

SMART-CORE HOLDINGS LIMITED 芯智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：2166

2017 ANNUAL REPORT 年度報告

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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

TIAN Weidong (*Chairman of the Board and Chief Executive Officer*)
WONG Tsz Leung (*Chief Financial Officer*)
LIU Hongbing
XIE Yi

Independent non-executive Directors

TANG Ming Je
ZHENG Gang
WONG Hon Kit

BOARD COMMITTEES

Audit Committee

WONG Hon Kit (*Chairman*)
TANG Ming Je
ZHENG Gang

Remuneration Committee

ZHENG Gang (*Chairman*)
TANG Ming Je
WONG Hon Kit
TIAN Weidong

Nomination Committee

TIAN Weidong (*Chairman*)
TANG Ming Je
WONG Hon Kit

COMPANY SECRETARY

LO Kai Cheong (CPA)
(resigned with effect from 10 August 2017)
CHAN Lap Wing (CPA)
(appointed with effect from 10 August 2017)

AUTHORISED REPRESENTATIVES

TIAN Weidong
WONG Tsz Leung

董事會

執行董事

田衛東(*董事會主席及行政總裁*)
黃梓良(*首席財務官*)
劉紅兵
謝藝

獨立非執行董事

湯明哲
鄭鋼
黃漢傑

董事委員會

審核委員會

黃漢傑(*主席*)
湯明哲
鄭鋼

薪酬委員會

鄭鋼(*主席*)
湯明哲
黃漢傑
田衛東

提名委員會

田衛東(*主席*)
湯明哲
黃漢傑

公司秘書

盧繼昌(註冊會計師)
(於2017年8月10日辭任)
陳立榮(註冊會計師)
(於2017年8月10日獲委任)

授權代表

田衛東
黃梓良

Corporate Information

公司資料

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

Hong Kong

15/F, Tower B, Regent Centre
70 Ta Chuen Ping Street
Kwai Chung
New Territories, Hong Kong

PRC

16/F, Finance & Technology Building
No. 11 Keyuan Road, Nanshan District
Shenzhen, China

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F, One Pacific Place
88 Queensway, Hong Kong

LEGAL ADVISOR

As to Cayman Islands law

Maples and Calder
53th Floor, The Center
99 Queen's Road Central
Hong Kong

As to Hong Kong law

DLA Piper Hong Kong
17th Floor, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

註冊辦事處

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

主要營業地點

香港

香港新界
葵涌
打磚坪街70號
麗晶中心B座15樓

中國

中國深圳市
南山區科苑路11號
金融科技大廈16樓

核數師

德勤•關黃陳方會計師行
執業會計師
香港金鐘道88號
太古廣場一期35樓

法律顧問

開曼群島法律

Maples and Calder
香港
中環皇后大道中99號
中環中心53樓

香港法律

歐華律師事務所
香港
皇后大道中15號
置地廣場
公爵大廈17樓

Corporate Information

公司資料

As to PRC law

Commerce & Finance Law Offices
27C, Shenzhen Te Qu Bao Ye Building
6008 Shennan Road
Shenzhen, PRC

COMPLIANCE ADVISER

Fortune Financial Capital Limited
35/F, Office Tower, Convention Plaza
1 Harbour Road, Wanchai,
Hong Kong

SHARE REGISTRARS

Hong Kong

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

Cayman Islands

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

中國法律

通商律師事務所
中國深圳市
深南大道6008號
深圳特區報業大廈27C

合規顧問

富強金融資本有限公司
香港
灣仔港灣道1號
會展廣場辦公大樓35樓

股份過戶登記處

香港

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

開曼群島

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

Corporate Information

公司資料

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
16/F, The Center
99 Queen's Road Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

STOCK CODE

2166

COMPANY WEBSITE

www.smart-core.com.hk

主要往來銀行

香港上海滙豐銀行有限公司
香港
皇后大道中1號

星展銀行(香港)有限公司
香港
皇后大道中99號
中環中心16樓

渣打銀行(香港)有限公司
香港
德輔道中4至4A號
渣打銀行大廈

股份代號

2166

公司網站

www.smart-core.com.hk

Financial Highlights

財務摘要

		For the year ended 31 December 截至12月31日止年度		
		2017	2016	Change 變動
		USD'000 千美元	USD'000 千美元	
Revenue	收入	613,483	669,896	-8.4%
Gross profit	毛利	29,589	31,617	-6.4%
Profit before tax	除稅前利潤	11,375	11,921	-4.6%
Profit for the year	年度利潤	9,926	9,427	5.3%
Attributable to:	以下人士應佔：			
Owners of the Company	本公司擁有人	9,947	9,279	7.2%
Earnings per share ("EPS"), – Basic (US cents)	每股盈利 – 基本(美分)	1.989	2.322	-14.3%

		As at 31 December 於12月31日		
		2017	2016	Change 變動
		USD'000 千美元	USD'000 千美元	
Total assets	總資產	125,120	162,515	-23.0%
Total liabilities	總負債	59,387	105,675	-43.8%
Net assets	資產淨額	65,733	56,840	15.6%
Net financial position ⁽¹⁾	淨財務狀況 ⁽¹⁾	22,458	5,278	325.5%
Average turnover days of inventories – days ⁽²⁾	存貨平均周轉天數 – 天 ⁽²⁾	20	14	42.9%
Average turnover days of trade receivables – days ⁽³⁾	貿易應收款項平均周轉天 數 – 天 ⁽³⁾	29	38	-23.7%
Average turnover days of trade payables – days ⁽⁴⁾	貿易應付款項平均周轉天 數 – 天 ⁽⁴⁾	36	33	9.1%
Gearing ratio – % ⁽⁵⁾	資本負債率 – % ⁽⁵⁾	0.4	39.7	-99.0%
Current ratio ⁽⁶⁾	流動比率 ⁽⁶⁾	1.8	1.4	28.6%

Financial Highlights

財務摘要

Notes:

- (1) The balance of net financial position is calculated as the sum of bank balances and cash minus bank loans.
- (2) Average turnover days of inventories is derived by dividing the arithmetic mean of the opening and closing balances of inventories for the relevant year by cost of sales and multiplying by 365 days.
- (3) Average turnover days of trade receivables is derived by dividing the arithmetic mean of the opening and closing balances of gross trade receivables for the relevant year by revenue and multiplying by 365 days.
- (4) Average turnover days of trade payables is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant year by cost of sales and multiplying the resulting value by 365 days.
- (5) Gearing ratios were calculated based on the total interest-bearing borrowings as at the respective dates divided by total equity as at the respective dates and multiplied by 100%.
- (6) Current ratios were calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.

附註：

- (1) 淨財務狀況餘額乃按銀行結餘及現金總額減去銀行借貸計算。
- (2) 存貨平均周轉天數乃按有關年度的期初及期末存貨結餘之算術平均數除以銷售成本再乘以365天計算得出。
- (3) 貿易應收款項平均周轉天數乃按有關年度的期初及期末貿易應收款項結餘之算術平均數除以收入再乘以365天計算得出。
- (4) 貿易應付款項平均周轉天數乃按有關年度的期初及期末貿易應付款項結餘之算術平均數除以銷售成本再乘以365天計算得出。
- (5) 資本負債率乃按有關日期計息借款總額除以各有關日期權益總額再乘以100%計算。
- (6) 流動比率乃按有關日期的流動資產總額除以有關日期的流動負債總額計算。

Chairman's Statement 主席報告書



On behalf of the Board of Directors (the “**Board**” or “**Board of Directors**”) of Smart-Core Holdings Limited (the “**Company**”), I am pleased to present the annual report of the Company and its subsidiaries (the “**Group**”) for 2017.

本人謹代表芯智控股有限公司(「本公司」)董事會(「董事會」)欣然呈報2017年度本公司及其附屬公司(「本集團」)的年度報告。

Chairman's Statement

主席報告書

REVIEW OF 2017

The Group is a leading distributor and technical value-added service provider of integrated circuit (“IC”) and other electronic components based in the People’s Republic of China (the “PRC”). We have maintained stable partnership with the biggest supplier of the Group for over a decade and also have a loyal and diversified customer base. In addition, our engineering support services helps us maintain symbiotic relationship with suppliers and customers. In 2017, the Group maintained its leading position in the product lines in smart media display, intelligent broadcasting terminal and memory products and achieved initial scaled sales in optical communication, security monitoring, touch screen display, auto electronics, and Internet of Things, thus laying a solid foundation for future development.

According to statistics from Ministry of Industry and Information Technology of the PRC, in 2017, production of color television (“TV”) sets in mainland China declined in the first half of the year, rebounded in the third quarter and increased in the last quarter. The production for the year increased slightly by 1.6% as compared to the corresponding period of 2016. According to the industrial data, the retail market of color sets in mainland China in 2017 scaled down by approximately 6.6% as effected by the real estate regulatory policies in the market of mainland China and the increase in the cost of the complete TV sets and due to the lack of driving force from sports games.

The Group is a major supplier of the global system-on-chip for liquid crystal display (“LCD”) TV sets, sales revenue from display business takes up a considerable proportion of the business of the Group. In addition, as “LeTV (樂視網)”, a blue-chip customer of the Group, went through material changes in respect operations, the Group’s sales volume to it declined substantially (Nevertheless, the Group had already made adequate bad debt provision and carried out other measures to ensure no effect from “LeTV” will bring to the Group in the future). Revenue of the Group in 2017 amounted to US\$613.5 million, representing a slight decrease as compared to the corresponding period last year. Nonetheless, the Group proactively carried out new businesses and took effective cost management measures to control expenses, thus securing new income sources and reducing expenditures. Consequently, the Group managed to record a net profit of US\$9.9 million after deducting provision for bad and doubtful debts, representing a slight increase as compared to 2016.

2017年回顧

本集團是一家在中國本土領先的集成電路及其他電子元器件分銷商及技術增值服務商。我們與集團最大的供應商保持超過10年的穩定合作關係，亦擁有忠誠與多元化的客戶群。此外，我們提供的技術支持服務亦協助我們與供應商及客戶保持共生關係。2017年，集團在智能媒體顯示、智能廣播終端和存儲器這三個產品線繼續保持著行業領先地位，在光學通訊、安防監控、觸控、電子汽車以及物聯網等領域的業務開始實現規模銷售，為集團未來的發展奠定了堅實基礎。

根據中華人民共和國工業和信息化部的數據，2017年中國大陸地區彩色電視機生產在經歷上半年的衰退，第三季度的恢復和第四季度的增長后，全年的產量僅同比2016年小幅增長1.6%。行業數據顯示，中國內地市場受到房地產調控政策和整機成本上漲帶來的壓力，以及缺乏體育賽事驅動，2017年中國內地彩色電視機零售市場規模同比下降了約6.6%。

本集團是全球液晶電視系統芯片的主要供貨方，因此顯示類業務的銷售收入在集團的業務中佔比較大。加之集團的藍籌客戶「樂視網」由於經營狀況出現重大變化，導致對其的出貨量大幅減少（然而，本集團已計提足夠的壞賬準備，並採取其他措施確保「樂視網」未來不會對本集團產生影響）。2017年集團實現銷售收入613.5百萬美元，同比去年小幅下降。然而，集團通過積極開拓新業務，並採取有效的成本管理手段控制費用支出，做到開源節流，在計提呆賬撥備後，仍然實現年度淨利潤9.9百萬美元，較2016年有輕微的上升。

Chairman's Statement

主席報告書

In 2017, we achieved sales revenue of nearly ten million United States Dollar ("US\$") from optical communication, thus setting a new sales record, and maintained sound business relationship with major customers in this sector. Meanwhile, we also made progress and achieved scaled sales in respect of touch screen display, security monitoring, Internet of Things and other business sectors. In addition, the Group energetically experimented on and advanced new businesses such as technical value-added services, electronic components, e-commerce, supply chain services, supply chain finance, etc., which would become new sources of profit growth of the Group.

OUTLOOK FOR 2018

In the wake of the accelerated urbanization construction in mainland China in 2018, the popularity of 4K smart TV and the introduction of 8K TV will press ahead the development of large screen TV products with high resolution. The popularity of laser projection TV and decrease in the price of organic light-emitting diode and quantum dot light-emitting diode TV will stimulate the growth in market demands. In addition, a number of factors, including the two major sports events, i.e., FIFA World Cup and the Asian Games, to be held in 2018, will boost the increase in sales of TVs and other relevant products, which will bring in favorable and positive effects on the results of the Group in 2018.

Thanks to the arduous advancement in 2017, we have made our foundation more solid, our tread more confident and our perspectives more extensive. We will head toward our development goals with great efforts. In 2018, under the improved internal and external corporate environment and with the advancing of industry upgrading strategy in China, the Group will hold fast to the positioning of serving as an enterprise bridging cutting-edge technologies and high quality products and seek for continuous development through the following four business strategies:

2017年我們在光學通訊領域的銷售取得突破，實現了接近千萬美元的銷售額，亦與該領域的主要客戶建立良好的業務關係。同時在觸控、安防監控及物聯網等業務領域也取得進展，實現規模銷售。集團在技術增值、電子元器件、電商、供應鏈服務及供應鏈金融等新業務形態上也進行積極有效的探索和推進，將為集團帶來新的利潤增長點。

2018年展望

隨著2018年中國內地城鎮化建設的提速，4K智能電視的普及和8K電視的推出，高分辨率促進電視產品的大屏化發展；激光投影電視的普及，有機發光二極體和量子點電視價格下降帶來市場需求增長，以及2018年即將迎來足球世界杯和亞運會兩個大型體育賽事等。這諸多因素都將促進以電視為主的相關產品的銷售增長，將對集團2018年的業績帶來正面積極的影響。

經過了逆風前行的2017年，我們的基礎更加紮實，腳步更加堅定，視野更加開闊。我們將會沿著既定的發展目標努力前行。2018年，隨著企業內外部環境的改善，國家產業升級戰略的推進，本集團將秉持作為尖端科技和優質產品橋樑的企業定位，並透過以下四個業務策略來持續發展：

Chairman's Statement

主席報告書

- To upgrade technical value-added services

The Group will continue to enhance its leading advantages in consumer electronic products and strive to improve the comprehensive technological capacity in optical communication, security monitoring, commercial display, auto electronics, Internet of Things and smart appliances and tap and deepen the technology intervention in the semiconductor business, with a view to providing the customers with comprehensive technical value-added services with our professional operation. In the meantime, we will proactively scout for and enhance technical investments into new sectors so as to provide integrated solutions and technical support for more chip companies and create greater value in the industrial chain.

- To be poised in industry resource integration

China's semiconductor sector is blessed with unprecedented development opportunities. As a semiconductor distribution enterprise grown up in PRC, we have accumulated extensive industry experience and concluded a range of effective business modes of technology and supply chain value-added services. While striving for its own growth, the Company will start to integrate resources from counterparts, upstream and downstream in the future and seek to build the Group into a leading semiconductor transaction platform in China by way of investment, cooperation and other approaches.

- To expand the overseas market

Expansion into overseas market is a significant part of the Group's future development strategies. Targeted exploitation of the international market enables the Group to use the resource and technical advantages accumulated in prior years and also lays the ground work for the worldwide development of China's semiconductors. The Group will set up overseas outlets for business expansion in the light of the trend and characteristics of the industrialized shift in a preplanned manner so as to satisfy new demands for localized sourcing and localized manufacturing in various emerging markets.

- 提升技術增值服務

集團將繼續鞏固在消費電子領域的領先優勢，致力於提升在光學通信、安防監控、商業顯示、汽車電子、物聯網和智能硬件等領域的綜合技術能力，挖掘和深化在半導體各領域的技術介入度，通過專業化的經營，為客戶提供全面的技術增值服務。我們也同時積極尋找和強化在新領域的技術投入，為更多的晶片公司提供方案整合和技術支援，在產業鏈中創造更大價值。

- 著手行業資源整合

中國半導體產業正面臨著前所未有的發展機遇，作為本土成長起來的半導體分銷企業，我們積累了豐富的行業經驗，探索出一系列透過技術和供應鏈增值服務的成功商業模式。今後公司將在自身成長的同時，著手整合同行及上下游的產業資源，通過投資、合作等多種形式，努力使集團發展成為中國半導體領域領先的交易平台。

- 拓展海外市場

海外市場的開拓是集團未來發展戰略中的重要一環，通過有針對性地開拓國際市場可充分發揮集團多年積累的資源和技術優勢。同時，也可以在未來為中國半導體走向世界做好準備。集團將根據產業化轉移的趨勢和特點，有計劃地在海外設立網點開拓業務，以滿足眾多新興市場的本地化採購、本地化製造的新需求。

Chairman's Statement

主席報告書

- To explore new business modes

Leveraging on its listing advantages, the Group will proactively develop supply chain value-added services in combination with the Internet and big data. Meanwhile, it will integrate the online and offline resources by virtue of its e-commerce platform to improve business efficiency and reduce costs of small and long tail customers. In addition, it will integrate resources and tap into the spot goods distribution sector, thereby providing customers with one-stop comprehensive components services and efficient and high quality delivery thereof.

Looking into the future, we brim with confidence; confronted with challenges, we have high morale. In the coming year, we will proceed to make arduous efforts in a bid to infuse vigor into the development of the Group and bring more generous returns to shareholders.

In the end, I would like to extend my heartfelt gratitude to each shareholder, business partner, member of the Board of Directors, the management of the Company and all staff for their assistance and support rendered to the development of the Company.

Tian Weidong
Chairman

Hong Kong, 26 March 2018

- 新業務模式的探索

集團將充分發揮身為上市公司的優勢，結合互聯網和大數據，積極拓展供應鏈增值服務，並透過與電商平台的結合，融合線上和線下資源，提升業務效率，降低微小型及長尾客戶的成本，整合資源進入現貨分銷領域，為客戶提供元器件一站式綜合服務及高效優質的交付。

展望未來，我們充滿信心！面對挑戰，我們鬥志昂揚！在新的一年，我們將繼續努力奮鬥，為集團的發展注入力量，為股東帶來更高的回報！

最後，我謹向各位股東、合作夥伴、董事會成員、本公司管理層和所有員工對公司的發展所給予的幫助和支持表示由衷的感謝。

主席
田衛東

香港，2018年3月26日

Management Discussion and Analysis

管理層討論與分析

BUSINESS REVIEW

We have noticed there were quite a number of ups and downs as well as drastic changes in the marketplace in the year of 2017. In spite of the constantly emerging new concepts and hot points, the market demands were not boosted effectively due to the lack of new technology, which resulted in the decline of the entire consumer electronic product market. As a result, the Group encountered our first year of negative growth in operating revenue since the Group was founded.

Smart media display

The smart media display products enjoyed a rapid growth in recent years and are currently experiencing a slowdown. In the wake of intensifying competition, operation tended to be transparent in the industry and the overall profit for the industry declined significantly in 2017. For example, MStar Semiconductor Inc. (“**MStar**”), a supplier of the Group, who is a dominant player in the sector of display products, were also exposed to fierce competition with a number of peers, albeit in possession of a full range of products and high-standard technology. Under the influence of the neighboring market environment, the Group adhered to our customer-oriented concept, adjusted our technical approaches and increased our investment in research and development in order to pursue new business growth drivers in this highly differentiated market.

Intelligent broadcasting terminal

In 2017, thanks to the growth contributed by the emerging market and the digital upgrades in certain countries, the sale of traditional digital video broadcasting TV remained stable in the market. Meanwhile, the sale of Internet TV/Internet Protocol TV also increased rapidly. In particular, as driven by the PRC and United States (“**US**”) markets, demands for intelligent broadcasting terminal products also experienced a rapid growth in other countries. In virtue of our leading position in the intelligent broadcasting terminal product sector, the Group achieved the goal of annual growth in respect of market share and maintained our competitive edges in the market, contributing approximately 70% of the sales volume of MStar and recording further increase in the gross profit margin in the intelligent broadcasting terminal sector.

