司分別於2016年12月31日及本年報日期已發行股本的9.9%，以及代表本公司於2015年年報日期已發行股本的10.0%。

35. SHARE OPTION SCHEME (Continued)

On 9 May 2016, 29,030,400 share options were granted to two executive Directors and an independent non-executive Director (collectively the “Grantees”) of the Company under the share option scheme which was adopted by the Company on 16 May 2012. The exercise price of HK\$0.365 per share was not less than the highest of (i) the closing price of HK\$0.36 per share as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant; (ii) the average closing price of HK\$0.359 per share as stated in the daily quotation sheet issued by the Stock Exchange for the five business days immediately proceeding the date of grant; and (iii) the nominal value of a share. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each in the share capital of the Company.

The fair value of the share options granted was approximately HK\$1,826,000 (equivalent to approximately HK\$0.063 each) which was estimated by using a trinomial option pricing model, and also taking into account the terms and conditions upon which the options were granted.

The contractual life of each option granted is six months from 9 May 2016. The fair value of options granted during the year was estimated by using the following assumptions:

Dividend yield (%)	—
Expected volatility (%)	64.34
Risk free interest rate (%)	0.19
Expected exercise multiple	2.80

Expected volatility was determined by using the Company’s historical share price volatility. Expected exercise multiple used in the model was based on the management’s best estimate. The valuation has been performed by RHL Appraisal Limited, who is independent to the Group.

On 3 August 2016, 15,382,400 share options were exercised at an exercise price of HK\$0.365 per share and 13,648,000 share options were lapsed during the year ended 31 December 2016. There were no outstanding share options under the Share Option Scheme as at 31 December 2016.

35. 購股權計劃(續)

於2016年5月9日，根據本公司於2012年5月16日採納的購股權計劃向本公司兩名執行董事及一名獨立非執行董事(統稱「承授人」)授出29,030,400份購股權。每股0.365港元的行使價不會低於下列之最高者：(i)在購股權授出當日在聯交所發佈的每日報價表上所列之每股0.36港元之收市價；(ii)緊接授出購股權日期前五個營業日在聯交所發佈的每日報價表上所列之每股0.359港元之平均收市價；及(iii)股份面值。每份購股權賦予持有人權利可認購本公司股本中一股每股面值0.1港元普通股。

所授出的購股權之公平值約為1,826,000港元(相等於每份約為0.063港元)，乃使用三項式購股權定價模式及經考慮授出購股權所依據之條款及條件估計。

每份所授出購股權之合約期由2016年5月9日起計六個月。於年內授出的購股權之公平值乃使用以下假設而估計：

股息率(%)	—
預期波幅(%)	64.34
無風險利率(%)	0.19
預計行使倍數	2.80

預期波幅乃採用本公司過往股價波幅釐定。有關模式所用預計行使倍數已按管理層的最佳估計得出。有關估值由獨立於本集團的永利行評值顧問有限公司進行。

於2016年8月3日，15,382,400份購股權按每股0.365港元的行使價行使及13,648,000份購股權於2016年12月31日止年度已失效。於2016年12月31日，根據購股權計劃，並不存在尚未行使之購股權。

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35. SHARE OPTION SCHEME (Continued)

Summary details of the movement of the share options granted during the year ended 31 December 2016 are set out as follows:

35. 購股權計劃(續)

截至2016年12月31日止年度，已授出購股權變動的概要詳情載列於下表：

Name of Grantee/Category	Date of Grant (dd/mm/yyyy)	Exercise and validity period (dd/mm/yyyy)	Exercise Price per Share	Number of Share Options 購股權數目				Outstanding as at 31 December 2016
				Outstanding as at 1 January 2016	Granted during the year	Exercised during the year	Lapsed during the year	
				於2016年 1月1日 尚未行使	年度內 已授出	年度內 已行使	年度內 已失效	
Executive Directors								
執行董事								
Mr. Zhang Qing 張慶先生	09/05/2016	09/05/2016– 09/11/2016	HK\$0.365 0.365港元	–	13,824,000	4,000,000	9,824,000	–
Dr. Sung Tak Wing Leo 宋得榮博士	09/05/2016	09/05/2016– 09/11/2016	HK\$0.365 0.365港元	–	13,824,000	10,000,000	3,824,000	–
Independent Non-executive Director								
獨立非執行董事								
Mr. Chiu Yu Wang 趙汝宏先生	09/05/2016	09/05/2016– 09/11/2016	HK\$0.365 0.365港元	–	1,382,400	1,382,400	–	–
Total 合計				–	29,030,400	15,382,400	13,648,000	–