業務回顧

2017年是市場風起雲湧、急劇變化的一年。新概念、新熱點不斷湧現，但新技術缺乏，無法驅動市場的需求力，整個消費電子市場也因此均有所下滑。集團也出現了自成立以來的第一個營收倒退年度。

智能媒體顯示

智能媒體顯示產品領域近年來快速發展，目前已遇到一定的行業瓶頸。隨著競爭加劇，行業經營趨向透明化，行業整體利潤在2017年嚴重下滑。其中，集團供應商晨星半導體股份有限公司（「**晨星**」）在顯示產品領域發揮著舉足輕重的作用，以種類齊全和高技術水準立足於行業，但其也面臨多家廠商的激烈競爭。在週邊市場環境的影響下，集團堅持以服務客戶為本的理念，調整技術手段，加強研發方面的投入，務求在差異化市場內繼續尋求新的業務增長點。

智能廣播終端

2017年，市場上傳統數碼視訊廣播數字電視的供應保持相對穩定的出貨量，主要受惠於新興市場和部分國家數位整轉。互聯網電視業務／交互式網路電視業務的出貨量也有著迅速的增長。其中，在中國和美國市場的帶動下，其他國家市場對於智能廣播終端產品領域的需求也不斷的迅速增長。憑藉集團在智能廣播終端產品領域的領先地位。我們在晨星的出貨上約佔70%的份額，實現市場佔有率每年增長的目標。同時，我們在智能廣播終端領域的毛利率也取得了進一步的增長，並在市場上保持一定的優勢。

Management Discussion and Analysis

管理層討論與分析

Memory products

In 2017, the global memory products industry recorded an increase ranging from 60% to 65% in the operating revenue, an increase of approximately 35% in average unit sale price and an increase of approximately 20% in the output. Following the upgrade and iteration of consumer electronic products such as smart phones, the global demands for memory products for cellphones and servers continued to grow. Nevertheless, the supply of memory products in the market remained uptight as main suppliers of memory products were all profit driven and conservative in capital expenditure while the introduction of new technology slowed down. In 2017, the Group recorded an increase in the sale of memory products. Capitalizing on our long-term cooperation relationship, the memory product team continuously and thoroughly acquired the customers' demands so as to capture market changes in a timely manner and make adjustments to the inventories and customer mix in advance. As a result, the revenue from memory products has increased by 16% as compared to 2016.

Security monitoring

Close attention to the security, pursuit for resolution and requirements for differentiation in the marketplace brought up the rapid development of security monitoring products in the previous 20 years. The security products have been going through upgrading and replacement and there has been a 3-to-5-year replacement cycle for security facilities due to the special service environment thereof, which generated the enormous market size for security monitoring products. The enormous market size also resulted in brutal price competition. Notwithstanding, manufacturers with weak product technological strength will eventually be phased out and healthy competition will be restored to the market. MStar placed its main efforts on the key node for technology upgrade of security products and focused on the independent development of the wafer for professional security products as well as consumer audio and video products. Accordingly, it becomes the only rising technology generator to compete comprehensively with the market flagship and was well recognized among key customers in the industry and relevant industrial chains. As an authorized supplier of MStar in the PRC, the Group recorded positive returns from our investment in security monitoring and an increase of 400% in the sales in 2017, thus maintaining our leading advantages in the industry.

儲存器

2017年全球內存產業營收增長為60%至65%，平均銷售單價較去年增加約35%，產出也有將近20%的增長。隨著智能手機等消費電子產品的更新迭代，全球手機與伺服器對於儲存器的市場需求處於持續成長中，但因為各主要內存供應商均以獲利為導向，資本支出保守，同時工藝轉進趨緩，內存市場仍處於供貨緊張的格局走勢。集團2017年在儲存器產品方面的銷售保持一定的增幅，儲存器產品線團隊利用長期供需關係不斷深入瞭解客戶需求，及時掌握市場變化情況，提前調整庫存和客戶結構，令儲存器產品收入較2016年增長16%。

安防監控

市場對安全的重視、解像度的追求、及差異化的要求，使得安防監控產品在近20年迅速發展。安防產品不斷的更新換代和特殊工作環境造成安防設備3-5年的更換週期，為我們展現了安防監控產品巨大的市場容量。龐大的市場容量，帶來的是價格競爭。但產品沒技術競爭力的廠家最終將被淘汰，市場將回歸良性競爭趨勢。晨星在安防產品技術更新的節點上重點發力，專注於專業安防及消費類音視頻產品領域晶片的自主研發，成為唯一能夠全面與市場龍頭競爭的崛起中的技術源頭，獲得行業內重點客戶及相關產業鏈認可。作為晨星在國內的授權供應商，集團2017年在安防監控的投入與回報成正比，實現了400%的銷售增長，保持在行業內的領先優勢。

Management Discussion and Analysis

管理層討論與分析

Optical communication

In 2017, the sales of optical modules were estimated to be approximately US\$6 billion in the global market according to the report issued by Zhiyan Consulting Group. The large-scale application of optical modules to cellphones with face recognition functions and the laser radars became the new focus in the optical communication derivative market. In light of the domestic market landscape, the Group consolidated our current market share and strived to enhance our sales and profit in 2017, thereby accomplishing our target of increasing our revenue by 100% as compared to 2016.

In 2017, the Group also continued to expand into other sectors such as auto electronics, mobile terminals, intelligent internet of things and schemed for industries such as new energy vehicles, industrial automated control and communications. In virtue of professional technological supports and supply chain services, the Group effectively improved its profit margin in spite of the negative growth in our overall performance.

OUTLOOK

After the first sales setback since the Group was founded, we are looking forward to joining hands with our suppliers and customers again to deliver excellent results in 2018.

In terms of the smart media display, with the intensifying competition in the industry, we expect that the overall profit decline trend will continue in the smart media display industry in 2018. Under such circumstance, we will cooperate with MStar more closely to secure more orders from end users in the smart media display field and identify more cooperation opportunities with branded manufacturers in 2018. Meanwhile, in the differentiated market such as the projector and electric whiteboard, the Group will further expand and maintain our leading market position. In particular, as the artificial intelligence (“AI”) will become a major new concept in the smart media display products market in 2018, we will keep abreast of the technology vanguard and strive to achieve a leading position in the future AI market.

In terms of the intelligent broadcasting terminal, the Group's focus will be on China and India, the two markets with larger demand. We will consolidate demand from existing customers, while striving to enhance our market share and sales in China and India, aiming for growth in both the market share and revenue.

光學通訊

根據智研諮詢集團出版的報告，全球光模組市場在2017年銷售額預計接近60億美金。手機人臉識別，以及在雷射雷達中的規模應用成為光學通訊衍生市場的新焦點。2017年，針對國內的市場情況，集團穩定當前市場佔有率，並致力於提高銷售及盈利，實現了收入較2016年增長100%的目標。

2017年，集團也持續深耕汽車電子、移動終端、智能物聯等多個領域，佈局新能源汽車、工業自動化控制、通訊等產業，以專業的技術支援與供應鏈服務，在整體業績下滑的情況下，有效地提升了利潤率。

展望

經歷了自集團成立以來首次的銷售倒退，我們展望2018年再次與供應商及客戶攜手前進，再創佳績。

在智能媒體顯示領域，隨著行業的競爭不斷加劇，我們預計智能媒體顯示行業整體利潤下滑的趨勢將會在2018年延續。在2018年，我們將更加緊密地與晨星合作，務求在智能媒體顯示產品領域爭取更多終端客戶的訂單，以及尋找與更多品牌廠家的合作機會。同時，集團將繼續開拓投影和電子白板等差異化市場，並致力保持市場的主導地位。其中，人工智能將成為2018年智能媒體顯示產品市場一個主打的新概念。我們也將緊貼技術源頭，力爭在人工智能未來的市場中佔據主要位置。

在智能廣播終端方面，我們將聚焦在中國及印度這兩個需求較大的市場，鞏固現有的客戶需求的同時，致力於提升中國及印度市場的份額和出貨量，實現市場份額與收入增長的目標。

Management Discussion and Analysis

管理層討論與分析

In terms of the security monitoring, the Group will continue to serve our customers in various industries and maintain our position as core agents for certain manufacturers leveraging on our strong technical value-added capabilities and with the efforts of our marketing team. In 2018, we will join hands with our suppliers to better serve our core target customers, timely adjust our strategies and identify key customers and opportunities in the industry and other fields. Moreover, we will put in more efforts on consuming customers, tap into the consumer demand, and better serve those differentiated market and production-oriented plant customers, so as to generate additional revenue from markets of some specific industries such as license plate recognition, face recognition and human shape recognition, by virtue of our technical value-added capabilities.

In terms of the optical telecommunication, we will place a strong emphasis on the major customers, maintain and broaden the medium-sized customer base and serve more small and medium customers on a selective basis within our capabilities in 2018. Furthermore, we will concentrate our resources on developing new products and new product lines with our suppliers, striving to identify new business opportunities in the markets outside the optical telecommunication sector, e.g. laser radar and face recognition.

In 2018, the Group will further expand our product lines and extend our reach to new customers based on our existing business modes. We will also strengthen our technical value-added capability and exert more efforts on attraction of talents. By establishing information-based management system and consolidating the back-end base, the Group will serve our customers and create new profit drivers by technological means and specialized supply chain systems, endeavoring to become the most valuable value-added service provider of electronic components in China.

在安防監控領域，集團將繼續利用強大的技術增值能力以及我們的營銷團隊，服務於眾多行業客戶，牢牢佔據原廠核心代理商位置。2018年，我們將攜手供應商，繼續深耕核心目標客戶，即時調整策略，尋找行業及其它領域的重點客戶與機會。此外，我們將加強對消費類客戶的投入，開拓消費類的需求，以及差異化市場及生產型工廠客戶，針對特定行業(如車牌、人臉、人形)的市場，結合技術增值，創造額外收益。

在光學通訊領域，2018年，我們將聚焦大客戶，維持和擴大中等規模客戶基礎，在力所能及的範圍內，有選擇性的服務更多中小客戶。我們也將集中資源，與供應商共同開拓新產品方向和新產品線，力爭在光學通訊以外市場，如雷射雷達，人臉識別等找到新的商業機會。

2018年，集團將在現有商業模式上，進一步擴充產品線，開拓新的客戶群體，增強技術增值業務能力，加大人才引入力度，搭建資訊化管理系統，夯實後臺基礎，以技術為手段，用專業的供應鏈體系，服務於客戶，創造新的利潤增長點，力爭成為中國最有價值的元器件增值服務商。

Management Discussion and Analysis

管理層討論與分析

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2017, the Group's revenue amounted to US\$613.5 million, representing a decrease of US\$56.4 million (8.4%) as compared with the revenue for the year ended 31 December 2016 (2016: US\$669.9 million). The decrease in revenue was mainly caused by the decrease in sales from our smart media display products of US\$85.6 million. During the year of 2017, the media display market had experienced an adjustment phase to absorb the quantities of media display products over-produced in the prior year which caused the root for such decrease.

Gross profit

Our gross profit for the year ended 31 December 2017 decreased by US\$2.0 million to US\$29.6 million compared with prior year (2016: US\$31.6 million). The decrease was in line with the decrease in revenue. Our gross profit margin increased slightly to 4.82% for the year ended 31 December 2017 (2016: 4.72%). The increase in gross margin was contributed by the increasing mix of our customer base, especially those new customers which drive higher profitable margin for the Group during the year.

Research and development expenses

Research and development expenses mainly comprise of staff cost incurred for our research and development department. For the year ended 31 December 2017, research and development expenses amounted to US\$3.2 million, increased by 32.6% as compared with the year ended 31 December 2016 (2016: US\$2.4 million). The increase was due to the need of technical support from our new customers which drives higher profitable margin for the Group during the year.

Administrative, selling and distribution expenses

Administrative, selling and distribution expenses aggregated to US\$11.6 million for year ended 31 December 2017 (2016: US\$11.1 million), which accounted for 1.9% of the revenue for the year ended 31 December 2017 as compared with 1.7% for the corresponding year in 2016. Administrative, selling and distribution expenses remain relatively stable compared with prior year.

財務回顧

收入

截至2017年12月31日止年度，本集團收入為613.5百萬美元，較截至2016年12月31日止年度減少56.4百萬美元(8.4%)(2016年：669.9百萬美元)。收入減少乃主要由於智能媒體顯示產品的銷售額減少85.6百萬美元。於2017年，媒體顯示產品市場進入調整階段，吸納去年超額生產的媒體顯示產品數量，導致市場需求下調。

毛利

截至2017年12月31日止年度，我們的毛利較去年減少2.0百萬美元至29.6百萬美元(2016年：31.6百萬美元)，與收入的減少一致。截至2017年12月31日止年度，我們的毛利率微升至4.82%(2016年：4.72%)。毛利率上升乃由於我們的客戶基礎組合不斷擴大所致，尤其是年內推動本集團利潤率提高的新客戶。

研發費用

研發費用主要包括我們的研發部門所產生的員工成本。截至2017年12月31日止年度，研發費用為3.2百萬美元，較截至2016年12月31日止年度增加32.6%(2016年：2.4百萬美元)。研發費用增加乃由於年內推動本集團利潤率提高的新客戶對技術支持的需求。

行政、銷售及分銷費用

截至2017年12月31日止年度，行政、銷售及分銷費用合共為11.6百萬美元(2016年：11.1百萬美元)，佔截至2017年12月31日止年度收入的1.9%(2016年：1.7%)。行政、銷售及分銷費用與去年相較保持相對穩定。

Management Discussion and Analysis

管理層討論與分析

Interest expense on bank borrowings

The Group's interest expense on bank borrowings amounted to US\$3.2 million for the year ended 31 December 2017, a decrease of US\$0.4 million as compared with that in 2016 (2016: US\$3.6 million). Interest expense mainly represents the borrowings cost from entering into various factoring arrangements with some of the principal bankers. The decrease in the amount of interest expense was in line with the decrease in revenue.

Profit for the year

For the year ended 31 December 2017, the Group's profits amounted to US\$9.9 million, representing an increase of US\$0.5 million as compared to US\$9.4 million in 2016, an increment of 5.3%. The net profit margin for the year ended 31 December 2017 was 1.62%, and remained relatively stable compared to 1.41% for the year ended 31 December 2016. The slight increase in the profit for the year was mainly contributed by the one-off listing expenses (US\$2.4 million) and exchange loss (US\$2.3 million) incurred in 2016 offsetting by allowance for doubtful debts of approximately US\$3.0 million for the year.

Net profit attributable to the owners of the Company

The net profit attributable to the owners of the Company for the year ended 31 December 2017 amounted to US\$9.9 million, representing an increase of 7.2% as compared with the corresponding year in 2016 (2016: US\$9.3 million).

Use of proceeds from the global offering

The shares of the Company were listed (the "**Listing**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 7 October 2016 (the "**Listing Date**"). The Company issued 125,000,000 new shares with the nominal value of US\$0.00001 at HK\$1.83 per share. The net proceeds from the Listing received by the Company were approximately HK\$205.8 million after deducting underwriting fees and estimated expenses in connection with the Listing.

The Group has utilised approximately HK\$49.0 million of the net proceeds at 31 December 2017. The unutilised net proceeds have been placed as deposits with banks.

銀行借貸利息費用

截至2017年12月31日止年度，本集團之銀行借貸利息費用為3.2百萬美元(2016年：3.6百萬美元)，較2016年減少0.4百萬美元。利息費用主要為與若干主要往來銀行訂立多項保理安排而產生的借貸成本。利息費用的減少與收入減少一致。

年度利潤

截至2017年12月31日止年度，本集團的利潤為9.9百萬美元，較2016年的9.4百萬美元增加0.5百萬美元，增幅為5.3%。截至2017年12月31日止年度的純利率為1.62%，而截至2016年12月31日止年度的純利率為1.41%相較相對保持穩定。年度利潤小幅增長，主要由於2016年發生的一次性上市費用(2.4百萬美元)及外匯虧損(2.3百萬美元)部份被本年度新增的呆賬撥備約3.0百萬美元抵銷所導致。

本公司擁有人應佔淨利潤

截至2017年12月31日止年度，本公司擁有人應佔淨利潤達9.9百萬美元，較2016年(2016年：9.3百萬美元)增加7.2%。

全球發售所得款項用途

本公司股份於2016年10月7日(「**上市日期**」)在香港聯合交易所有限公司(「**聯交所**」)上市(「**上市**」)。本公司按每股股份1.83港元發行125,000,000股面值為0.00001美元的新股份。經扣除有關上市之承銷費用及估計開支後，本公司所收取之來自上市的所得款項淨額約為205.8百萬港元。

本集團於2017年12月31日已動用約49.0百萬港元之所得款項淨額。未動用所得款項淨額已作為存款存放於銀行。

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管理層討論與分析

Use of proceeds	Net proceeds	Amount utilised as at 31 December 2017 於2017年 12月31日 已動用款項	Amount remaining 剩餘款項
	(in HK\$ million) (百萬港元)	(in HK\$ million) (百萬港元)	(in HK\$ million) (百萬港元)
1. Hiring additional staff for sales and marketing and business development and improvement of warehouse facilities 招募新員工進行銷售及營銷以及業務發展，並升級倉庫設施	20.6	(10.3)	10.3
2. Advertising and organising marketing activities for the promotion of our e-commerce platform, Smart Core Planet and our new products 為推廣電商平台、芯球計劃及新產品投放廣告及組織營銷活動	41.2	(6.1)	35.1
3. Enhancing, further developing and maintaining our e-commerce platform and improving our technology infrastructure 升級、進一步發展及維護本集團的電商平台以及改良技術基礎設施	41.2	(1.4)	39.8
4. For research and development 用於研發	20.6	(10.7)	9.9
5. Funding potential acquisition of, or investment in, business or companies in e-commerce industry or electronics industry 為潛在收購或投資電商行業或電子行業的業務或公司撥資	61.7	(0.0)	61.7
6. General working capital 一般營運資金	20.5	(20.5)	0.0
	205.8	(49.0)	156.8

Management Discussion and Analysis

管理層討論與分析

Liquidity and financial resources

The Group's primary source of funding included cash generated from operating activities and the credit facilities provided by banks. For the year ended 31 December 2017, net cash inflow from the operating activities amounted to US\$2.7 million (2016: net cash inflow of US\$48.1 million).

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements. As at 31 December 2017, the Group maintained bank balances and cash of US\$22.7 million (31 December 2016: US\$27.8 million). As at 31 December 2017, the outstanding bank borrowings of the Group was US\$0.3 million (31 December 2016: US\$22.6 million). The Group's gearing ratio, based on the interest-bearing borrowings and total equity, was decreased from 39.7% as at 31 December 2016 to 0.4% as at 31 December 2017 as a result of the decrease in bank borrowings.

As at 31 December 2017, the Group had current assets of US\$108.8 million (31 December 2016: US\$151.4 million) and current liabilities of US\$59.4 million (31 December 2016: US\$105.7 million). The current ratio was 1.83 times as at 31 December 2017 (31 December 2016: 1.43 times).

The Group's debtor's turnover period was 29 days for the year ended 31 December 2017 as compared to 38 days for the year ended 31 December 2016. Since the Group has entered into non-recourse factoring agreements with banks in respect of the Group's trade receivables with certain designated customers, the debtors' turnover period was greatly improved as a result of such financing arrangement.

The creditors' turnover period was maintained at a relative stable level of 36 days for the year ended 31 December 2017 as compared to 33 days for the year ended 31 December 2016.

The inventories' turnover period was 20 days for the year ended 31 December 2017 as compared to 14 days for the year ended 31 December 2016. Inventory control was always one of the primary tasks of the management to maintain the liquidity and healthy financial position of the Group. The increase in inventories' turnover period was due to the need for business expansion strategy and hence a relatively stable inventory level was prepared despite the sales decreased during the year ended 31 December 2017.

流動資金及財務資源

本集團的主要資金來源包括自其經營業務產生之現金及銀行授出的信貸融資。截至2017年12月31日止年度，來自經營業務的現金流入淨額為2.7百萬美元(2016年：現金流入淨額48.1百萬美元)。

本集團擁有充足的現金及可用銀行融資以滿足其承擔及營運資金需求。於2017年12月31日，本集團之銀行結餘及現金為22.7百萬美元(2016年12月31日：27.8百萬美元)。於2017年12月31日，本集團之尚未償還銀行借貸為0.3百萬美元(2016年12月31日：22.6百萬美元)。本集團之資本負債率(基於計息借貸及權益總額計算)由2016年12月31日之39.7%下降至2017年12月31日的0.4%，原因為銀行借貸減少。

於2017年12月31日，本集團擁有流動資產108.8百萬美元(2016年12月31日：151.4百萬美元)及流動負債59.4百萬美元(2016年12月31日：105.7百萬美元)。於2017年12月31日的流動比率為1.83倍(2016年12月31日：1.43倍)。

截至2017年12月31日止年度，本集團之貿易應收賬款週轉期為29日，而截至2016年12月31日止年度則為38日。本集團已就本集團若干指定客戶的貿易應收款項與銀行訂立無追索權保理協議，由於該等融資安排，貿易應收賬款週轉期已獲顯著改善。

截至2017年12月31日止年度的貿易應付賬款週轉期維持相對穩定，為36日，而截至2016年12月31日止年度則為33日。

截至2017年12月31日止年度的存貨週轉期為20日，而截至2016年12月31日止年度則為14日。存貨控制一直為管理的主要任務之一，以維持本集團的流動資金及健康的財務狀況。存貨週轉期延長乃為滿足業務擴展策略的需要，因此儘管截至2017年12月31日止年度期間的銷量下降，仍需保持較穩定的存貨水平。

Management Discussion and Analysis

管理層討論與分析

Foreign currency exposure

The Group's transactions are principally denominated in US\$ and Renminbi. The Group had not experienced any material difficulties or impacts on its operation despite the fluctuations in currency exchange rates. The Group recorded net foreign exchange gain of US\$0.1 million (included in other expenses, gains and losses, net) for the year ended 31 December 2017 as compared to the net foreign exchange loss of US\$2.3 million for the year ended 31 December 2016. The Group will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the exposures become significant.

Pledge of assets

As at 31 December 2017, available-for-sale investments amounted to US\$7.1 million (31 December 2016: US\$7.8 million), payments for life insurance policies (included in deposits, prepayments and other receivables) amounted to US\$8.4 million (31 December 2016: US\$2.9 million) and bank deposits amounted to US\$8.9 million (31 December 2016: US\$32.5 million) had been charged as security for the bank borrowings of the Group.

Capital commitment and contingent liabilities

The Group had no material capital commitment and contingent liabilities as at 31 December 2017 and 2016.

Significant investment held

Save for the available-for-sale investments as discussed under note 14 to the Consolidated Financial Statements, the Group did not hold any significant investments during the years ended 31 December 2017 and 2016. The Group anticipates that such available-for-sale investments will continue to be pledged to secure for the banking facilities.

Material acquisition and disposal of subsidiaries and associated companies

The Group has no material acquisitions or disposals of subsidiaries and associated companies during the years ended 31 December 2017 and 2016.

外幣風險

本集團之交易主要以美元及人民幣計值。儘管匯率出現波動，本集團的業務經營並無經歷任何重大困難或受到任何重大影響。截至2017年12月31日止年度，本集團錄得匯兌收益淨額0.1百萬美元（已計入其他費用、收益及虧損淨額），而截至2016年12月31日止年度則錄得匯兌虧損淨額2.3百萬美元。本集團將考慮使用外匯遠期合約降低重大外匯風險帶來的貨幣風險。

資產抵押

於2017年12月31日，可供出售投資7.1百萬美元（2016年12月31日：7.8百萬美元）、壽險保單付款（已計入按金、預付款項及其他應收款項）8.4百萬美元（2016年12月31日：2.9百萬美元）及銀行存款8.9百萬美元（2016年12月31日：32.5百萬美元）已抵押作為本集團銀行借貸的擔保。

資本承擔及或然負債

於2017年及2016年12月31日，本集團均無重大資本承擔及或然負債。

所持有的重大投資

除綜合財務報表附註14項下所述之可供出售投資外，本集團於截至2017年及2016年12月31日止年度並無持有任何重大投資。本集團預期將繼續抵押有關可供出售投資作為銀行授信的擔保。

重大收購及出售附屬公司及聯營公司

本集團於截至2017年及2016年12月31日止年度並無重大收購或出售附屬公司及聯營公司。

Management Discussion and Analysis

管理層討論與分析

Employees

As at 31 December 2017, the Group had 299 employees (2016: 292 employees), with the majority based in Shenzhen and Hong Kong. Total employee cost for the year ended 31 December 2017, excluding Directors' remuneration, were approximately US\$8.1 million (2016: US\$8.1 million). There have been no material changes in respect of the remuneration of employees, remuneration policies, share award scheme, share option scheme and staff development of the Company during the year ended 31 December 2017.

僱員

於2017年12月31日，本集團僱員數目為299名（2016年：292名），其中大部分位於深圳及香港。截至2017年12月31日止年度之僱員總成本（不包括董事酬金）為約8.1百萬美元（2016年：8.1百萬美元）。截至2017年12月31日止年度，本公司的僱員薪酬、薪酬政策、股份獎勵計劃、購股權計劃及員工發展並無重大變動。

Directors and Senior Management

董事及高級管理層

The biographical details of the Directors and the senior management of the Company who held office during the financial year ended 31 December 2017 (“**Reporting Period**”) and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. Tian Weidong, aged 51, is the chairman of the Board, an executive Director and chief executive officer of our Company. He is the founder of our Group and has been leading our Group for over 12 years. Mr. Tian was appointed as a Director of our Company on 22 October 2015. He is also the chairman of the Company’s nomination committee and a member of the Company’s remuneration committee. Mr. Tian is responsible for overseeing the overall business strategy, development of projects, management and operations of our Group. Further, Mr. Tian is currently serving as a director of a number of subsidiaries of the Company, namely, Smart-Core International Company Limited, Smart-Core Cloud Limited, Smart-Core Development Company Limited, Smart-Core Link Limited, IC Cloud Limited and Shenzhen Smart-Core Technology Co., (“**SMC Technology SZ**”). He is also the sole director and sole shareholder of Smart IC Limited, a controlling shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company.

Mr. Tian has more than 20 years’ experience in the semiconductor industry and its related distribution. He was the sales director of Shenzhen Dadong Electronics Co., Ltd. (which was principally engaged in sales of semiconductors) from October 1993 to June 1997 where he was in charge of the management of the sales team, formulation of sales and marketing strategies and maintenance of business partnerships with clients and suppliers. He was the sales manager of Trident Multimedia Technologies (Shanghai) Co., Ltd. (which was principally engaged in the design of IC products and the development of associated system software and application software) from December 1999 to March 2002 where he was in charge of sales and marketing.

Mr. Tian obtained a degree of Bachelor of Electronic Engineering from Xiamen University in July 1989 and a degree of Master of Business Administration from the National University of Singapore in March 2000.

於截至2017年12月31日止財政年度(「**報告期**」)及截至本報告日期止在任的本公司董事及高級管理層的履歷資料如下：

執行董事

田衛東先生，51歲，本公司董事會主席、執行董事及行政總裁，為本集團的創辦人，帶領本集團已超過十二年。田先生於2015年10月22日獲委任為本公司董事。他亦為本公司提名委員會主席及本公司薪酬委員會成員。田先生負責監督本集團的整體業務策略、項目開發、管理及營運。此外，田先生現為本公司若干附屬公司(即芯智國際有限公司、芯智雲有限公司、芯智發展有限公司、芯聯有限公司、芯雲有限公司及深圳市芯智科技有限公司(「**芯智科技深圳**」))的董事。彼亦為本公司控股股東(定義見香港聯合交易所有限公司證券上市規則(「**上市規則**」))Smart IC Limited之唯一董事及唯一股東。

田先生在半導體行業及其相關的分銷方面擁有逾20年豐富經驗。在1993年10月至1997年6月期間，他在深圳市大東電子有限公司(主要從事半導體的銷售)擔任銷售總監，負責管理銷售團隊、制定銷售及營銷策略及維護與客戶及供應商的業務關係。在1999年12月至2002年3月期間，他在泰鼎多媒體技術(上海)有限公司(主要從事集成電路產品的設計及相關系統軟件及應用軟件的開發)擔任銷售經理，負責銷售和市場營銷事務。

田先生1989年7月獲廈門大學電氣工程學士學位，2000年3月獲新加坡國立大學工商管理碩士學位。

Directors and Senior Management

董事及高級管理層

Mr. Wong Tsz Leung, aged 54, is an executive Director and chief financial officer of our Company. He was appointed as a Director of our Company on 22 October 2015. Mr. Wong joined our Group in March 2007 and subsequently promoted to the vice general manager. Mr. Wong is responsible for overseeing the overall strategy and responsible for the financial operations and management of our Group. Mr. Wong is also the chairman of supervisor committee of Henan Jinma Energy Company Limited (stock code: 6885) since July 2016. He is also the sole director and sole shareholder of Insight Limited, a substantial shareholder (as defined in the Listing Rules) of the Company.

Mr. Wong has more than 20 years of experience in business management. Prior to joining our Group, Mr. Wong was the financial controller of OSSIMA Publishing Group Limited (which was engaged in travel media business) from January 1995 to September 2005. Mr. Wong obtained a degree of Master of Business Administration from University of Wales via its distance learning program in December 2011.

Mr. Liu Hongbing, aged 51, is an executive Director of our Company. He was appointed as a Director of our Company on 22 October 2015. Mr. Liu joined SMC Technology SZ in February 2007 and acted as the manager of the development department and was subsequently promoted to vice general manager. Mr. Liu is responsible for overseeing the overall strategy and responsible for the research and development matters of our Group. Further, Mr. Liu is currently serving as an executive director of Shenzhen Smart-Core Cloud Technology Co., Ltd. which is a subsidiary of the Company.

Mr. Liu has more than 20 years' experience in the electronic engineering industry. Prior to joining our Group, He was the engineer of Hebei Tengfei Electronics Co., Ltd. (which was principally engaged in the design, manufacturing and sales of LCD TV and other electronic appliances) from October 1993 to May 1999 and was the senior engineer of Shenzhen Zhong Tian Xin Electrical Technologies Co., Ltd. (which was principally engaged in the design, manufacturing and sales of electronic products including LED products, LCD TV and audio devices) from June 1999 to January 2007. Mr. Liu obtained a degree of Bachelor of Physics from Shandong University in July 1988 and a degree of Executive Master of Business Administration from The Chinese University of Hong Kong in November 2015.

黃梓良先生，54歲，本公司執行董事兼首席財務官，黃先生於2015年10月22日獲委任為本公司董事。於2007年3月加入本集團，隨後升職為副總經理。黃先生負責監督本集團的整體策略並負責財務運作及管理。自2016年7月起，黃先生亦擔任河南金馬能源股份有限公司(股份代號：6885)監事會主席。彼亦為本公司之主要股東(定義見上市規則) Insight Limited之唯一董事及唯一股東。

黃先生在業務管理方面擁有逾20年的經驗。於加入本集團前，黃先生於1995年1月至2005年9月任奧斯瑪有限公司(從事旅遊媒體業務)財務總監。黃先生通過遠程學習計劃於2011年12月獲威爾士大學工商管理碩士學位。

劉紅兵先生，51歲，本公司執行董事。劉先生於2015年10月22日獲委任為本公司董事。劉先生於2007年2月進入芯智科技深圳工作，擔任開發部經理，其後提升為副總經理。劉先生負責監督本集團的整體策略並負責研發事宜。此外，劉先生現為深圳市芯智雲信息技術有限公司(本公司之附屬公司)之執行董事。

劉先生在電子工程行業擁有逾20年豐富經驗。加入本集團前，在1993年10月至1999年5月期間，他在河北騰飛電子有限公司(主要從事液晶電視及其他電子電器的設計、製造及銷售)擔任工程師，而在1999年6月至2007年1月期間，他在深圳中天信機電科技實業有限公司(主要從事LED產品、液晶電視及音頻設備等電子產品的設計、製造及銷售)擔任高級工程師。劉先生1988年7月獲山東大學物理學士學位，2015年11月獲香港中文大學工商管理碩士學位。

Directors and Senior Management

董事及高級管理層

Mr. Xie Yi, aged 46, is an executive Director of our Company. He was appointed as a Director of our Company on 16 March 2016. Mr. Xie joined SMC Technology SZ in May 2008 and acted as the manager of the mobile phone business division. In September 2012, Mr. Xie was appointed as the assistant to the general manager where he was responsible for assisting the general manager in respect of internal management of the sales centers. Mr. Xie has become the head of the e-commerce platform since August 2015. He is responsible for overseeing the operations of the e-commerce platform of our Group.

Mr. Xie has more than 20 years of experience in the electronic technology industry. He joined Xixin Electronics Co. Ltd.* (夏新電子股份有限公司) from January 2001 to December 2005 and later joined Kuanda (Xiamen) Communication Technologies Co. Ltd.* (寬大(廈門)通訊技術有限公司) from January 2007 to February 2008. Mr. Xie graduated from the Department of Physics at Xiamen University in July 1995.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zheng Gang, aged 50, is an independent non-executive Director of our Company. Mr. Zheng has been the executive director of Hua Xia Healthcare Holdings Limited, a company listed on the Stock Exchange (stock code: 8143) since August 2007. Mr. Zheng had also been appointed as the independent non-executive director of China Internet Investment Finance Holdings Limited (formerly known as Opes Asia Development Limited), a company listed on the Stock Exchange (stock code: 810) from July 2012 to May 2013. Mr. Zheng has extensive experience in management in the finance and investment industry. Mr. Zheng obtained a degree of Bachelor of Electronic Engineering from Xiamen University in July 1989 and a degree of Master of Business Administration from University of Wales in April 1994.

謝藝先生，46歲，本公司執行董事。謝先生於2016年3月16日獲委任為本公司董事。謝先生於2008年5月加入芯智科技深圳，任手機事業部經理。2012年9月，謝先生獲委任為總經理助理，負責協助總經理處理有關營銷中心內部管理事宜。謝先生自2015年8月起任電商平台主管，負責監督本集團的電商平台營運。

謝先生在電子技術行業擁有逾20年的經驗。彼於2001年1月至2005年12月任職於夏新電子股份有限公司。彼其後於2007年1月至2008年2月任職於寬大(廈門)通訊技術有限公司。謝先生於1995年7月畢業於廈門大學物理學系。

獨立非執行董事

鄭鋼先生，50歲，本公司獨立非執行董事。鄭先生自2007年8月以來一直擔任華廈醫療有限公司(一家在聯交所上市的公司(股份代碼：8143))執行董事。2012年7月至2013年5月，鄭先生任中國互聯網投資金融集團有限公司(前稱華保亞洲發展有限公司，一家在聯交所上市的公司(股份代碼：810))獨立非執行董事。鄭先生在財務管理及投資行業擁有豐富的經驗。鄭先生於1989年7月獲廈門大學電子工程學士學位，1994年4月獲威爾士大學工商管理碩士學位。

Directors and Senior Management

董事及高級管理層

Mr. Tang Ming Je, aged 64, is an independent non-executive Director of our Company. Mr. Tang was an associate professor of the department of business administration of University of Illinois at Urbana-Champaign from August 1991 to August 1995, a visiting associate professor of Hong Kong University of Science and Technology from January 1994 to January 1995 and a professor of department of industrial administration of Chang Gung University from December 1994 to August 1996. He held various positions in National Taiwan University, including Professor of the department of international business since August 1996, founding executive director of the executive master of business administration program from August 1997 to July 1999, director of the division of professional development from March 1998 to July 2004 and vice president for finance from August 2007 to May 2014. Mr. Tang obtained a degree of Bachelor of Civil Engineering from National Taiwan University in June 1975 and a degree of Doctor of Philosophy from Massachusetts Institute of Technology in September 1985.

Mr. Wong Hon Kit, aged 51, is an independent non-executive Director of our Company. Mr. Wong Hon Kit has been the independent non-executive director of Wanjia Group Holdings Limited, a company listed on the Stock Exchange (stock code: 401), since April 2013. He was also an independent non-executive director of Xinhua News Holdings Limited, a company listed on the Stock Exchange (stock code: 309) from September 2017 to October 2017.

Mr. Wong Hon Kit has over 16 years of experience in the corporate finance industry. He has held various positions, including chief financial officer, director and company secretary in different companies in Hong Kong, where he has experience in handling corporate finance transactions such as mergers and acquisitions, capital fund raising and restructuring. He is the responsible officer of Greater China Paxwell Limited, a company providing corporate financial advisory services, from September 2013 to March 2015. Mr. Wong was appointed as a Director of Orient Victory Azure Capital Limited since January 2017 where he was responsible for supervising type-6 regulated activities under SFO including corporate finance, internal control and risk management.

Mr. Wong obtained a Diploma in Accounting from Hong Kong Shue Yan University in July 1991. Mr. Wong currently is a Certified Public Accountant in Hong Kong and is the member of Hong Kong Institute of Certified Public Accountants.

湯明哲先生，64歲，為本公司獨立非執行董事。湯先生自1991年8月至1995年8月為伊利諾伊大學厄巴納—香檳分校(University of Illinois at Urbana-Champaign)工商管理學系副教授；於1994年1月至1995年1月擔任香港科技大學客座副教授，於1994年12月至1996年8月擔任長庚大學工業管理系教授。湯先生曾在國立台灣大學擔任多個職務，包括自1996年8月起任國際企業學系教授，自1997年8月至1999年7月任EMBA第一任執行長，自1998年3月至2004年7月任進修推廣部主任，自2007年8月至2014年5月任財務副校長。湯先生於1975年6月獲得國立台灣大學土木工程學士學位及於1985年9月獲得麻省理工學院哲學博士學位。

黃漢傑先生，51歲，本公司的獨立非執行董事。黃漢傑先生自2013年4月擔任聯交所上市公司萬嘉集團控股有限公司(股份代碼：401)的獨立非執行董事。他也曾於2017年9月至2017年10月擔任聯交所上市公司新華通訊頻媒控股有限公司(股份代碼：309)的獨立非執行董事。

黃漢傑先生在企業融資行業擁有逾16年經驗，曾在多家香港公司擔任首席財務官、董事及公司秘書等不同職位，在處理併購、融資及重組等企業金融交易方面擁有豐富經驗。他於2013年9月至2015年3月期間任大中華栢盛有限公司(一家提供企業財務顧問服務的公司)負責人。黃先生於2017年1月獲委任為東勝瀛信財務顧問有限公司的董事，負責監督證券及期貨條例項下第6類受規管活動(包括企業融資、內部控制及風險管理)。

黃先生於1991年7月獲香港樹仁大學頒授會計文憑。黃先生現為香港執業會計師，並為香港會計師公會會員。

Directors and Senior Management

董事及高級管理層

SENIOR MANAGEMENT

Mr. Chan Lap Wing, aged 35, has been appointed as the financial controller of our Company since he joined the Group in June 2017. Mr. Chan was also appointed as the company secretary of the Company in August 2017. Mr. Chan started his career in Deloitte Touch Tohmatsu in 2007 and subsequently transferred to Deloitte Touche Tohamtsu LLP Guangzhou (“**DTT GZ**”) in 2012. Mr. Chan has extensive experience in auditing and accounting and has been the audit manager in-charge for many Hong Kong and United States listed entities. He is very familiar with the Listing Rules as well as the general accepted accounting principles (“**GAAP**”) in various jurisdictions, such as Hong Kong GAAP, and the United States GAAP. Mr. Chan was the senior audit manager of DTT GZ before joining the Group.

Mr. Chan obtained his degree of Bachelor of Business Administration (Accounting) from Lingnan University in May 2007. Mr. Chan is Certified Public Accountant in Hong Kong and a member of Hong Kong Institute of Certified Public Accountants.

* denotes an English translation of a Chinese name and is for identification only.

高級管理層

陳立榮先生，35歲，自2017年6月加入本集團以來一直擔任本公司財務總監。於2017年8月，陳先生亦獲委任為本公司之公司秘書。陳先生的職業生涯始於2007年的德勤•關黃陳方會計師行，隨後於2012年調至德勤華永會計師事務所(特殊普通合夥)廣州分所(「**德勤廣州**」)。陳先生擁有豐富的審計及會計經驗，曾是眾多香港及美國上市實體的審計經理。彼熟習上市規則以及多個司法權區的公認會計原則(「**公認會計原則**」)，如香港公認會計原則及美國公認會計原則。加入本集團以前，陳先生於德勤廣州擔任高級審計經理。

陳先生於2007年5月獲嶺南大學工商管理(會計)學士學位。陳先生為香港執業會計師及香港會計師公會會員。

Directors' Report

董事會報告

The Directors hereby present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of the principal subsidiaries are trading of electronic components. The Group have strong capability to provide engineering support, and operate a distinctive e-commerce platform. Through closely co-operating with IC technology vanguards, the Group uses a comprehensive approach in consolidating industry resources and adopt an OAO (online and offline) business model to provide high quality core IC and value-added services to a broad base of customers. Our products include a wide range of IC and other electronic components used in applications such as smart media display, intelligent broadcasting terminal, mobile terminal, smart automotive electronics and memory products.

BUSINESS REVIEW

A review of the business of the Group and a discussion on the Group's future business development is set out in the Chairman's Statement on pages 8 to 12 and in the Management Discussion and Analysis on pages 13 to 22 of this annual report.

Compliance with laws and regulations

As far as the Directors are aware, the Group has complied with all the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year.