36. ACQUISITION OF SUBSIDIARIES

On 1 May 2016, the Group acquired 55% of the issued share capital of Maximus through a direct wholly-owned subsidiary. As a result, the group's voting equity interest in the Maximus was 55%, obtaining control of the Maximus. Upon completion of the acquisition, Maximus has become an indirect non wholly-owned subsidiary of the Company and the financial results of the Maximus and its subsidiaries (the "Maximus Group") have been consolidated into the financial statement of the Group.

Taking control of the Maximus Group enables the Group to explore the opportunity of developing the total solutions for information security services and to diversify the Group's existing business.

Since the acquisition of the Maximus Group and up to 31 December 2016, the Maximus Group contributed revenue and incurred a profit of approximately HK\$9,832,000 and HK\$3,765,000 respectively to the Group's results.

(a) Consideration transferred

The following table summarises the acquisition-date fair value of consideration transferred.

		As at acquisition date fair value 於收購日期公平值 HK\$'000 千港元
Cash	現金	10,000
Promissory note	承兌票據	17,500
		27,500

The consideration was determined at HK\$27,500,000 based on (i) the historical track records of the Maximus Group for the two years ended 31 December 2015 and 2014 respectively; (ii) the business development and prospectus of the Maximus Group and (iii) the guaranteed profit of HK\$10,000,000.

36. 收購附屬公司

於2016年5月1日，本集團透過一間直接全資附屬公司收購Maximus 55%已發行股本。因此，本集團於Maximus的投票股權為55%，獲得Maximus的控制權。收購事項完成後，Maximus成為本公司一間間接非全資附屬公司，及Maximus及其附屬公司(「Maximus集團」)之財務業績已綜合計入本集團之財務報表。

取得Maximus集團之控制權使本集團得以發掘資訊保安服務的整體解決方案的發展機遇，並使本集團現有業務多元化。

自收購Maximus集團起及直至2016年12月31日，Maximus集團對本集團的業績貢獻收益並產生溢利分別約9,832,000港元及3,765,000港元。

(a) 已轉移代價

下表概述已轉移代價於收購日期的公平值：

27,500,000港元的代價乃按(i) Maximus集團分別於截至2015年及2014年12月31日止兩個年度的歷史往績記錄；(ii) Maximus集團的業務發展及前景；及(iii) 10,000,000港元之保證溢利而釐定。

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36. ACQUISITION OF SUBSIDIARIES (Continued)

36. 收購附屬公司(續)

(b) Acquisition-related costs

The Group incurred acquisition-related costs of approximately HK\$1,575,000. These costs have been included in “other operating expenses” in the consolidated statement of profit or loss and other comprehensive income.

(b) 收購相關成本

本集團產生的收購相關成本約為1,575,000港元。該等成本已計入綜合損益及其他全面收益表的「其他經營開支」。

(c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of identifiable assets acquired and liabilities assumed at the date of acquisition.

(c) 所收購可識別資產及所承擔負債

下表概述於收購日期所收購可識別資產及所承擔負債的確認金額。

		As at acquisition date fair value 於收購日期公平值 HK\$'000 千港元
Property, plant and equipment	物業、廠房及設備	861
Deferred tax assets	遞延稅項資產	75
Deposits and prepayments	按金及預付款項	441
Trade receivables	應收貿易賬款	2,057
Bank balances and cash	銀行結餘及現金	2,259
Amount due to a shareholder	應付一名股東款項	(3,669)
Trade payables	應付貿易賬款	(263)
Other payables and accruals	其他應付及應計款項	(407)
Tax payables	應付稅項	(831)
Provision	撥備	(123)
Total identifiable net assets acquired	所收購可識別淨資產總值	400

(d) Goodwill arising on acquisition

(d) 收購產生之商譽

		As at acquisition date fair value 於收購日期公平值 HK\$'000 千港元
Consideration transferred	轉讓之代價	27,500
Plus: non-controlling interests (45% in Maximus)	加：非控股權益（Maximus的45%）	180
Less: total identifiable net assets acquired	減：可識別已收購淨資產總值	(400)
Goodwill arising on acquisition	收購產生之商譽	27,280

Included in the goodwill of approximately HK\$27,280,000 recognised above was the benefit of diversity in business, broadening the sources of the Group's revenues and cash flows.