The Group and its activities are subject to requirements under various laws. These include, among others, Company Law of the PRC (《中華人民共和國公司法》), Wholly Foreign-Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), Detailed Implementing Rules for the "Wholly Foreign-Owned Enterprise Law of the PRC" (《外資企業法實施細則》), Guidance Catalogue for Industrial Structure Adjustment (2011 Version) (《產業結構調整指導目錄》(2011年本)), the State Council promulgated Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries (Guo Fa [2011] No. 4) (《國務院關於印發進一步鼓勵軟件產業和集成電路產業發展的若干政策的通知》(國發[2011]4號)), the NDRC promulgated Announcement of NDRC [2013] No. 16 – Guiding Catalogue of Key Products and Services in Strategic Emerging Industries (《國家發展和改革委員會公告2013年第16號—戰略性新興產業重點產品和服務指導目錄》), Companies

董事謹此提呈本集團截至2017年12月31日止年度之年報連同經審核綜合財務報表。

主要業務

本公司為一間投資控股公司。主要附屬公司之活動為電子元器件貿易。本集團擁有強大的技術支持能力，運營一個獨具特色的電商平台。通過與集成電路技術源頭的緊密合作，本集團採用全面性的方法整合行業資源，並採用OAO(線上與線下)業務模式，為廣大客戶提供優質核心集成電路及增值服務。我們的產品包括用於智能媒體顯示、智能廣播終端、移動終端、智能汽車電子產品和存儲器產品等應用的各種集成電路及其他電子元器件。

業務回顧

有關本集團之業務回顧及本集團未來業務發展之討論載於本年報第8頁至第12頁的主席報告書及第13頁至第22頁的管理層討論與分析。

遵守法律及法規

據董事所知，本集團於本年度已遵守對本集團業務及經營有重大影響的所有相關法律及法規。

本集團及其活動須受多項法律規定之規限。其包括(其中包括)《中華人民共和國公司法》、《中華人民共和國外資企業法》、《外資企業法實施細則》、《產業結構調整指導目錄》(2011年本)、《國務院關於印發進一步鼓勵軟件產業和集成電路產業發展的若干政策的通知》(國發[2011]4號)、《國家發展和改革委員會公告2013年第16號—戰略性新興產

Directors' Report

董事會報告

Ordinance (Chapter 622), Business Registration Ordinance (Chapter 310), Inland Revenue Ordinance (Chapter 112) and Employment Ordinance (Chapter 57) and the applicable regulations, guidelines, policies issued or promulgated under or in connection with our business activities. In addition, the Listing Rules apply to the Company.

The Company seeks to ensure compliance with these requirements through various measures such as internal controls and approval procedures, trainings and oversight of various business units with the designated resources at different levels of the Group. While these measures require considerable internal resources and result in additional operational cost, the Group highly values the importance of ensuring compliance with applicable legal and regulatory requirements.

Environmental Policies and Performance

Environment protection is critical to the long term development of the Group. The Group considers the importance of environmental affairs and believe business development and environment affairs are highly related. The Group has endeavoured to comply with laws and regulations regarding environment protection. These policies were supported by our staff and were implemented effectively. During the year ended 31 December 2017, we had not been subject to any fines or other penalties due to any non-compliance with health, safety or environmental regulations.

Relationship with Employees

We believe our employees are the most valuable resources in achieving our success. We are committed to offering competitive remuneration package to employees and have implemented an self-appraisal program to provide incentive and motivation to the staff to attain periodic goals. The Company has adopted a share award scheme and a share option scheme to reward our senior management and employees for their hard work, contribution and loyalty.

業重點產品和服務指導目錄》、《公司條例》(第622章)、《商業登記條例》(第310章)、《稅務條例》(第112章)及《僱傭條例》(第57章)，以及根據或就我們的業務活動簽發或頒佈的適用法規、指引、政策。此外，上市規則亦適用於本公司。

本公司透過多種措施(例如本集團不同層面的內部控制及審批程序、通過特定資源對各業務部門進行培訓和監管)以確保遵守該等規定。儘管該等措施需要大量內部資源及引致額外運營成本，本集團高度重視確保遵守適用法律及監管規定的重要性。

環境政策及表現

環境保護對本集團的長遠發展至關重要。本集團認可環境事務的重要性，並認為業務發展及環境事務高度相關。本集團一直努力遵守有關環境保護的法例及規例。該等政策已獲得我們僱員的支持並獲有效執行。於截至2017年12月31日止年度，我們並無因任何不遵守健康、安全或環境法規而遭受任何罰款或處罰。

僱員關係

我們認為僱員乃取得成功最寶貴資源，並致力於向僱員提供具競爭力的薪酬待遇，並已實行自我評估計劃以為僱員實現階段目標提供激勵及動力。本公司採納一套股份獎勵計劃及一套購股權計劃以就我們的高級管理層及僱員的敬業、奉獻及忠誠對彼等進行獎勵。

Directors' Report

董事會報告

To ensure the quality of our employees at all levels, we have an intensive and standardised in-house training programmes to train our new joiners, mainly focusing on skills like company introduction and working procedure. The goal of the training programmes is to train our employees and to identify talent, with the aim of providing upward mobility within the Group, fostering employee loyalty and incorporating customized mentoring, coaching and training.

Relationship with suppliers, customers and other stakeholders

The Company understands the importance of maintaining good relationship with its suppliers and customers to meet its goals and to gain further success. We strive to maintain long-term and stable relationship with our major suppliers, which help to ensure our reliable access to their products. Our customer service team enables us to maintain close business relationships with our customers. Our application engineering support helps us to maintain symbiotic relationship with suppliers and customers. We believe that our application engineering support promotes the use of our suppliers' products and streamlines our customers' development process at the same time. Both our suppliers and customers value our capability to provide application engineering support in end-product-development.

Our major supplier are generally reputable IC and other electronic component companies, and had business relationship with the Group from 5 to 11 years. Our largest supplier is headquartered in Taiwan and has a diverse product portfolio of application specific ICs in various market such as TV, set-top box and LCD monitor. Our major suppliers include IC companies that supply memory and silicon turner IC as well. The credit period from the major suppliers is 30 to 60 days.

Our major customers include leading brand-name consumer electronic product manufacturing companies, original design manufacturer ("ODMs") and original equipment manufacturer ("OEMs") in the electronic product industry in the PRC region. The years of business relationship with the Group ranged from 2 to 11 years and the credit terms granted to the major customers from 30 to 120 days.

為保證各層級僱員之質素，我們設有一套嚴格及標準的內部培訓課程為新員工提供培訓，主要專注於公司介紹及工作流程等技能。培訓課程旨在培訓僱員及物色人才，藉以提供內部晉升機會、培養僱員忠心工作及加入切合需要的指導、訓練及培訓。

與供應商、客戶及其他權益持有人之關係

本公司認可與其供應商及客戶維持良好關係對於實現其目標及取得進一步發展的重要性。我們致力於與我們的主要供應商維持長期及穩定的關係，以保證我們穩定的供貨渠道。我們的客戶服務團隊使我們能夠與我們的客戶維持密切的業務關係。我們的應用工程支持有助我們與供應商及客戶保持共生關係。我們認為，我們的應用工程支持可推動供應商產品的使用，同時精簡客戶的開發流程。我們的供應商及主要客戶都很重視我們在終端產品開發中提供應用工程支持的能力。

我們的主要供應商通常是知名的集成電路及其他電子元器件公司，與本集團已有5至11年的業務關係。我們最大供應商的總部設在台灣，擁有多元化專用集成電路產品組合，其應用遍及電視、機頂盒及液晶顯示屏等多個產品市場。我們的主要供應商包括供應存儲器及硅調諧器集成電路的集成電路公司。該等主要供應商的信貸期介乎30至60天。

我們的主要客戶包括中國地區本土電子產品行業內領先的品牌電子產品製造公司以及原始設計製造商和原始設備製造商。與本集團的業務關係年限介乎2年至11年及授予主要客戶的信貸期介乎30至120天。

Directors' Report

董事會報告

Principal risks and uncertainties

We believe that the following are some of the major risks that may have adverse effect on our business:

- We are dependent on our major suppliers (“**Major Suppliers**”). If our distributorship rights with these Major Suppliers are terminated, interrupted, or modified in any way adverse to us, our business, financial condition and results of operations could be adversely affected. We are expanding our supplier base by means such as organic growth of our business, expansion into various product segments which the Major Suppliers are not the supplier and through investment in, acquisition of and strategic cooperation with IC companies and distributors. We have been expanding and will continue to expand our supplier base by exploring co-operation opportunities with new suppliers as well as introducing new product segments that we consider to have growth potential. We have implemented guidelines for selecting and introducing new suppliers and/or new products to our offering.
- We generally do not enter into long-term agreements with our customers, and some of them may cancel, change or postpone their orders. Furthermore, more than 50% of our revenue during the year was generated from our largest five customers. The concentration of our customers exposes us to risks, and the performance of our major customers may in turn lead to fluctuation or decline in our revenue. We are investing more resources on our advertising and organizing marketing activities for the promotion of our e-commerce platform, Smart-Core Planet and our new products, with the aim of expanding our customer base. Apart from expanding our customer base through Smart-Core Planet, we keep enriching our product portfolio and expanding our supplier base. We have identified a number of strategic product segments which we consider to be fast developing. We will continue to expand our product portfolio and invest in our value added engineering support services in relation to such strategic segments.
- Our profit margins are slim and therefore our profitability could be adversely affected if our profit margins cannot be sustained.

主要風險及不確定因素

我們認為下列主要風險可能會對我們的業務造成不利影響：

- 我們倚賴我們的主要供應商（「**主要供應商**」）。如果我們與這些主要供應商之間的分銷權被終止、中斷或作出不利修訂，則我們的業務、財務狀況及經營業績可能受到不利影響。我們通過自身業務的增長、向主要供應商未有提供的各類產品分部拓展，以及投資、收購和與集成電路公司和分銷商進行戰略合作的方式逐步擴大我們的供應商群體。通過與新供應商探索合作機會和引入我們認為有增長潛力的新產品分部，我們已經並且將繼續擴大我們的供應商群體。我們為選擇及引入新供應商及／或新產品實施綱領。
- 我們一般不與客戶訂立長期協議，而部分客戶可能會取消、更改或推遲其訂單。此外，我們於本年度的逾50%的收入來自我們的五大客戶。我們的客戶集中使我們面臨風險，而我們主要客戶的表現可能令我們的收入出現波動或下降。我們投入更多資源於營銷活動的宣傳和組織，以推廣我們的電商平台、芯球計劃和新產品，旨在擴大我們的客戶群。除通過芯球計劃擴大客戶群外，我們將繼續豐富產品組合併擴大供應商群體。我們已物色到多個我們認為將會快速發展的戰略產品分部。我們將會繼續擴大產品組合，投資與這些戰略分部相關的增值工程支持服務。
- 我們的利潤率不高，因此若我們的利潤率不可持續，我們的盈利能力可能會受到不利影響。

Directors' Report

董事會報告

- We are dependent on short-term financing. In the event that our bankers cancel these facilities or the interest rates at which we could obtain such facilities increases, our business operations, revenue and profitability could be adversely affected.
- As a distributor, we do not directly monitor the quality control procedures of our major suppliers. If a product that we distribute has defects or performance problems, our reputation and operation could be adversely affected.
- 我們依賴於短期融資。若我們的往來銀行撤銷這些信貸額度或我們獲授這些信貸額度的利率升高，我們的業務經營、收入和盈利能力可能受到不利影響。
- 作為分銷商，我們不會直接監察我們的主要供應商的質量控制程序。如果我們所分銷的產品存在瑕疵或性能問題，我們的聲譽及經營可受到不利影響。

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 and the Group's financial position at that date are set out in the Group's consolidated financial statements on pages 85 to 86.

Subsequent to the end of the Reporting Period, a final dividend of HK3 cents per share (2016: Nil) had been recommended by the directors of the Company and is subject to the approval by the Shareholders in the forthcoming annual general meeting. Interim dividend of HK2 cents per share (2016: Nil) was declared and paid during the year.

FINANCIAL SUMMARY

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 168.

SEGMENT INFORMATION

Details of the segment information of the Group are set out in note 5 to the consolidated financial statements.

業績及分配

本集團截至2017年12月31日止年度之業績及本集團於該日之財務狀況載於第85至第86頁之本集團綜合財務報表。

於報告期結束後，本公司董事已確定彼等已建議派付每股3港仙(2016年：無)末期股息，惟須待股東於應屆股東大會上批准。每股股份2港仙的中期股息(2016年：無)已於本年度宣派及派付。

財務概要

本集團於過往五個財政年度之綜合業績以及資產及負債之概要載於第168頁。

分部資料

本集團分部資料之詳情載於綜合財務報表附註5。

Directors' Report

董事會報告

NON-COMPETITION UNDERTAKING

In order to ensure that direct competition does not develop between the Group and each of Mr. Tian and Smart IC Limited (“**Controlling Shareholders**”)’s other activities, our Controlling Shareholders have entered into the deed of non-competition dated 19 September 2016 executed by the Controlling Shareholders in favour of the Company (“**Deed of Non-competition**”). Under the Deed of Non-competition, each of the Controlling Shareholders had undertaken to the Company (for ourselves and for the benefit of our subsidiaries) that, save for the Retained Business (as defined in the Company’s prospectus dated 27 September 2016 (“**Prospectus**”)), they will not, and they will use their best endeavours to procure that their respective close associates (except any members of the Group) will not, whether directly or indirectly (including through anybody corporate, partnership, joint venture or other contractual arrangement and for projects or otherwise) or as principal or agent, and whether on their own account or with each other or in conjunction with or on behalf of any person, firm or company or through any entities (except in or through any member of the Group), carry on, engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business (the “**Restricted Business**”) which is in competition with the business of any member of the Group, the details of which are set out in the Prospectus.

Under the Deed of Non-competition, the Controlling Shareholders have, among others, (i) undertaken, in the situation when the Controlling Shareholders or their respective close associates identify any new business opportunity relating to the Restricted Business (“**Business Opportunity**”) to refer such Business Opportunity to the Company; (ii) undertaken not to pursue such Business Opportunity unless our independent non-executive Directors declines the Business Opportunity and do not veto the pursuit of such Business Opportunity by the Controlling Shareholders; and (iii) Mr. Tian granted an option for the Company to purchase all of his shareholding interest in Smart-Core Technology Co. Limited (“**SMC Taiwan**”), and/or the assets or other interests of SMC Taiwan and/or any new business similar to our core business which has been developed, operated or owned (whether directly or indirectly) by Mr. Tian, or any companies controlled (whether directly or indirectly) by him. For further details, please refer to the Prospectus – “Relationship with Our Controlling Shareholders”.

不競爭承諾

為確保本集團均不會與田先生及Smart IC Limited (「**控股股東**」)的其他業務之間產生直接競爭，控股股東已於2016年9月19日訂立由其執行並以本公司為受益人的不競爭契約(「**不競爭契約**」)。根據不競爭契約，控股股東已各自向本公司(為其本身及為其附屬公司的利益)承諾，除保留業務(定義見本公司日期為2016年9月27日的招股章程(「**招股章程**」))外，其將不會並將盡最大努力促使他們各自的緊密聯繫人(本集團任何成員公司除外)也不會直接或間接(包括通過任何法人團體、合夥、合營企業或其他合約安排及為項目或其他方式)或以負責人或代理身份為其本身利益或聯同或代表任何人士、商號或公司或通過任何實體(於本集團任何成員公司內或通過本集團任何成員公司除外)進行、從事、參與對本集團任何成員公司業務構成競爭的任何業務(「**受限制業務**」)，或持有任何這些業務的任何權益或利益或向其提供任何服務或以其他方式參與任何這些業務(詳情載於招股章程)。

根據不競爭契約，控股股東已(其中包括)(i)承諾倘控股股東或彼等各自之緊密聯繫人識別出任何與受限制業務有關的新商業機會(「**商機**」)，會將有關商機轉介給本公司；(ii)承諾不會把握有關商機，除非我們的獨立非執行董事拒絕有關商機且不行使其權力否決控股股東競逐有關商機；及(iii)田先生向本公司授出選擇權以購買他持有的芯智股份有限公司(「**芯智台灣**」)的全部股權(定義見招股章程)、及／或芯智台灣的資產或其他權益及／或田先生或他所控制(無論直接或間接)的任何公司所開發、經營或擁有(無論直接或間接)的與我們的核心業務相類似的任何新業務，有關詳情請參閱招股章程—「與控股股東的關係」。

Directors' Report

董事會報告

Mr. Tian and Smart IC Limited have confirmed their compliance with the Non-Competition Undertaking during the year ended 31 December 2017. The independent non-executive Directors have also reviewed the compliance with the Deed of Non-Competition by Mr. Tian and Smart IC Limited and are satisfied that they have complied with the undertakings.

LOCK-UP UNDERTAKINGS TO HONG KONG STOCK EXCHANGE

The Controlling Shareholders have provided undertakings to the Hong Kong Stock Exchange pursuant to which the shareholdings of the Controlling Shareholders are subject to lock-up undertakings from the Listing Date to the ending on the date which is 12 months from the Listing Date.

Mr. Wong and Insight Limited have provided undertakings to the Stock Exchange pursuant to which the shareholdings of the Mr. Wong and Insight Limited are subject to lock-up undertakings from the Listing Date to the ending on the date which is six months from the Listing Date.

The aforementioned lock-up undertakings had expired on 6 October 2017.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 23 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and reserves of the Company on page 87 to 89 and note 29 to the consolidated financial statements of this annual report respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2017, the Company had distributable reserves amounted to US\$42.9 million (2016: US\$44.0 million).

田先生及Smart IC Limited已確認，彼等於截至2017年12月31日止年度一直遵守不競爭承諾。獨立非執行董事亦已審閱田先生及Smart IC Limited遵守不競爭契據的情況，並信納彼等已遵守有關承諾。

向香港聯交所作出之禁售承諾

控股股東已向香港聯交所作出承諾，據此控股股東所持股權自上市日期起至上市日期後計滿12個月當日止須受禁售承諾規限。

黃先生及Insight Limited已向聯交所作出承諾，據此黃先生及Insight Limited所持股權自上市日期起至上市日期後計滿6個月當日止須受禁售承諾規限。

上述禁售承諾已於2017年10月6日屆滿。

股本

本公司於本年度股本變動之詳情載於綜合財務報表附註23。

儲備

本集團及本公司於本年度儲備變動之詳情分別載於87至89頁之本公司權益及儲備綜合變動表以及本年報之綜合財務報表附註29。

可供分派儲備

於2017年12月31日，本公司之可供分派儲備為42.9百萬美元(2016年：44.0百萬美元)。

Directors' Report

董事會報告

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

DONATIONS

During the year, the Group made charitable and other donations in the aggregate amount of approximately US\$5,000 (2016: US\$129,000).

BANK BORROWINGS

Particulars of the bank borrowings of the Group at 31 December 2017 are set out in note 21 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate amount of purchase from the Group's five largest suppliers was approximately 87.4% of the Group's total purchases, while the purchases from the Group's largest supplier was approximately 62.0% of the Group's total purchases.

During the year, the aggregate amount of sales to the Group's five largest customers was approximately 58.7% of the Group's total revenue, while the sales to the Group's largest customer was approximately 26.8% of the Group's total revenue.

None of the Directors, their close associates, or any shareholder (which to the best knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interests in the Group's five largest supplier or customers.

物業、廠房及設備

本集團於本年度之物業、廠房及設備變動之詳情載於綜合財務報表附註13。

捐贈

於本年度，本集團作出慈善及其他捐贈合共約5,000美元(2016年：129,000美元)。

銀行借貸

本集團於2017年12月31日之銀行借貸之詳情載於綜合財務報表附註21。

主要供應商及客戶

年內，本集團向其前五大供應商的總採購額佔本集團總採購額約87.4%，而向其最大供應商的採購額佔本集團總採購額的約62.0%。

年內，本集團向其前五大客戶的總銷售額佔本集團總收入約58.7%，而向本集團最大客戶的銷售額約佔本集團總收入約26.8%。

概無董事、彼等緊密聯繫人、或任何股東(據董事所知擁有超過5%本公司已發行股本)於本集團前五大供應商或客戶擁有任何權益。

Directors' Report

董事會報告

DIRECTORS

The Directors during the year ended 31 December 2017 and up to the date of this Directors' report were:

Executive Directors

Mr. Tian Weidong
Mr. Wong Tsz Leung
Mr. Liu Hongbing
Mr. Xie Yi

Independent non-executive Directors

Mr. Tang Ming Je
Mr. Zheng Gang
Mr. Wong Hon Kit

In accordance with the articles of association of the Company, one third of the Directors will retire at the forthcoming annual general meeting (the "AGM"), and being eligible, offer themselves for re-election at the AGM. Accordingly, Mr. Liu Hongbing, Mr. Xie Yi and Mr. Zheng Gang will retire by rotation at the forth coming AGM of the Company and being eligible, will offer themselves for re-election at the AGM.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2017, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing more than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

董事

於截至2017年12月31日止年度及直至本董事會報告日期的董事如下：

執行董事

田衛東先生
黃梓良先生
劉紅兵先生
謝藝先生

獨立非執行董事

湯明哲先生
鄭鋼先生
黃漢傑先生

根據本公司組織章程細則，三分之一董事將於應屆股東週年大會（「股東週年大會」）上退任，並合資格於股東週年大會上膺選連任。因此，劉紅兵先生、謝藝先生及鄭鋼先生將於本公司應屆股東週年大會上輪值退任，並合資格於股東週年大會上膺選連任。

獨立非執行董事的獨立性

截至2017年12月31日止年度，董事會一直遵守上市規則有關委任至少三名獨立非執行董事，須佔董事會三分之一以上，且其中一人具備適當的專業資格或會計或相關的財務管理專長的規定。

本公司已收到各獨立非執行董事根據上市規則第3.13條所載的獨立指引就其獨立性作出的書面確認。本公司認為全體獨立非執行董事均屬獨立。

Directors' Report

董事會報告

DIRECTORS' SERVICE CONTRACTS

Executive Directors

Each of the executive Directors has entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for a term of three years with effect from 7 October 2016, which shall be renewed as determined by the Board or the Shareholders of the Company. The appointment of each of the executive Directors may be terminated by either party by giving at least three months' written notice to the other.

Independent non-executive Directors

Each of the independent non-executive Directors has been appointed for a term of three years commencing from 7 October 2016, which shall be renewed as determined by the Board or the Shareholders of the Company. The appointment of each of the independent non-executive Directors may be terminated by either party giving at least three months' written notice to the other.

None of the Directors who is proposed for re-election at the forthcoming AGM has with the Group an unexpired service contract which is not determined by the Group within one year without payment of compensation (other than statutory compensation).

董事服務合約

執行董事

各執行董事已與本公司訂立服務合約，據此彼等已同意擔任執行董事，為期三年，自2016年10月7日起生效，並將按董事會或本公司股東所釐定者進行重續。各執行董事的委任可由任何一方透過向另一方發出至少三個月的書面通知予以終止。

獨立非執行董事

各獨立非執行董事已獲委任自2016年10月7日起三年的任期，將按董事會或本公司股東所釐定者進行重續。各獨立非執行執行董事的委任可由任何一方透過向另一方發出至少三個月的書面通知予以終止。

概無建議於應屆股東週年大會上重選連任的董事與本集團訂有不可由本集團於一年內免付賠償(法定賠償除外)予以終止的未到期服務合約。

Directors' Report

董事會報告

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2017, the interests and short positions of our Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO; or are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange are as follows:

Name of Director 董事姓名	Nature of Interest 權益性質	Number of Shares held 所持股份數目	Approximate shareholding percentage 概約持股比例
Mr. Tian Weidong ⁽¹⁾ 田衛東先生 ⁽¹⁾	Interest in a controlled corporation 受控法團權益	262,500,000 (L)	52.5%
Mr. Wong Tsz Leung ⁽²⁾ 黃梓良先生 ⁽²⁾	Interest in a controlled corporation 受控法團權益	112,500,000 (L)	22.5%

Notes:

- (1) Smart IC Limited is wholly owned by Mr. Tian Weidong. Therefore, Mr. Tian is deemed to be interested in all the shares held by Smart IC Limited.
- (2) Insight Limited is wholly owned by Mr. Wong Tsz Leung. Therefore, Mr. Wong is deemed to be interested in all the shares held by Insight Limited.
- (L) represents long positions.

董事於股份及相關股份的權益及淡倉

於2017年12月31日，董事或本公司主要行政人員於本公司或任何相關法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券中，擁有記錄於根據證券及期貨條例第352條須備存的登記冊的權益及淡倉；或根據載於上市規則附錄十的上市公司董事進行證券交易的標準守則(「標準守則」)將須知會本公司及聯交所的權益及淡倉如下：

附註：

- (1) Smart IC Limited由田衛東先生全資擁有。因此，田先生視為擁有Smart IC Limited所持全部股份的權益。
- (2) Insight Limited由黃梓良先生全資擁有。因此，黃先生視為擁有Insight Limited所持全部股份的權益。
- (L) 指好倉。

Saved as disclosed above, as at 31 December 2017, none of the Directors nor their associates had any interests or short positions in any share, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於2017年12月31日，概無董事或彼等聯繫人於本公司或其任何相關法團(定義見證券及期貨條例第XV部)的任何股份、相關股份或債券中擁有任何記錄於根據證券及期貨條例第352條須備存的登記冊的權益或淡倉或根據標準守則須知會本公司及聯交所的權益或淡倉。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements or contracts of significance, to which the Company, or its holding companies, subsidiaries or fellow subsidiaries was a party and in which the Director or the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end or at any time during the year ended 31 December 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed under the section headed "Non-Competition Undertaking" on pages 33 to 34 of this report, during the year ended 31 December 2017, none of the Directors has an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

PERMITTED INDEMNITY

Pursuant to the articles of association of the Company, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has arranged Directors' liability insurance policy to protect the Directors against potential costs and liability arising from claims brought against the Directors.

EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Up to the date of this report, the Group has no significant subsequent event after 31 December 2017 which required disclosure.

董事於交易、安排及合約的權益

於截至2017年12月31日止年度末或任何時間概無存續本公司、或其控股公司、附屬公司或同系附屬公司所訂立而董事或董事之關連實體於其中直接或間接擁有重大權益的主要交易、安排或合約。

董事於競爭業務的權益

除本報告第33頁至第34頁「不競爭承諾」一節所披露者外，截至2017年12月31日止年度，概無董事於直接或間接與本集團業務構成競爭或可能構成競爭的業務中擁有權益。

獲准許彌償

根據本公司組織章程細則，各董事、本公司核數師或其他高級職員均有權就其作為董事、核數師或本公司其他高級職員在勝訴或無罪的任何民事或刑事訴訟中進行抗辯而招致或蒙受的一切損失或責任從本公司的資產中獲得彌償。

本公司已安排董事責任保險以保護董事免於承擔針對董事的索償所產生的潛在成本及責任。

截至2017年12月31日止財政年度後之事件

截至本報告日期，本集團於2017年12月31日後並無發生須予披露的重大事件。

Directors' Report

董事會報告

PRINCIPAL SUBSIDIARIES

The Group's operations are conducted on a global basis through its direct or indirect subsidiaries. Details of the subsidiaries of the Company as at 31 December 2017 are set out in note 30 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2017.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARE

As at 31 December 2017, so far as the Directors are aware, the following persons (other than a Director or a chief executive of the Company) have 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 Part XV of the SFO:

主要附屬公司

本集團透過其直接或間接附屬公司在全球範圍內開展業務。有關本公司於2017年12月31日的附屬公司詳情載於綜合財務報表附註30。

購買、銷售或贖回上市證券

於截至2017年12月31日止年度，本公司或其任何附屬公司概無購買、贖回或銷售本公司任何上市證券。

主要股東於股份及相關股份之權益及淡倉

於2017年12月31日，就董事所知，以下人士（董事或本公司主要行政人員除外）擁有須登記於本公司根據證券及期貨條例第XV部第336條須予備存之登記冊內之股份或相關股份之權益或淡倉：

Name of Shareholder 股東名稱	Nature of Interest 權益性質	Number of Shares held 所持股份數目	Approximate shareholding percentage 股權概約百分比
Smart IC Limited ⁽¹⁾	Beneficial owner 實益擁有人	262,500,000 (L)	52.5%
Insight Limited ⁽²⁾	Beneficial owner 實益擁有人	112,500,000 (L)	22.5%

Notes:

(1) Smart IC Limited is wholly owned by Mr. Tian Weidong. Therefore, Mr. Tian is deemed to be interested in all the shares held by Smart IC Limited.

(2) Insight Limited is wholly owned by Mr. Wong Tsz Leung. Therefore, Mr. Wong is deemed to be interested in all the shares held by Insight Limited.

(L) represents long position

附註：

(1) Smart IC Limited由田衛東先生全資擁有，因此田先生視為擁有Smart IC Limited所持全部股份的權益。

(2) Insight Limited由黃梓良先生全資擁有，因此黃先生視為擁有Insight Limited所持全部股份的權益。

(L) 指好倉

Directors' Report

董事會報告

Saved as disclosed above, as at 31 December 2017, the Company had not been notified by any persons who had any interests or short positions in the shares or underlying shares of the Company which would fall under the provisions of Division 2 and 3 of Part XV of the SFO to be disclosed to the Company, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There were no contracts of significance (including for the provision of services) with any member of the Group as the contracting party and in which any of the Controlling Shareholders and their respective associates possessed direct or indirect substantial interests, and which was still valid on 31 December 2017 or any time during such year and related to the business of the Group.

CONNECTED TRANSACTIONS

During the year ended 31 December 2017, the Group had continuing connected transactions with SMC Taiwan, a company owned as to 90% by Mr. Tian Weidong, our executive Director and Controlling Shareholder. The Group had supplied to SMC Taiwan IC components and the amount of supply transactions between the Group and SMC Taiwan during the year ended 31 December 2017 were as follows:

	Year ended 31 December 2017 截至2017年 12月31日止年度 USD'000 千美元	Year ended 31 December 2016 截至2016年 12月31日止年度 USD'000 千美元
Amount of supply by the Group 本集團供應額	367	178

Our Directors (including the independent non-executive Directors) consider the above transactions have been entered into: (1) in the ordinary and usual course of business of the Group; (2) on normal commercial terms and consideration payable was determined based on arms' length negotiations between the parties and with reference to the price offered to independent similar customers; and (3) in accordance with the respective agreements governing them on the terms that one fair and reasonable and in the interest of the Shareholders as a whole.

除上文所披露者外，於2017年12月31日，概無任何其他人士知會本公司其擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司披露或記錄於本公司根據證券及期貨條例第336條所須予備存的登記冊的本公司股份或相關股份權益或淡倉。

控股股東之合約權益

概無與本集團任何成員公司訂立控股股東及彼等各自之聯繫人士於其中直接或間接擁有重大權益、且於2017年12月31日或有關年內任何時間仍生效及與本集團業務相關的任何重要合約(包括有關提供服務的合約)。

關連交易

截至2017年12月31日止年度，本集團與芯智台灣發生持續關連交易，我們的執行董事兼控股股東田衛東先生擁有該公司90%的權益。本集團向芯智台灣供應元器件，本集團與芯智台灣之間於截至2017年12月31日止年度的供應交易額如下：

董事(包括獨立非執行董事)認為，上述交易(1)於本集團一般及日常業務過程中訂立；(2)按照正常商業條款訂立，應付代價由訂約方參考向獨立類似客戶提供的價格經公平協商釐定；及(3)根據規管彼等的各份協議，按照公平、合理、符合股東整體利益的條款訂立。

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RELATED PARTY TRANSACTIONS

Certain related party transactions as disclosed in note 28 to the consolidated financial statements prepared under Hong Kong Financial Reporting Standards also constituted connected transactions under the Listing Rules required to be disclosed in accordance with Chapter 14A of the Listing Rule. The Company has complied with the disclosure requirements of Chapter 14A of Listing Rules in respect of the above connected transactions or continuing connected transactions.

EMPLOYEE INCENTIVE SCHEMES

On 19 September 2016, the Company adopted a share award scheme ("**Share Award Scheme**") and conditionally approved and adopted a share option scheme ("**Share Option Scheme**"). As at 31 December 2017, no award or options had been granted or agreed to be granted by the Company pursuant to the Share Award Scheme and Share Option Scheme respectively.

Share Option Scheme

Details of the Share Option Scheme (which became effective on the Listing Date) are set out as follows:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to incentivise and reward the ESOS Eligible Persons (as defined below) for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

(b) Participants of the Share Option Scheme

The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company ("**ESOS Eligible Persons**").

關連方交易

根據香港財務報告準則編製的綜合財務報表附註28所披露的若干關連方交易亦構成須根據上市規則第14A章披露之關連交易。就上述關連交易或持續關連交易而言，本公司已遵守上市規則第14A章之披露規定。

員工激勵計劃

於2016年9月19日，本公司已採納股份獎勵計劃（「**股份獎勵計劃**」），且有條件批准及採納一項購股權計劃（「**購股權計劃**」）。於2017年12月31日，本公司並無分別根據股份獎勵計劃及購股權計劃授出或同意授出任何獎勵或購股權。

購股權計劃

購股權計劃之詳情（於上市日期生效）載列如下：

(a) 購股權計劃的目的

購股權計劃的目的乃為激勵及獎勵購股權計劃合資格人士（定義見下文）對本集團作出的貢獻及將他們的利益與本公司的利益掛鉤，以鼓勵他們努力提升本公司的價值。

(b) 購股權計劃參與者

董事會（包括董事會根據購股權計劃規則為履行其任何職責而委任的任何委員會或董事會代表）可全權酌情向本集團成員公司或本公司聯營公司的僱員（不論全職或兼職）或董事（「**購股權計劃合資格人士**」）要約授出購股權，以認購董事會可能釐定的有關股份數目。

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(c) Maximum number of Shares in respect of which options may be granted

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (the “**Other Schemes**”) of the Company must not in aggregate exceed 50,000,000 shares (representing 10% of the issued capital of the Company as at the date of this report) (the “**ESOS Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme and any Other Schemes of the Company will not be counted for the purpose of calculating the ESOS Mandate Limit.

The Board may, with the approval of the Shareholders in general meeting, refresh the ESOS Mandate Limit provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any Other Schemes of the Company under the ESOS Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date on which the Shareholders approve the refreshment of the Scheme Mandate Limit. Options previously granted under the Share Option Scheme and any Other Schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the terms of the relevant scheme, or exercised options) will not be counted for the purpose of calculating the ESOS Mandate Limit as “refreshed”. The Board may, with the approval of the Shareholders in general meeting, grant options to any ESOS Eligible Person or ESOS Eligible Persons specifically identified by them which would cause the ESOS Mandate Limit to be exceeded. The Company shall send to the Shareholders a circular containing the information required under the Listing Rules for the purpose of seeking the approval of the Shareholders.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any Other Schemes of the Company to ESOS Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

(c) 可能授出的購股權涉及的股份數目上限

因根據本公司的購股權計劃及任何其他購股權計劃(「其他計劃」)將予授出的購股權獲悉數行使而可能發行的股份上限數目合共不得超過50,000,000股股份(相當於本公司於本報告日期已發行股本之10%)(「購股權計劃授權上限」)。根據本公司購股權計劃及任何其他計劃的條款失效的購股權將不會用作計算購股權計劃授權上限。

董事會可在股東於股東大會上批准更新購股權計劃授權上限，惟根據經更新購股權計劃授權上限，因本公司購股權計劃及任何其他計劃授出的所有購股權獲行使而可予以發行的股份總數，不得超過股東批准更新計劃授權上限當日已發行股份的10%。先前根據本公司購股權計劃及任何其他計劃授出(包括尚未行使、已註銷、根據有關計劃條款已失效或已獲行使的購股權)的購股權將不會用作計算「經更新」購股權計劃授權上限。董事會可在股東於股東大會上批准後，向其指定的任何購股權計劃合資格人士授出超出購股權計劃授權上限的購股權。本公司將向股東發出載有上市規則項下規定資料的通函，以尋求股東的批准。

根據本公司購股權計劃及任何其他計劃向購股權計劃合資格人士授出所有發行在外而尚未行使的購股權獲行使時可予發行的最高股份數目於任何時候均不得超過不時的已發行股份總數的30%。

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The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or independent financial adviser appointed by the Board shall certify in writing to the Board to be fair and reasonable, in the event of any alteration in the capital structure of the Company whether by way of capitalisation of profits or reserves, rights issue, consolidation or subdivision of shares, or reduction of the share capital of the Company, provided that no such adjustment shall be made in the event of an issue of Shares as consideration in respect of a transaction.

As at the date prior to the issue of this annual report, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 50,000,000 Shares, representing 10% of the total number of Shares in issue.

(d) *Maximum Entitlement of Each Individual*

No options shall be granted to any ESOS Eligible Person under the Share Option Scheme which, if exercised, would result in such ESOS Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date.

Any further grant of options to an ESOS Eligible Person in excess of this 1% limit shall be subject to the approval of the Shareholders in general meeting with such ESOS Eligible Person and his close associates (or if such ESOS Eligible Person is a connected person, his associates) abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the ESOS Eligible Person in question, the number and terms of the options to be granted (and options previously granted to such ESOS Eligible Person) and such other information required under the Listing Rules.

The number and terms (including the exercise price) of the options to be granted to such ESOS Eligible Person must be fixed before the Shareholders' approval and the date of the Board meeting approving such further grant shall be taken as the date of grant for the purpose of determining the exercise price of the options.

倘本公司的資本架構出現任何變動(不論因溢利或儲備資本化、供股、股份合併或拆細或削減本公司股本)，可能授出的購股權所涉及的最高股份數目將以本公司核數師或董事會委任的獨立財務顧問向董事會書面證明屬公平合理的方式調整，惟倘發行股份乃作為交易代價，則不得作出有關調整。

於刊發本年報日期前，根據股權計劃將予授出的全部購股權獲悉數行使而可能發行的股份上限數目為50,000,000股份，相當於已發行股份總數的10%。

(d) *每名人士可獲授權益上限*

倘根據購股權計劃向購股權計劃合資格人士授出的購股權獲行使將導致有關購股權計劃合資格人士有權認購的該等股份數目，加上其於直至有關購股權提呈日期(包括該日)止12個月期間根據其獲授的全部購股權(包括已行使、已註銷及尚未行使的購股權)而向其發行或將予發行的股份總數超過該日已發行股份的1%，則不得授出有關購股權。

倘進一步向購股權計劃合資格人士授出購股權而超出該1%上限，則須經股東於股東大會上批准，該等合資格人士及其緊密聯繫人(若該購股權計劃合資格人士為一名關連人士，則為其聯繫人)須放棄投票。本公司必須向股東發出通函，以披露有關購股權計劃合資格人士的身份、將予授出購股權的數目及條款(及先前授予該等購股權計劃合資格人士的購股權)及上市規則項下規定的有關其他資料。

向該等購股權計劃合資格人士授出的購股權數目及條款(包括行使價)必須於提呈股東批准前釐定，而批准該進一步授出購股權的董事會會議日期應被視為授出日期，以釐定購股權的行使價。

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(e) *Acceptance of an Offer of Options*

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the ESOS Eligible Persons concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HK\$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

(f) *Exercise Price*

Subject to any adjustment made in respect of alteration of share capital, the exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;
- (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and
- (iii) the nominal value of the Shares.

(g) *Duration of the Share Option Scheme*

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

(e) *接納購股權要約*

購股權要約可於董事會可能決定的有關期間(由提呈日期起(包括該日)計30日內)供接納，並須通知有關購股權計劃合資格人士，惟購股權計劃屆滿期後的有關要約將不被接納。該期間內不被接納的購股權要約將告失效。於接納所授出的購股權時須付1.00港元，而該款項將不予退還，且不應被視為行使價的部分款項。

(f) *行使價*

待作出有關變更股本的任何調整後，行使價應為董事會釐定的價格，並須通知購股權持有人及不得低於以下之較高者：

- (i) 於購股權要約日期聯交所每日報價表所報股份收市價；
- (ii) 緊接購股權要約日期前五個交易日聯交所每日報價表所報股份平均收市價；及
- (iii) 股份面值。

(g) *購股權計劃的期限*

購股權計劃應由上市日期起十年期間內有效及生效，該期間後不得授出其他購股權，但購股權計劃的條文仍具十足效力及效用，以致先前授出任何可於當時或其後根據購股權計劃行使的購股權得以行使，或其他方面以致於根據購股權計劃之條文規定有效。

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(h) *Time of Vesting and Exercise of Options*

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfilment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option (the "**Option Period**").

An option shall be subject to such terms and conditions (if any) as may be determined by the Board and specified in the offer of the option, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which needs to be achieved by an option-holder before the option can be exercised. Any terms and conditions determined by the Board must not be contrary to the purpose of the Share Option Scheme and must be consistent with such guidelines (if any) as may be approved from time to time by the Shareholders.