上述已確認的商譽約27,280,000港元包括業務多元化的裨益、擴大本集團的收入及現金流來源。

36. ACQUISITION OF SUBSIDIARIES (Continued)**36. 收購附屬公司(續)****(e) Net cash flows on acquisition****(e) 收購之淨現金流量**

		As at acquisition date fair value
		於收購日期公平值
		HK\$'000
		千港元
Consideration paid in cash and promissory note	已付現金代價及承兌票據	27,500
Plus: cash and cash equivalent balances acquired	加：收購現金及現金等價物結餘	(2,259)
Total	合計	25,241

37. OPERATING LEASE COMMITMENTS**37. 經營租賃承擔**

The Group leased certain of its offices under operating lease arrangements. Leases for office were negotiated for terms ranging from 2 to 3 years. At the end of the reporting period, the total future minimum lease payments under non-cancellable operating lease in respect of leased properties are payable as follows:

本集團根據經營租賃安排租賃其若干辦公室。辦公室租期協定為2至3年。於報告期末，根據不可撤銷經營租賃持有的租賃物業之日後最低租賃總付款如下：

		2016	2015
		2016年	2015年
		HK\$'000	HK\$'000
		千港元	千港元
Within one year	一年內	2,887	1,452
After one year but within five years	一年後但五年內	2,783	852
		5,670	2,304

Operating lease payments mainly represent rentals payable by the Group for its office premises and a warehouse in Hong Kong. Lease payments are fixed throughout the lease term agreed. None of the leased includes contingent rentals.

經營租賃付款主要指本集團就其位於香港的辦公室單位及倉庫應付的租金。租賃付款乃根據協定的租期釐定。已租賃項目不包括或然租金。

38. CAPITAL COMMITMENTS**38. 資本承擔**

The Group did not have any material capital commitments as at 31 December 2016 (2015: nil).

本集團於2016年12月31日並無任何重大資本承擔(2015年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

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39. RELATED PARTY DISCLOSURES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 13(a) and certain of the highest paid employees as disclosed in note 13(b), is as follows:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Salary and other short term employee benefits	薪金及其他短期僱員福利	5,395	4,413
Post-employment benefits	離職福利	83	83
Equity-settled share-based payments	股權結算股份付款	881	—
		6,359	4,496

(b) Loans to related parties

The following tables disclose the loan interest income and loans advanced to related parties for the year ended 31 December 2016 and 2015:

		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元
Loan interest income from:	來自下列各方的貸款利息收入：		
— Key management personnel	— 主要管理人員	—	644
— A substantial shareholder	— 一名主要股東	—	1,085
Loans advanced to:	墊付予下列各方的貸款：		
— Key management personnel	— 主要管理人員	—	10,000
— A substantial shareholder	— 一名主要股東	—	8,700

During the year ended 31 December 2015, loans advanced to related parties are repayable according to repayment schedules, with contractual maturity within 6 months and bear annual interest rates ranging from 12% to 24%. All loans repayments from related parties were received. They were neither past due nor impaired.

39. 關連人士披露

(a) 主要管理人員的薪酬

本集團主要管理人員的酬金，包括如附註13(a)所披露已支付予本公司董事的金額及已支付如附註13(b)所披露的若干最高薪酬僱員的金額如下：

(b) 借予關連方的貸款

下表披露截至2016年及2015年12月31日止年度貸款利息收入及預付關連方貸款：

截至2015年12月31日止年度，墊付予關連方的貸款根據還款時間表償還，合約到期日於6個月內到期，並按介乎12%至24%的年息率計息。已收取關連方所有貸款還款。其概無逾期或減值。

39. RELATED PARTY DISCLOSURES (Continued)**(c) Related party balance**

Details of the Group's outstanding balances with related parties are set out in note 28 and 29.