No option may be exercised in circumstances where such exercise would, in the opinion of the Board, be in breach of a statutory or regulatory requirement.

(h) *歸屬及行使購股權的時限*

購股權持有人一經接納提呈的購股權後，任何購股權應即時歸屬予購股權持有人。惟倘任何歸屬時間表及／或條件在購股權要約中有所規定，有關購股權僅根據有關歸屬時間表及／或於歸屬條件達成時歸屬予購股權持有人（視乎情況而定）。除董事會按其絕對酌情權另行釐定外，任何已歸屬而未失效的購股權於達成條件或董事會按其全權酌情決定豁免條件後，可於提呈購股權獲接納後的下一個營業日起隨時行使。任何尚未行使的購股權於購股權期限屆滿後將告失效，該期限由董事會釐定，且不得超過購股權要約日期起計十年（「**購股權期限**」）。

購股權須受董事會可能釐定及購股權要約中規定的有關條款及條件（如有）限制，包括任何歸屬時間表及／或條件、任何購股權於其可獲行使前必須持有的任何最短期限及／或購股權持有人於購股權可獲行使前須達成的任何表現目標。董事會釐定的任何條款及條件不得與購股權計劃的目的抵觸，同時必須符合股東不時可能批准的有關指引（如有）。

倘董事會認為行使購股權將違反法定或監管規定，則不得予以行使。

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(i) *Restriction on the Time of Grant of Options*

A grant of options may not be made after inside information has come to our knowledge until such inside information has been announced as required under the Listing Rules. In particular, no option may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of the results for any year, or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

For further details on the Share Award Scheme, please refer to section headed "Appendix IV – Statutory and General Information – D. Employee Incentive Schemes – 2. Share Option Scheme" of the Prospectus.

Share Award Scheme

Details of the Share Award Scheme (which became effective on 19 September 2016) are set out as follows:

(a) *Purpose of the Share Award Scheme*

The purpose of the Share Award Scheme is to reward our directors, senior managers and employees of the Group ("**Eligible Persons**") for their hard work, contribution and loyalty and align their interests with those of the Shareholders.

(i) *授出購股權的時間限制*

我們知悉內幕消息後不得授出購股權，直至有關內幕消息根據上市規則的規定作出公佈為止。尤其是，在緊接以下日期前一個月期間(以較早者為準)不得授出購股權：

- (i) 董事會為批准本公司任何年度、半年度、季度或其他中期(不論上市規則有否規定)業績舉行的董事會會議日期(即根據上市規則首先通知聯交所的有關日期)；及
- (ii) 本公司根據上市規則刊發任何年度或半年度，或季度或任何其他中期(不論上市規則有否規定)業績公佈的截止日期，而有關限制於業績公佈當日結束。購股權亦不可於業績公佈延遲刊發的任何期間內授出。

有關股份獎勵計劃之進一步詳情，請參與招股章程「附錄四－法定及一般資料－D.員工激勵計劃－2.購股權計劃」一節。

股份獎勵計劃

有關股份獎勵計劃(自2016年9月19日起生效)之詳情載列如下：

(a) *股份獎勵計劃的目的*

股份獎勵計劃旨在嘉許本集團董事、高級管理人員與僱員(「合資格人士」)的辛勤工作、傑出貢獻與高度忠誠，令他們的利益與本公司股東的利益一致。

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(b) *Duration of the Share Award Scheme*

Subject to any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on 19 September 2016, after which period no further Awards (as defined below) will be granted but the provisions of the Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any Awards granted prior to the expiration of the Share Award Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Award Scheme.

(c) *Participants of the Share Award Scheme and Basis for Determining the Eligibility of the Selected Participants*

The Board may, from time to time, at its absolute discretion, select any Eligible Persons to participate in the Share Award Scheme ("**Selected Participants**"), subject to the terms and conditions set out in the Share Award Scheme. In determining the Selected Participants, the Board shall take into consideration matters including, but without limitation, the present and expected contribution of the relevant Selected Participants to the Group.

(d) *Maximum number of Shares that can be awarded*

The Company shall not make any further grant of award under the Share Award Scheme ("**Award**") which will result in the number of Shares allotted and issued to or acquired by the Trustee (as defined in the prospectus) amounting or exceeding 10% of the total number of issued Shares from time to time.

(e) *Maximum entitlement of each awardee*

The maximum number of Award which may be granted to a awardee but unvested under the Share Award Scheme shall not exceed 1% of the total number of issued Shares from time to time.

(b) *股份獎勵計劃的期限*

除非董事會根據股份獎勵計劃的有關規定提前終止，否則股份獎勵計劃將自2016年9月19日起計十年內有效並生效。期滿後不會進一步授出獎勵(定義見下文)，惟就股份獎勵計劃屆滿前已授出的任何獎勵可有效歸屬而言實屬必要的情況下或於股份獎勵計劃之條文或會要求的其他情況下，股份獎勵計劃的條款仍具全面效力及生效。

(c) *股份獎勵計劃參與者及釐定合資格經甄選參與者的基準*

董事會可不時全權酌情甄選任何合資格人士參與股份獎勵計劃(「**經甄選參與者**」)，惟須遵守股份獎勵計劃的條款及條件。釐定經甄選參與者時，董事會將考慮各項因素，包括但不限於相關經甄選參與者對本集團的當前及預期貢獻。

(d) *可作為獎勵之股份數目上限*

本公司將不會進一步根據股份獎勵計劃(「**獎勵**」)授出任何獎勵，以致配發及發行予受託人(定義見招股章程)或其將收購之股份數目達到或超過不時已發行股份總數之10%。

(e) *各獲獎人的最高配額*

股份獎勵計劃項下可授予一名獲獎人但未歸屬的獎勵最高數目不應超過不時已發行股份總數之1%。

Directors' Report

董事會報告

(f) Appointment of Trustee

The Company will appoint trustee to assist with the administration and vesting of the Awards granted pursuant to the Share Award Scheme (“**Trustee**”) and will enter into a trust deed with the Trustee that constitute a trust to service the Share Award Scheme (“**Trust**”).

(g) Settlement and/or Payment of Award

Upon the satisfaction of conditions including without limitation, the vesting of the Award, the Board may at its absolute discretion to either:

- (i) direct and procure the Trustee to release the Award Shares to the Grantees by transferring the number of Award Shares to the Grantees in such manner as determined by the Board in its absolute discretion from time to time; or
- (ii) to the extent where it is in the reasonable opinion of the Company not practicable for the Grantee to receive the Award Shares, direct and procure the Trustee to sell the number of Award Shares on such dates and in such manner as the Board shall in its absolute discretion determine and pay the Grantee the proceeds arising from such sale based on the Actual Selling Price of the Shares in cash as set out in the vesting notice (“**Vesting Notice**”) to be sent by the Company to the relevant Grantee prior to any Vesting Date, in accordance with the procedure set out in the Share Award Scheme.

For further details on the Share Award Scheme, please refer to section headed “Appendix IV – Statutory and General Information – D. Employee Incentive Schemes – 1. Share Award Scheme” of the Prospectus.

(f) 委任受託人

本公司將委任受託人(「**受託人**」)協助管理根據股份獎勵計劃授出的獎勵及其歸屬，亦將與受託人訂立一份委託契據，該契據屬於服務股份獎勵計劃的委託(「**委託**」)。

(g) 獎勵結算及／或付款

達成相關條件(包括但不限於獎勵歸屬)後，董事會可全權酌情：

- (i) 指示並促使受託人按董事會不時全權釐定的方式通過向承授人轉讓一定數目的獎勵股份而向承授人發放獎勵股份；或
- (ii) 按本公司於歸屬日前向相關承授人發出的歸屬通告(「**歸屬通告**」)所載，如果本公司合理認為承授人收取獎勵並不可行，則可根據股份獎勵計劃所載之程序指示並促使受託人於董事全權酌情確定的日期並按董事全權酌情確定的方式出售一定數目的獎勵股份並根據實際售價以現金向承授人支付的出售股份所得款項。

有關股份獎勵計劃的進一步詳情，謹請參閱招股章程「附錄四—法定及一般資料—D.員工激勵計劃—1.股份獎勵計劃」一節。

Directors' Report

董事會報告

REMUNERATION POLICY

The remuneration policy of the employees of the Group is set by the Board of Directors, having regards to the positions, duties and performance of the employees, together with the comparable market practice. The emoluments of the Directors are decided by remuneration committee, having regard to the Company's operating results, individual performance and comparable market statistics.

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

Saved as disclosed in the section headed "Directors and Senior Management" in this annual report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to rule 13.51B(1) of the Listing Rules since the date of the interim report of the Company for the period ended 30 June 2017.

PRE-EMPTIVE RIGHTS

The articles of association of the Company and the relevant law of the Cayman Islands do not entitle any Shareholder to any pre-emptive right or other similar rights to subscribe for the new shares on a pro-rata basis.

EQUITY-LINKED AGREEMENTS

Save for the share-based payment transactions under note 31 to the consolidated financial statements, the Company has not entered into any equity-linked agreements for the year ended 31 December 2017.

SUFFICIENCY IN PUBLIC FLOAT

Based on information that is publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, are held by the public at all times and during the year ended 31 December 2017 and up to the latest practicable date prior to the issue of this annual report.

薪酬政策

本集團僱員的薪酬政策乃由董事會經考慮僱員之職位、職責及表現以及可比較市場常規後制訂。董事之酬金乃由薪酬委員會經考慮本公司之經營業績、個人表現及可比較市場數據釐定。

董事資料變動

除本年報「董事及高級管理層」一節所披露者外，自本公司截至2017年6月30日止期間之中期報告日期以來，根據上市規則第13.51B(1)條規定須予披露的任何董事資料並無變動。

優先購買權

本公司組織章程細則及開曼群島相關法例並無賦予任何股東任何按比例認購新股份的優先購買權或其他相似權利。

股權掛鈎協議

除綜合財務報表附註31項下以股份為基礎付款的交易外，本公司於截至2017年12月31日止年度並無訂立任何股權掛鈎協議。

充足的公眾持股量

根據本公司公開可得的資料及就董事所知，於截至2017年12月31日止年度及直至本年報刊發前的最後實際可行日期，本公司全部已發行股本的至少25%（聯交所批准及上市規則准許的規定最低公眾持股量）一直由公眾持有。

Directors' Report

董事會報告

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares of the Company, they are advised to consult an expert.

AUDIT COMMITTEE

The audited consolidated financial statements for the year ended 31 December 2017 have been reviewed by the audit committee of the Company.

AUDITOR

The Group's consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, who will retire and offer itself for re-appointment at the forthcoming AGM. A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Tian Weidong
Chairman

Hong Kong, 26 March 2018

建議諮詢專業稅務意見

倘本公司股東不能確定購買、持有、出售、處理或行使有關本公司股份的任何權利的稅務影響，彼等應諮詢專家。

審核委員會

截至2017年12月31日止年度之經審核綜合財務報表已獲本公司審核委員會審閱。

核數師

本集團之綜合財務報表已獲德勤•關黃陳方會計師行(執業會計師)審核，其將於應屆股東週年大會上退任並有意膺選連任。股東週年大會上將提呈一項決議案續聘德勤•關黃陳方會計師行為本公司核數師。

代表董事會

主席
田衛東

香港，2018年3月26日

Environmental, Social and Governance Report

環境、社會及管治報告

REPORTING SCOPE

The environmental, social and governance report covers the operating locations of the Group in Hong Kong and Shenzhen (the principle location of operations in the PRC) for the year ended 31 December 2017. The report covers the 2017 financial year (i.e. 1 January 2017 to 31 December 2017) and coincides with the reporting period of the Company's 2017 annual report.

The report is compiled in accordance with the Environmental, Social and Governance Reporting Guide, Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

COMMUNICATION WITH STAKEHOLDERS

The Company maintains close communication and relationship with its investors and stakeholders, and seeks comments from the above parties through various channels, including results announcements and annual reports, etc. In addition, the Company shares its latest news and information with stakeholders from time to time through conference calls, roadshows, and its website, etc.

A ENVIRONMENTAL

A1 Emissions

The Group attaches great importance to controlling emissions generated by various activities in order to reduce the pollution caused to the Earth. All company cars used in Shenzhen office are in compliance with the National Phase Four Pollutant Emission Standards for Motor Vehicles in order to reduce vehicle emissions. On another front, the Group implements a waste recycling policy. The Group will firstly separate all the reusable waste internally to reduce the disposal of waste. Reusable waste, such as waste paper, will be separately collected or processed by external recyclers. As the scope of activities of the Group mainly involves offices and warehouse, there is no hazardous waste generated. For non-hazardous waste, it will be handled by the building management office, so no data could be provided.

報告範圍

本環境、社會及管治報告涵蓋本集團截止二零一七年十二月三十一日止年度位於香港及深圳(中國主要營運地點)的營運點。報告的時段為二零一七年財政年度(二零一七年一月一日至十二月三十一日)，與本公司二零一七年年報報告期一致。

本報告依據《香港聯合交易所有限公司證券上市規則》附錄二十七《環境、社會及管治報告指引》編撰。

與持份者溝通

本公司與投資者及各持份者保持密切的溝通及聯繫，同時亦通過不同渠道關注他們的意見，當中包括業績發佈、年報等。本公司亦會通過電話會議、路演及公司網站等與持份者分享公司最新資訊。

A 環境

A1 排放物

本集團重視控制由各種活動所產生的排放物，務求減少對地球造成的污染。深圳辦公室擁有用來接載員工公幹的車輛，全部車款均符合國家第四階段機動車污染物排放標準以減少汽車尾氣排放。另一方面，本集團又推行廢棄物再利用政策，內部會先將可循環再用垃圾分類處理以盡量減少產生廢棄物，而可回收垃圾如廢紙，會安排外部回收商處理或收集作回用。因本集團活動範圍主要在辦公室及倉庫，並未有產生有害廢棄物。而無害廢棄物會由所在樓宇管理處處理，故未能提供相關數據。

Environmental, Social and Governance Report

環境、社會及管治報告

At the same time, as the Group is also concerned about the greenhouse effect on the overall environment from corporate activities, various measures has been actively implemented to reduce the travel needs from different parties. The details are as follows:

- Giving priority to local suppliers
- Streamlining customer visits in a common time period and a common car schedule after organising the customer needs
- Making good use of modern communication tools such as mobile communication applications, web conferencing, etc. to communicate with business partners

同時，本集團亦關注公司活動對整體環境帶來的溫室效應，並積極推行多項措施以減少各方的差旅需求，詳情如下：

- 優先選用本地供應商
- 集中管理、歸納客戶需求，合理安排一個時段及統一安排車輛一起拜訪客戶
- 善用現代化通訊工具如手機通訊應用程式、網路會議等與業務夥伴溝通

		NOx Emissions from Vehicle Use (g) 汽車使用產生的 氮氧化物排放 (g)	Suspended Particles Emissions from Vehicle Use (g) 汽車使用產生的 懸浮顆粒排放 (g)	SOx Emissions from Vehicle Use (g) 汽車使用產生的 硫氧化物排放 (g)
Shenzhen Office	深圳辦公室	5,763.7	424.4	0.129
		Total Greenhouse Gas Emissions (tCO ₂ e) 溫室氣體總排放量 (tCO ₂ e)		
Shenzhen Office	深圳辦公室			121.10
Hong Kong Office and Warehouses	香港辦公室及倉庫			54.75

The Group has strictly complied with relevant environmental protection laws and there were no cases of prosecution due to violation of relevant environmental protection laws during the period.

本集團嚴格遵守相關的環保法例，期內未有因為違反與環保相關法例而被檢控的個案。

Environmental, Social and Governance Report

環境、社會及管治報告

A2 Use of Resources

The Group's business scope involves goods storage and transportation. Therefore, we actively consider saving resources needed in various aspects of the storage and transportation process in order to control the use of resources in a targeted manner. The Group will obtain the packaging requirements of the recipients in detail, and then design the most suitable packaging method for them to achieve maximum resource efficiency, from the design stage. In addition, the Group will collect the used packaging cartons and shockproof stuffing for recycling in future packaging. For avoiding large amount of waste generated due to the vulnerability of wood to wear and tear, the wooden pallets are replaced by pallets made of more durable materials.

Office electricity also involves heavy consumption of resources. The Group sets the air conditioning temperature to 25 degree celsius or higher and switches off the light in non-operational areas, so as to reduce the electricity consumption and increase the energy efficiency. Furthermore, Shenzhen office will arrange specialist to regularly inspect the water supply facilities to avoid waste due to leakage. The Group actively promotes the reuse of waste paper and double-sided use of copying paper to reduce office paper consumption. We also encourages recycling and reuse of waste through circulars. Water conservation stickers are posted to remind employees and raise their environmental protection awareness. On the other hand, as the water supply facilities are managed by the building management office, those water use initiatives are not implemented by us.

A2 資源使用

本集團的業務範疇涉及貨物儲運流程，故此我們積極考慮從多方面節省儲運過程所需使用的資源，以針對性地控制資源的運用。本集團會向收貨方詳細瞭解它們的包裝要求，再為它們設計出最適合的包裝方法，從設計著手以達至最大的資源效益。除此之外，對曾被使用過的包裝紙箱及包裝內用來防震的填充物，本集團會把它們收集起來以備日後包裝時循環回用。而木卡板則以可多次回用材質卡板取代，避免因木材容易損耗而大量增加產生的廢棄物。

另一較多耗用資源的地方就是辦公室用電，本集團會把空調溫度統一設定在25度或以上，又會調整照明，減少非作業區照明，務求降低電力的消耗，提升能源效益。另外，深圳辦公室又會安排專人定時巡查供水設備以避免出現漏水情況造成浪費。本集團更積極推動廢紙再利用、複印紙雙面用，以降低辦公用紙量。我們又會透過通告鼓勵循環使用、廢物再用，而辦公室內亦有張貼節約用水的宣傳標語提醒員工，以培養員工的環保意識。另一方面，由於用水設施由所在樓宇管理，故未有任何提升用水效益計劃。

		Shenzhen Office 深圳辦公室	Hong Kong Office and Warehouses 香港辦公室及倉庫
Power consumption (kWh)	耗電量(kWh)	139,562.97	101,398
Power Consumption Intensity	耗電密度	562.75kWh/staff 562.75kWh/員工	4.55kWh/sq. ft 4.55kWh/平方呎
Water Consumption (m ³)	耗水量(m ³)	1,341	50
Water Consumption Intensity	耗水密度	5.41m ³ /staff 5.41m ³ /員工	1.72m ³ /staff 1.72m ³ /員工

Environmental, Social and Governance Report

環境、社會及管治報告

**Total Amount
of Packaging
Materials Used in
Finished Products
(Tonnes)**
製成品所用
包裝材料的總量
(噸)

Hong Kong Office and Warehouses

香港辦公室及倉庫

2.48

A3 The Environment and Natural Resources

In order to create a better future, the Group strives to seek for new technology to replace the traditional mode of operation in damaging the environment and natural resources. The specific implementation programmes are as follows:

- The Group's lighting system has been gradually changed to LED lighting. Compared with traditional lighting, LED lighting equipment saves more than 60% in power consumption
- The materials purchased by Shenzhen office must meet national environmental protection standards
- When purchasing materials, preference will be given to easily disassembled, easily degradable, non-toxic and harmless materials
- The Group adopts advanced computer systems to handle basic workflows and approval processes
- Documents are stored on the company server, without resorting to paper document storage mode
- Depending on the air circulating condition, dedicated air purifying ventilation devices or air fresheners are used to improve indoor air quality

As the Group's operations only involve distribution, storage and transportation of goods without any manufacturing or production activity, there is no material impact on environment or natural resources.

A3 環境及天然資源

本集團努力尋求以新科技改變以傳統模式運作對環境及天然資源所造成的影響及破壞，以創造更美好的未來。具體實施方案如下：

- 集團的照明系統已逐步轉用LED，採用LED的照明設備對比傳統燈管節省超過百分之六十的耗電量
- 深圳辦公室要求採購的物料需符合國家環保規定的標準
- 採購物料時會優先選擇易拆解、易降解、無毒無害的物料
- 採用先進電腦系統實現辦公自動化，處理基礎流程及審批
- 集團文件儲存在中央伺服器，放棄紙質文件儲存模式
- 依據空氣流通性，採用專用淨化流動換氣設備或空氣清新機以改善室內空氣質素

本集團業務只涉及貨物分銷及存運，並無任何製造及生產活動，因此沒有對環境及天然資源造成重大影響。

Environmental, Social and Governance Report

環境、社會及管治報告

B SOCIAL

B1 Employment

The Group is committed to creating a pleasant and balanced working environment for our employees so that they can enjoy their work. Each year, we organise a Spring Festival Anniversary Party and an annual free tour. Hong Kong office will provide departments with departmental funds for them to arrange preferred activities and gatherings after office hours, whereas Shenzhen office will also actively hold different types of ball playing activities and interest groups. Through these activities, employees can have a chance to relax, while enhanced the communications among staffs. The Group also provides employees with comprehensive welfare benefits, such as marriage leave, maternity leave and paternity leave, work-related injury leave. In addition, the Group is also very concerned about the health of our employees and provides them with medical insurance and health check-ups.

The Group's staff recruitment and promotion are based on the principle of fairness and equality – we will only consider the personal capabilities of employees and applicants regardless of gender, age or background for advocating anti-discrimination. As the remuneration policy involves the well-being of employees and the Company's image, the Group will consider a variety of factors to assess and formulate the remuneration levels, including the employees' work ability, the performance of the Group and market levels, etc.

The Group has strictly complied with relevant employment laws and there were no cases of prosecution due to violation of relevant employment laws during the period.

B 社會

B1 僱傭

本集團致力為員工創造一個愉快及平衡的工作環境，務求令他們能享受工作。我們每年都會舉辦春節週年晚會和免費旅遊；香港辦公室會提供部門活動經費給各部門自主安排喜好的工餘活動聚會；而深圳辦公室亦積極組織不同類型的球類活動及興趣小組。透過此等活動令員工能得到一個身心放鬆的機會之餘，又能增進同事間的聯繫。本集團又為員工提供完善的福利待遇，如婚假、產假及侍產假、工傷假等。此外，本集團亦非常關注員工的健康，為他們提供醫療保險及健康體檢等。

本集團的員工招聘、晉升均以公平平等為原則，只會考慮員工及應徵者的個人能力，不分性別、年齡及背景，提倡反歧視。薪酬政策涉及員工福祉及公司形象，集團會考慮多種因素來評估及制定薪酬水平，當中包括員工的工作能力、公司效益、市場水平等。

本集團一直嚴格遵守相關的僱傭法例，期內未有因為違反與僱傭相關法例而被檢控的個案。

Environmental, Social and Governance Report

環境、社會及管治報告

B2 Health and Safety

Occupational health and safety have received much attention in recent years. The Group has implemented a number of safety measures to ensure the safety of employees during work. The Group will provide warehouse operators with appropriate personal protective equipment, including safety shoes and slip resistant gloves. For goods stored in warehouse, the stacking height is strictly limited to less than 1.8 meters to reduce the risk of accidents due to high stacking. In order to reduce the musculoskeletal disorders of warehouse operators caused by prolonged operation on handling heavy loads, the Group has introduced electric forklifts to assist in the handling of large quantities of goods and has set up the related safety operation practice with pre-use training. The practice includes pre-launch inspections, precautions when carrying goods, and charging safety, etc. In addition to safety training on equipment use, the Group will also explain and promote the correct way of manual handling from time to time to enhance employees' safety awareness.

We are committed to creating a comfortable, safe and healthy working environment for warehouse operators. Warehouse is well-lit and equipped with air-conditioners, as well-lit warehouse can provide a safe working environment and protect the operators' eyes during goods inspection.

The Group has strictly complied with relevant safety laws and there were no cases of prosecution due to violation of relevant occupational safety laws during the period.

B3 Development and Training

The Group is convinced that equipping our staff with product-related knowledge and knowledge of industry operation and management can help employees effectively perform their duties within the scope of their functions, and at the same time, it can also assist the Group's business development.

B2 健康與安全

職業安全健康近年備受社會關注。本集團亦為此推行了多項安全措施以保障員工工作時的安全。集團會為倉庫操作人員提供合適的個人防護裝備，包括安全鞋及防滑手套。對倉庫內擺放的貨物，堆疊高度嚴格限制在1.8米以下以減低堆疊過高而產生意外的風險。為減少倉庫操作人員因長期搬運重物而導致勞損，本集團引入了電動鏟車以協助搬運大量的貨物，並制定相關的安全操作守則以及安排使用前的培訓，守則內容包括啟動前的檢查、運載貨物的注意事項、充電時的安全等。除設備應用的安全培訓外，集團又會對人力提舉的正確方式不時進行宣導和講解以增強員工的安全意識。

我們致力為倉庫操作人員營造一個舒適、安全和健康的工作環境，倉庫設有空調設備，此外，更配備足夠的照明裝置，因充足的光線能令工作場所更加安全並能降低員工在檢貨時產生的疲勞以保護操作人員的視力。

本集團嚴格遵守相關的安全法例，期內未有因為違反與職業安全相關法例而被檢控的個案。

B3 發展及培訓

本集團深信為員工裝備好產品相關知識及行業運作管理的知識能有助員工在其職能範圍內的有效發揮，同時亦能協助集團業務的不斷發展。

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The Group places emphasis on arranging various types of training courses for employees with difference levels and functionality, so as to enable them to acquire more knowledge and skills that will help their career development and corporate operations. Shenzhen office provides employees with external and internal training courses: external training courses cover various aspects of professional management skills such as corporate management, research and development project management, and human resources; and internal training courses focus on the internal human resources and administration system, computer system applications, and introduction of product knowledge (such as those of IPTV, touch screen hardware, and optical communication products), coupled with foreign language classes for interested employees. Hong Kong office has arranged a number of interactive learning workshops on topics such as logistics and supply chain management, administrative management, and professional financial management. In addition, it has also made arrangements for employees to participate in courses on vocational skills upgrade and personal and physical development. Besides training courses, the Group has also set up a book corner called "any books" to support and encourage our employees to seek progress constantly and study independently in their areas of interest to enhance and broaden the horizon of their personal knowledge.

B4 Labour Standards

The Group has always adhered to the principle of abiding by laws and regulations and has undertaken never to hire minors.

For preventing forced labour, when the Group enters into an employment or labour contract with an employee, it will include related clauses in the contract specifying that employees will not be forced to work if they do not wish to, and the contract will only be entered into after obtaining the consent of both parties.

In addition, Shenzhen office will also schedule hours of work according to national provisions that normal work shall not exceed eight hours a day or forty hours a week. At the same time, it has undertaken not to force any employees to work overtime.

本集團著重為不同職級不同職能的員工安排各類型的培訓課程，務求令員工可以多掌握有助其職業發展及公司運作的知識技能。深圳辦公室為員工提供外部及內部培訓課程，外部培訓課程涵蓋各方面的專業管理技巧，如企業經營、研發項目管理、人力資源等，而內部培訓則圍繞集團內部人事行政制度、電腦系統應用、產品知識介紹(如IPTV、觸摸屏硬體、光通訊產品)，更有提供外語興趣班給員工報讀。而香港辦公室則安排了多項互動學習工作坊，如物流與供應鏈管理、行政管理、財務專業管理，另外，我們又安排員工參加提升職場技能及個人身心發展的課程。除提供培訓課程外，本集團亦設立了圖書角「any books」以支援及鼓勵員工積極向上，對有興趣的範疇作自主學習，提升及擴闊個人知識層面。

B4 勞工準則

本集團一直秉持守法循規的營運宗旨，承諾絕不聘用未成年人士。

對於防止強制勞工方面，本集團在與僱員簽訂僱傭或勞動合同時，會於合同內列明不會在員工不願意的情況下強制勞動等條款，並得雙方同意才作簽署。

另外，深圳辦公室更會按國家關於每天正常工作不超過八小時、每週工作不超過四十小時的規定編排工作時數，同時承諾不會強迫任何員工超時工作。

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The Group has strictly complied with relevant labour laws, there was no child labour or forced labour during the period, and there were no cases of prosecution due to violation of relevant laws.

B5 Supply Chain Management

The Group's business scope mainly comprises trading of electronic components. Therefore, supply chain management is particularly critical for the healthy development and good operation of the Group. As a responsible corporation, apart from paying attention to suppliers' product and service quality, the Group also pays equal attention to suppliers' environmental and social contributions.

Suppliers selected by the Group are well-known manufacturers or distributors in the industry. The Group has also set up a comprehensive supply chain monitoring system. We will arrange visits to supplier's sites to assess the suppliers' production capacity and quality. At the same time, we will evaluate supplier performance according to the objectives set by the company on the aspects such as environmental protection and labour employment. In addition, the Group will sign agreements with suppliers with regulations on quality, environmental protection and safety. Selected suppliers must be legitimate companies that comply with the industrial and commercial registration regulations to protect the rights and interests of customers and comply with social standards and norms.

In the process of cooperation with suppliers, in order to ensure the provision of quality and efficient services to customers, the Group will provide suppliers with sales order forecasts for the next 3 to 6 months to properly manage the delivery schedule. In addition, the Group has established supplier rating standards to regularly evaluate the relevant performance of suppliers.

本集團嚴格遵守相關的勞工法例，期內未出現任何童工或強迫勞工的情況，亦未有因為違反相關法例而被檢控的個案。

B5 供應鏈管理

本集團業務範疇主要為電子零件貿易，故此供應鏈管理對集團的健康發展及良好營運尤其關鍵。作為一間負責任的企業，除了重視供應商的供貨及服務質素外，我們對供應商在環境及社會責任方面的投入程度亦同樣關注。

經本集團挑選的供應商均為行內優質知名的品牌廠商或代理。本集團更特別設立了一套全面的供應鏈監控制度，我們會安排專人到供應商現場進行實地考察以評估供應商的生產能力及品質，同時又會對其他方面如環境保護、勞工僱傭等訂下指標以評估供應商是否能達到本公司的要求。另外，本集團會跟供應商簽訂協議以規範其品質、環保及安全。而所選用的供應商亦要為符合工商註冊管理條例的正規合法公司，以保障客戶的權益及符合社會準則規範。

在與供應商的合作過程中，為保證能提供高質高效的服務予客戶，本集團會每月向供應商提供未來3至6個月的訂貨量預報以妥善管理供貨期。另一方面，本集團亦已制定供應商評分標準以定期評核供應商的相關表現。

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B6 Product Responsibility

In addition to the requirements on the quality and safety of products, nowadays customers are also increasingly concerned about the after-sales services that can be provided by the vendor. The Group is engaged in the distribution of electronic products and attaches particular importance to customer service. After the products have been sold, the Customer Service Department will conduct after-sales problems follow-up and solve customers' enquiry. The Group has established a systematic management mechanism for customers to lodge complaints. The Customer Service Department first classifies the complaints received, and then forwards them to the relevant departments for verification and analysis. Remedial measures for verified cases are required to be put forward within one working day. Finally, the Customer Service Department will keep track of the proposed remedial measures completing status. During the reporting period, no complaints about products or services were received.

As the goods are distributed to customers in original packaging, the Group's quality control is generally focused on appearance inspection of the product packaging. For recalling of products, once the manufacturer decides that the products need to be recalled, the Group will, based on the distribution agreement signed with the supplier, process the case according to the manufacturer return material procedure and assist the manufacturer to recall the problematic products from customers.

In order to ensure protection of customer data, all orders and data of the customer will be processed and saved by special personnel. Access by other employees is strictly prohibited. In terms of safeguarding and protecting intellectual property rights, the Group will select products provided by legitimate manufacturers or suppliers to prevent pirated goods from entering into the market through our sales channels. Furthermore, all software used by the Group is genuine software. The IT Department monitors the use of software and will regularly check to ensure that there is no unlawful use of software.

B6 產品責任

現今的顧客除了對產品的質量及安全有所要求，對銷售產品一方所能提供的售後服務亦日益關注。本集團從事電子產品的分銷業務，對客戶服務這一環特別重視，產品售出後將由客戶服務部進行全程跟蹤處理售後問題及解決客戶的問題。集團制定了一套系統化的客戶投訴管理機制，客戶服務部首先會對接到的投訴進行分類，再轉交由相關部門進行核實及分析，經核實的個案規定需於一個工作天內提出糾正措施，最後客戶服務部會對擬定的糾正措施及完成日期進行追蹤。而在報告期內，並無接獲任何關於產品及服務的投訴。

由於貨品都以原廠包裝分銷至客戶處，本集團的品質控制一般集中於產品包裝的外觀檢驗。而產品回收這一環，集團會根據與供貨商簽定的代理協議，當原廠判定需要作出回收，會按原廠的退貨流程處理並協助原廠向客戶回收有問題產品。

為確保顧客資料得到保護，我們所有客戶訂單及資料會由專人處理和保存，嚴禁其他員工查閱。在維護及保障知識產權方面，本集團會選擇由合法生產商或供應商提供的產品，以避免有盜版貨品借本集團的銷售渠道而流入市面。另外，本集團所用軟體均為正版軟體，並由資訊管理部監控軟體的使用，又會定期檢查以確保無未授權使用的軟體。

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環境、社會及管治報告

The Group has strictly complied with relevant product responsibility laws and there were no cases of prosecution due to violation of relevant product responsibility law or privacy-related laws during the period.

B7 Anti-corruption

The pursuit of high standards of business ethics and the establishment of a highly transparent corporate governance system have always been the focus of the Group's operations. Through observing laws and regulations and fair social rules, we ensure that our operations are fair and honest.

To regulate and control the conduct of employees, the Group has specifically established the compliance manuals and established a sound reporting system to encourage all employees, managers and directors to report actions that might prejudice the Group's interests or any unlawful conduct. The Group has an independent audit committee dedicated to receiving and resolving all reports of corrupt practices such as accepting or conducting bribery, corruption, misappropriation, insider trading, theft of company assets, etc. The company will ensure the identity of the whistle-blowers is kept confidential. If the case is confirmed after investigation, the Group will take appropriate remedial measures and impose disciplinary sanctions on the parties involved. If the incident involves a criminal element, the Group will refer the matter to the relevant authorities.

For service providers, the Group has also established a fair and rigorous approval process for engagements. It first compares the quotations submitted by interested service providers and seek for Group's chief executive officer for final approval.

The Group has strictly complied with relevant anti-corruption laws and there were no cases of prosecution due to violation of relevant laws during the period.

本集團嚴格遵守相關的產品責任法例，期內未有因為違反與產品責任或私隱相關法例而被檢控的個案。

B7 反貪污

追求高標準的商業道德，建立高透明度的企業管治制度一直是本集團的營運關注點，並通過對遵守法律法規和公平的社會規則的實踐，以確保組織營運公平和廉正。

為規管及控制員工的行為操守，本集團特別訂立了合規管理手冊及建立完善的舉報制度，鼓勵所有員工、管理人員和董事報告損害集團利益或不法的行為。集團設有獨立的審計委員會，專門負責受理以及解決所有關於收受賄賂、貪污舞弊、挪用、內幕交易、盜竊公司資產等腐敗行為的舉報，並確保舉報者的身份得到保密。如調查個案屬實，集團將會採取合適的糾正措施和對涉事人作出紀律處分，倘若事件涉及刑事成分，集團會轉交有關當局處理。

對於服務提供者，本集團亦建立了一套公平嚴謹的聘用審批程式，首先會對有意競逐的服務提供者所遞交的報價書進行比較，再交由集團的行政總裁作最後審批。

本集團嚴格遵守相關的反貪污法例，期內未有因為違反相關法例而被檢控的個案。

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B8 Community Investment

The Group cares for and supports the communities we live in and actively participates in various forms of charitable activities to help the needy. Our beneficiaries are located throughout Hong Kong and Mainland China. In June 2017, the Group participated in a charity golf tournament organised by a charity foundation established by the School of Chinese Medicine of Hong Kong Baptist University and Lions Club, with donations to be used for providing free medical vouchers to elderly with financial difficulties and chronic illnesses for free out-patient Chinese medicine services provided by the School of Chinese Medicine of Baptist University.

In December 2017, the Group mobilized all employees to participate in the “Smartcore & Tianlu Primary School, Shigao Town, Longshan County: 2017 Smartcore Book Donation Charity Event”, raised funds to buy a number of charity books, and donate them to students at Tianlu Primary School in Longshan County, Hunan Province, together with staff-donated books to give students in remote areas of the Mainland the opportunity to access more extracurricular readings to develop their knowledge and develop their interest in reading.

In addition, the Group also participated in Oxfam’s “Cheering for Children” donation initiative to support the development of educational activities.

B8 社區投資

本集團關心及支援我們所身處的社區，積極參與不同形式的慈善公益活動以幫助有需要人士，受助社群遍及香港和中國內地。2017年6月，本集團參加了由香港浸會大學中醫藥學院與獅子會成立之慈善基金舉辦的慈善高爾夫球賽，捐款用作浸會大學中醫院提供免費醫療券給予有經濟困難及受長期病患困擾的長者，為他們提供免費中醫門診服務。

2017年12月，本集團動員全體員工開展「芯智及龍山縣石羔鎮天麓小學2017芯智圖書愛心之旅」活動，募集的捐款用來購買一批愛心圖書再加上由員工捐贈的圖書，送給湖南省龍山縣天麓小學的學生，使內地偏遠地區的學生有機會接觸更多課外讀物增進知識及養成閱讀的興趣。

另外，本集團亦參與了樂施會「為孩子加油」的捐款項目以支援教育活動發展。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board has committed to maintain high corporate governance standards. The Board believes that good corporate governance, by adopting an effective management accountability system and high standard of business ethics, can provide a framework that is essential to the Company's sustainable development and to safeguard the interests of the Shareholders, suppliers, customers, employees and other stakeholders.

The Company has adopted the code provision as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules as its own code of corporate governance. Except for code provision A.2.1 as disclosed in this report, the Company has complied with the applicable code provisions of the CG code during the year ended 31 December 2017. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

The Board will review and update the corporate governance policy regularly to ensure the compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as standard for dealings in securities of the Company for the Directors. The Company has made specific query to the Directors, and all Directors confirmed that they had fully complied with the Model Code during the year ended 31 December 2017.

THE BOARD OF DIRECTORS

Board Composition

As at the date of this report, the Board comprises seven members, of whom four are executive Directors and three are independent non-executive Directors. Directors who held office during the year ended 31 December 2017 and up to the date of this report are:

企業管治常規

董事會承諾維持企業管治高標準。董事會認為，透過採納有效的管理問責制度及高標準的商業道德來維持良好企業管治，有利於建立重要框架，以支撐本公司可持續發展及保障股東、供應商、客戶、員工及其他利益相關人士的利益。

本公司已採納上市規則附錄十四所載之《企業管治守則》（「企業管治守則」）之守則條文，作為其本身之企業管治守則。除本報告所披露偏離守則條文A.2.1外，於截至2017年12月31日止年度，本公司一直遵守企業管治守則所載的適用守則條文。本公司之企業管治常規乃基於企業管治守則所載之原則、守則條文及若干建議最佳常規訂立。

董事會將定期檢討並更新企業管治常規政策，以確保遵守企業管治守則。

證券交易之標準守則

本公司已採納上市規則附錄十所載《上市發行人董事進行證券交易之標準守則》（「標準守則」）作為董事進行本公司證券交易之標準守則。本公司已向董事作出具體查詢，且所有董事已確認彼等於截至2017年12月31日止年度一直全面遵守標準守則。

董事會

董事會組成

於本報告日期，董事會包括七名成員，其中四名為執行董事及三名為獨立非執行董事。於截至2017年12月31日止年度及直至本報告日期任職的董事如下：

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Executive Directors

Mr. TIAN Weidong (Chairman and Chief Executive Officer)
Mr. WONG Tsz Leung (Chief Financial Officer)
Mr. LIU Hongbing
Mr. XIE Yi

Independent non-executive Directors

Mr. TANG Ming Je
Mr. ZHENG Gang
Mr. WONG Hon Kit

The list of Directors and their roles and functions are posted on the websites of the Company and the Stock Exchange. The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 23 to 27 of this report. None of the Directors has any family, financial or business relations with each other.

During the year ended 31 December 2017 and up to the latest practicable date prior to the issue of this annual report, the Board has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules to have not less than three independent non-executive Directors and at least one of the independent non-executive Directors has the requisite professional qualification in accounting or relevant financial management experience. In addition, the Company has complied with Rule 3.10A of the Listing Rules which stipulates that the number of independent non-executive Directors appointed by a listed company shall not be less than one third of the Board.

The Board is responsible for the overall strategic plans and key policies of the Group; monitor the financial performance; review the effectiveness of internal control system; risk management and ensures good corporate governance and compliance with regulatory requirements. It delegates the daily operations and administration to the senior management with clear directions. The board members are fully committed to their roles and have acted in good faith to maximise the value of the Company and safeguard the interests of the stakeholders.