(d) Applicability of the GEM Listing Rules relating to connected transactions

None of above related party transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 20 of GEM Listing Rules.

39. 關連人士披露(續)**(c) 關連方結餘**

有關本集團與關連方之未償還結餘詳情載於附註28及29。

(d) 創業板上市規則對關連交易的適用性

根據創業板上市規則第20章，概無上述關連方交易符合關連交易或持續關連交易的定義。

40. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2016.

40. 或然負債

於2016年12月31日，本集團並無任何重大或然負債。

41. EVENT AFTER THE REPORTING PERIOD

On 22 December 2016 and 6 January 2017, the Company as the purchaser, Standard Apex Limited as the vendor and Ms. Xie Jihong as the guarantor, being independent third parties of the Group, entered into a memorandum of understanding and a sale and purchase agreement ("Sale and Purchase Agreement"), in relation to the proposed acquisition, the entire issued share capital of Quick Wit at a consideration of HK\$140 million. The Quick Wit Group is principally engaged in provision of investment and planning consulting service, real estate agent, property management services and car parking management services in the PRC. All of the conditions precedent under the Sale and Purchase Agreement have been fulfilled and the completion took place on 20 January 2017 in accordance with the terms and conditions of the Sale and Purchase Agreement. Upon completion of the acquisition, Quick Wit Ventures Limited has become a direct wholly-owned subsidiary of the Company and the financial results of the Quick Wit Group have been consolidated into the financial statement of the Group.

Details of the acquisition were disclosed in the Company's announcements dated 22 December 2016, 6 and 20 January 2017 respectively.

41. 報告期後事項

於2016年12月22日及2017年1月6日，本公司(作為買方)、Standard Apex Limited(作為賣方)及謝繼紅女士(作為擔保人及為本集團之獨立第三方)訂立諒解備忘錄及買賣協議(「買賣協議」)，內容有關建議收購Quick Wit之全部已發行股本，代價為140百萬港元。Quick Wit集團主要於中國從事提供投資及策劃顧問服務、房地產經紀、物業管理服務及停車場管理服務。買賣協議項下之全部先決條件均告達成，並已根據買賣協議之條款及條件於2017年1月20日完成。於收購事項完成後，Quick Wit Ventures Limited已成為本公司一間直接全資附屬公司，且Quick Wit集團之財務業績已綜合計入本集團之財務報表。

收購事項之詳情已分別披露於本公司之公告，日期為2016年12月22日、2017年1月6日及20日。

42. AUTHORISATION OF ISSUE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 March 2017.

42. 授權刊發綜合財務報表

董事會已於2017年3月24日批准並授權刊發綜合財務報表。

SUMMARY OF FIVE YEAR FINANCIAL INFORMATION

五年財務資料概要

The following is a summary of the results, assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate:

以下為摘自自己刊發經審核財務報表及經恰當重列／重新歸類之本集團過去五個財政年度之業績、資產及負債概要：

RESULTS

業績

		Year ended 31 December 截至12月31日止年度				
		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元	2014 2014年 HK\$'000 千港元	2013 2013年 HK\$'000 千港元	2012 2012年 HK\$'000 千港元
Revenue	收益	60,752	29,244	52,136	42,769	31,281
Profit/(loss) for the year	年度溢利／(虧損)	10,592	(8,858)	(7,690)	(6,090)	(17,354)
Earnings/(loss) per share (HK cents)	每股盈利／(虧損) (港仙)	0.64	(1.87)	(2.25)	(2.11)	(6.51)

ASSETS AND LIABILITIES

資產及負債

		As at 31 December 於12月31日				
		2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元	2014 2014年 HK\$'000 千港元	2013 2013年 HK\$'000 千港元	2012 2012年 HK\$'000 千港元
Total assets	總資產	313,143	286,762	79,125	69,340	64,090
Total liabilities	總負債	11,208	2,161	4,048	5,217	3,612
Net assets	資產淨值	301,935	284,601	75,077	64,123	60,478