執行董事

田衛東先生(主席兼行政總裁)
黃梓良先生(首席財務官)
劉紅兵先生
謝藝先生

獨立非執行董事

湯明哲先生
鄭鋼先生
黃漢傑先生

董事名單及其角色及職能刊於本公司及聯交所網站。董事履歷資料載於本報告第23頁到第27頁「董事及高級管理層」一節。各董事彼此之間概無任何親屬、財務或業務關係。

於截至2017年12月31日止年度及直至刊發本年報前的最後實際可行日期，董事會一直遵守上市規則第3.10(1)條及3.10(2)條有關委任最少三名獨立非執行董事，且最少一名獨立非執行董事應具備合適審計專業資格或具備相關財務管理專長之規定。同時，本公司亦遵守上市規則第3.10A條有關上市公司須委任佔董事會不少於三分之一的獨立非執行董事之規定。

董事會負責制訂本集團整體戰略規劃及主要政策；監視財務表現；檢討內部監控系統的有效性；負責風險管理及確保良好的企業管治常規並遵守監管規定。董事會作出清晰指示將日常營運及管理事項委任予高級管理層。董事會成員竭誠履行彼等之職責，並真誠行事，為本公司創造最大價值並保障利益相關人士的利益。

Corporate Governance Report

企業管治報告

Board meetings

The Board meets four times regularly each year. Between scheduled regular meetings, Directors may approve various matters by way of passing written resolutions and additional meetings may be arranged if required. Notice of each regular Board meeting will be given to all members at least 14 days before the meeting. Agenda and all the relevant information is normally despatched to the Directors three days in advance of the relevant meetings.

The company secretary assists the chairman in preparing the agenda for the Board meeting and ensures that all applicable rules and regulations regarding Board meetings are complied with. Each director may request the inclusion of items in the agenda. Directors considered having conflict of interests are required to declare their interests and abstain from voting for the relevant resolution.

Minutes of the meetings are recorded in detail and draft minutes are circulated to all Directors for review and comment within a reasonable time after the Board meetings are held. All the minutes of the meeting are properly kept by the company secretary after approval and are available to all Directors for inspection.

The attendance records of the Directors at the Board meeting held during the year ended 31 December 2017 are set out below:

董事會會議

董事會每年定期舉行四次會議。於計劃的定期會議之間，董事可通過書面決議案批准各類事項並在必要時安排額外會議。每次定期董事會會議之通告將在會議舉行前至少14日提前向全體成員發出。會議議程及所有相關資料則通常在相關會議舉行三天前向董事寄發。

公司秘書協助主席擬備各董事會會議議程，並確保有關董事會會議之所有適用規則及規例均獲遵守。每名董事可要求將相關事項列入會議議程內。被視為存在利益衝突的董事須聲明其利益並就相關決議案放棄投票。

會議紀錄將予詳細記錄，而會議紀錄草擬本將在董事會會議舉行之後的合理時間內由全體董事傳閱並提出意見。所有經批准的會議紀錄將由公司秘書保存，並可供全體董事查閱。

於截至2017年12月31日止年度，各董事會會議的董事出席紀錄如下：

Name of Directors	董事姓名	Board Meetings attended 出席董事會會議次數	General Meeting attended 出席股東大會次數
Executive Directors	執行董事		
Mr. Tian Weidong	田衛東先生	8/8	1/1
Mr. Wong Tsz Leung	黃梓良先生	8/8	1/1
Mr. Liu Hongbing	劉紅兵先生	8/8	1/1
Mr. Xie Yi	謝藝先生	8/8	1/1
Independent non-executive Directors	獨立非執行董事		
Mr. Tang Ming Je	湯明哲先生	8/8	1/1
Mr. Zheng Gang	鄭鋼先生	8/8	1/1
Mr. Wong Hon Kit	黃漢傑先生	8/8	1/1

Corporate Governance Report

企業管治報告

Chairman and Chief Executive Officer

Pursuant to code provision A.2.1 of the CG Code set out in Appendix 14 of the Listing Rules, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

The Company deviates from this provision in that Mr. Tian Weidong currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Appointment, Re-election and Removal

The procedures for appointing and re-electing Directors are set out in the articles of association of the Company (the “**Articles of Association**”). The appointment of a new director must be approved by the Board. The nomination committee of the Company (the “**Nomination Committee**”) is responsible for making recommendations to the Board on the selection of individuals nominated for directorship taking into factors such as appropriate professional knowledge, industry experience, personal ethics, integrity, personal skills, gender, age, cultural and educational background.

Pursuant to article 16.18 of the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The Company has entered into service agreements with each executive Director, and appointment letters with independent non-executive Directors. The tenure of all Directors is 3 years.

主席及行政總裁

根據上市規則附錄十四所載之企業管治守則的守則條文A.2.1，主席與行政總裁的職務應有所區分，並不應由同一人擔任。

本公司偏離該條文，現時田衛東先生兼任這兩個職位。董事會相信，將主席與行政總裁的兩個職能集中於同一人士，可確保本集團內部領導的一致性，並讓本集團的整體策略規劃更有效且更高效。董事會認為，目前的安排將不會削弱權力制衡，而且這個架構將有助於本公司迅速及有效地作出及實行決策。經慮及本集團的整體狀況後，董事會將繼續檢討並考慮於適當時候將董事會主席與本公司行政總裁之職務分開。

委任、重選及罷免

有關委任及重選董事之程序載於本公司組織章程細則(「**組織章程細則**」)。委任新董事必須經董事會批准。本公司提名委員會(「**提名委員會**」)負責考慮適當專業知識、行業經驗、個人道德、誠信、個人技能、性別、年齡、文化及教育背景等因素，就挑選提名董事的個別人士向董事會提出推薦意見。

根據組織章程細則第16.18條，於本公司每屆股東週年大會上，當時三分之一(或如董事人數並非三或三的倍數，則為最接近但不少於三分之一的人數)的董事須輪值退任，惟每名董事(包括有指定任期的董事)應最少每三年輪值退任一次。

本公司已與每名執行董事訂立服務協議，並與獨立非執行董事訂立委任函。所有董事的委任期為三年。

Corporate Governance Report

企業管治報告

Independent non-executive Director

Since the Listing Date, the Company at all times met the requirements of the Listing Rules relating to have independent non-executive Directors who represent at least one-third of the Board, and at least one of whom must have appropriate professional qualifications or accounting or related financial management expertise.

The Company has received from all independent non-executive Directors their confirmation of independence in accordance to the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the terms of independence guidelines.

All of the independent non-executive Directors are appointed for a term of three years and are subjected to retirement by rotation once every three years.

Directors' training and development

All Directors should keep abreast of the responsibilities as a director of the Company and of the conduct and business activities of the Company. The Company is responsible for arranging suitable training for its Directors. The Company has arranged for Directors to attend a training session which place emphasis on the roles, functions and duties of a listed company director, as well as the latest development regarding the Listing Rules and other applicable regulatory requirements. All the Directors had also participated in appropriate continuous professional development activities by reading materials regarding regulatory updates and corporate governance matters.

Board diversity policy

The Board has a board diversity policy and the Company believes that the diversity will support the attainment of the Company's objective and enhance the value of the Company. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural, educational background, professional experience, skills, knowledge and other qualities. Nomination committee of the Company will review the board diversity policy regularly to ensure its continued effectiveness.

獨立非執行董事

自上市日期起，本公司一直符合上市規則有關擁有獨立非執行董事人數須至少佔董事會三分之一，且其中至少一人必須具備適當的專業資格或審計或相關財務管理專長。

本公司已收到全體獨立非執行董事根據上市規則第3.13條所載的獨立性指引就彼等之獨立性作出的確認。本公司認為所有獨立非執行董事根據有關獨立性指引條款均屬獨立。

所有獨立非執行董事的任期均為三年，並須每三年輪值退任一次。

董事培訓及發展

全體董事應及時了解擔任本公司董事職務的責任及本公司的行為及業務活動。本公司負責為董事安排適當的培訓。本公司已安排董事參加培訓課程，重點培訓上市公司董事的角色、職能及職責，以及有關上市規則及其他適用監管規定的最新發展。所有董事亦通過閱讀關於監管更新及公司治理事項的材料，參與適當的持續專業發展活動。

董事會多元化政策

董事會實施董事會多元化政策，本公司相信多元化將有助於達成本公司的目標，並提升本公司的價值。本公司綜合考慮多項因素，包括但不限於性別、年齡、文化、教育背景、專業經驗、技能、知識及其他素質，以促進董事會多元化。本公司提名委員會將定期檢討董事會多元化政策，以確保其持續有效。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE DUTIES

The Board is responsible for performing the corporate governance duties according to the code provision D.3.1 of the CG Code, which includes:

- (a) developing and reviewing the policies and practices on corporate governance of the Group;
- (b) reviewing and monitoring the training and continuous professional development of Directors and senior management;
- (c) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements;
- (d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to Directors and employees; and
- (e) reviewing the Company's compliance with the Code and disclosure in the corporate governance report of the Company.

During the meetings, the Board reviewed and made recommendations on the training and continuous professional development of Directors and senior management

BOARD COMMITTEES

The Company has set up three committees, namely the audit committee (the "**Audit Committee**"), remuneration committee (the "**Remuneration Committee**") and Nomination Committee, for overseeing particular aspect of the Company. The terms of reference of these committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Audit Committee comprises all the independent non-executive Directors of the Company (i.e. Mr. Wong Hon Kit, Mr. Zheng Gang and Mr. Tang Ming Je) and Mr. Wong Hon Kit, who has professional qualification in accounting and financial management expertise, is the chairman of the Audit Committee.

企業管治責任

董事會負責根據企業管治守則之守則條文D.3.1履行企業管治職責，包括：

- (a) 發展及檢討本集團企業管治的政策及常規；
- (b) 檢討及監督董事及高級管理人員的培訓及持續專業發展；
- (c) 檢討及監察本集團就遵守法律及法規要求的政策及常規；
- (d) 發展、檢討及監察適用於董事及員工的行為準則及合規手冊(如有)；及
- (e) 檢討本公司就守則的合規性及本公司於企業管治報告的披露。

會議期間，董事會檢討了董事及高級管理人員的培訓及持續專業發展進行，並提出建議。

董事委員會

本公司已設立三個委員會，分別為審計委員會(「**審計委員會**」)、薪酬委員會(「**薪酬委員會**」)及提名委員會，以監督本公司特定事宜。此等委員會的職權範圍於本公司及聯交所網站可供查閱。

審計委員會

審計委員會由本公司全體獨立非執行董事(即黃漢傑先生、鄭鋼先生及湯明哲先生)組成，其中黃漢傑先生擁有會計及財務管理專業資格並擔任審計委員會主席。

Corporate Governance Report

企業管治報告

The major roles and functions of the Audit Committee are as follows:

- (a) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (b) To make recommendations to the Board on the appointment, reappointment and removal of the external auditor;
- (c) To oversee the internal audit system of the Company and its implementation;
- (d) To review the Group's financial controls, risk management, internal control systems, financial and accounting policies and practices;
- (e) To review the external auditor's management letter, any material queries raised by the auditor to Management about accounting records, financial accounts or systems of control and Management's response;
- (f) To develop and review the Company's policies and practices on corporate governance, and make recommendations to the Board and report to the Board on matters; and
- (g) To review the corporate governance report disclosed in our annual report.

During the year ended 31 December 2017, individual attendance of each member of Audit Committee is set out below:

審計委員會之主要角色及職權包括：

- (a) 按適用的標準審查及監察外聘審計師是否獨立客觀及審計程序是否有效；
- (b) 就外聘審計師的委任、重新委任及罷免向董事會提供建議；
- (c) 監督本公司內部審計制度及其執行；
- (d) 審查本集團的財務控制、風險管理、內部監控系統、財務及會計政策及實務；
- (e) 審查外聘審計師致管理層的函件、審計師就會計紀錄、財務賬目或監控系統向管理層提出的任何重大查詢及管理層作出的回應；
- (f) 制訂及檢討本公司的企業管治政策及常規，並向董事會提供建議及就有關事宜報告董事會；及
- (g) 審閱本公司年報所載之企業管治報告。

於截至2017年12月31日止年度，各審計委員會成員的個人出席情況如下：

Audit Committee member	審計委員會成員	Attended/Held 參加會議次數 ／舉行會議次數
Mr. Wong Hon Kit (<i>Chairman</i>)	黃漢傑先生(主席)	2/2
Mr. Zheng Gang	鄭鋼先生	2/2
Mr. Tang Ming Je	湯明哲先生	2/2

During the meetings, the Audit Committee reviewed the annual results and reports of the Group for the year ended 31 December 2017 and the interim results and reports of the Group for the six months ended 30 June 2017, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditors.

會議期間，審計委員會檢討了本集團截至2017年12月31日止年度的年度業績及報告、本集團截至2017年6月30日止六個月的中期業績及報告、有關財務申報及合規程序的重大事項、內部控制及風險管理制度、外聘審計師的工作範圍及委任。

Corporate Governance Report

企業管治報告

Remuneration committee

The Remuneration Committee consists of one executive Director (Mr. Tian Weidong) and three independent non-executive Directors (i.e. Mr. Wong Hon Kit, Mr. Zheng Gang and Mr. Tang Ming Je) and is chaired by Mr. Zheng Gang. The major duties of the Remuneration Committee are as follows:

- (a) To make recommendations to the Board on the Company's policy and structure for all Directors' and Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) To review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) To make recommendations to the Board on the remuneration packages of individual Directors and Senior Management;
- (d) To consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and Senior Management and employment conditions elsewhere in the Group;
- (e) To review and approve the compensation for the loss or termination of office or appointment executive directors and senior management;
- (f) To review and approve the compensation arrangements with regard to the dismissal or removal of Directors due to their misconduct; and
- (g) To ensure no Director or their contacts determine by themselves, or be involved in determining, their remuneration.

During the year ended 31 December 2017, individual attendance of each member of Remuneration Committee is set out below:

薪酬委員會

薪酬委員會由一名執行董事(田衛東先生)及三名獨立非執行董事(即黃漢傑先生、鄭鋼先生及湯明哲先生)組成，並由鄭鋼先生擔任主席。薪酬委員會的主要職責如下：

- (a) 就本公司全體董事及高級管理層的薪酬政策及架構，以及就設立正規而具透明度的程序制訂薪酬政策，向董事會提出建議；
- (b) 因應董事會所訂企業方針及目標而審核及批准管理層的薪酬建議；
- (c) 就個別董事及高級管理層的薪酬待遇向董事會提出建議；
- (d) 考慮若干因素，諸如同類公司支付的薪酬、董事和高級管理層須付出的時間及職責以及本集團內其他職位的僱用條件；
- (e) 審核及批准向執行董事及高級管理層就其職務或委任的喪失或終止而應付的賠償；
- (f) 審核及批准因董事行為失當而解僱或罷免有關董事所涉及的賠償安排；及
- (g) 確保任何董事或其任何聯繫人不得釐定或參與釐定其自己的薪酬。

於截至2017年12月31日止年度，各薪酬委員會成員的個人出席情況如下：

Remuneration Committee member	薪酬委員會成員	Attended/Held 參加會議次數 ／舉行會議次數
Mr. Zheng Gang (<i>Chairman</i>)	鄭鋼先生(主席)	1/1
Mr. Tian Weidong	田衛東先生	1/1
Mr. Wong Hon Kit	黃漢傑先生	1/1
Mr. Tang Ming Je	湯明哲先生	1/1

During the meeting, the Remuneration Committee reviewed and made recommendations to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters of the Company.

會議期間，薪酬委員會檢討了本公司的薪酬政策及架構、執行董事及高級管理層的薪酬待遇，以及其他有關事項，並向董事會提出建議。

Corporate Governance Report

企業管治報告

Nomination committee

The Nomination Committee comprises of three members and is chaired by the executive Director, Mr. Tian Weidong. The remaining two members are all independent non-executive Directors (i.e. Mr. Wong Hon Kit and Mr. Tang Ming Je). The major duties of the Nomination Committee are as follows:

- (a) To review the structure, size and composition (including the skills, knowledge and experience) required of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) To identify individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship;
- (c) 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;
- (d) To assess the independence of independent non-executive Directors.

During the year ended 31 December 2017, individual attendance of each member of Nomination Committee is set out below:

Nomination Committee member	提名委員會成員	Attended/Held 參加會議次數 ／舉行會議次數
Mr. Tian Weidong (Chairman)	田衛東先生(主席)	1/1
Mr. Wong Hon Kit	黃漢傑先生	1/1
Mr. Tang Ming Je	湯明哲先生	1/1

During the meetings, the Nomination Committee reviewed and made recommendations in respect of the structure, size corporation and diversity of the Board.

提名委員會

提名委員會包括三名成員，並由執行董事田衛東先生擔任主席。其餘兩名成員均為獨立非執行董事（即黃漢傑先生及湯明哲先生）。提名委員會的主要職責如下：

- (a) 至少每年一次審核董事會所需的架構、規模和組成(包括技能、知識和經驗)，並就任何建議的變更向董事會提供建議，以就本公司的企業策略作出補充；
- (b) 物色具備適當資格擔任董事的人士，並就獲提名擔任董事的人選作出選擇或向董事會提出建議；
- (c) 就董事的委任或重新委任以及董事的繼任計劃向董事會提出建議，尤其是與主席和行政總裁相關者；
- (d) 評估獨立非執行董事的獨立性。

於截至2017年12月31日止年度，各提名委員會成員的個人出席情況如下：

會議期間，提名委員會檢討了董事會的架構、規模、組成及多元化，並提出建議。

Corporate Governance Report

企業管治報告

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2017 to ensure that the financial statements give a true and fair view of the Group's financial position and other financial disclosures. The Company provided all member of the Board with monthly updates on the Group's performance, financial positions and prospects to enable the Board to carry out an informed assessment of the Company's financial statements. The statement by the auditors of the Company regarding their responsibilities on the consolidated financial statements of the Company is set out on the Independence Auditor's Report on pages 77 to 83 of this annual report.

Auditor's Remuneration

The Audit Committee monitors the audit and non-audit services rendered to the Group by the external auditor and ensures that the engagement of external auditor in non-audit services will not impair its audit independence or objectivity.

For the year ended 31 December 2017, the fees in respect of the audit and non-audit services provided to the Group by Messrs. Deloitte Touche Tohmatsu, is set out as follows:

問責及審計

財務報告

董事承認其負責編製截至2017年12月31日止年度的綜合財務報表，以確保財務報表真實而公平地反映本集團的財務狀況及其他財務披露。本公司每月向全體董事會成員提供有關本集團表現、財務狀況及前景的最新資料，以促使董事會對本公司財務報表作出知情評估。本公司核數師就其對本公司綜合財務報表的責任聲明載於本年報第77頁至83頁之獨立核數師報告內。

核數師酬金

審核委員會監察由外聘核數師向本集團提供的核數及非核數服務，並確保委聘外聘核數師提供非核數服務不會損害其審計的獨立性或客觀性。

截至2017年12月31日止年度，有關德勤•關黃陳方會計師行向本集團提供核數及非核數服務之費用載列如下：

		Fee 費用 US\$'000 千美元
Audit services	核數服務	175
Non-audit services:	非核數服務：	
Review of interim results	審核中期業績	41
Tax advisory	稅務諮詢	32
Others	其他	14
		262

Corporate Governance Report

企業管治報告

Risk management and internal control

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage its risks across business operations.

The Group has established a risk management framework, which consists of the Board of Directors, the Audit Committee and the Senior Management. The Board of Directors shall be responsible for the determination of the nature and extent of risks that shall be taken in achieving the Group's strategic objectives. The Board of Directors acknowledges its overall responsibility for monitoring the Group's risk management and internal control systems and reviewing their overall effectiveness.

The Group has an internal audit function and has formulated and adopted Risk Management Policy in providing direction in identifying, evaluating and managing significant risks. At least on an annual basis, the Senior Management identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant.

The Board and the Audit Committee continue to evaluate the adequacy of resources, qualifications and experience of staff in the Group's accounting and financial reporting function. The Group has engaged an independent professional advisor to assist the Board of Directors and the Audit Committee in ongoing monitoring of the internal control systems of the Group. Deficiencies in the design and implementation of internal controls identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board of Directors on a timely basis to ensure prompt remediation actions are taken.

風險管理及內部監控

風險管理及內部監控系統的主要功能為提供清晰的管治架構、政策及程序以及申報機制，以協助本集團管理其業務營運的風險。

本集團已制定風險管理組織框架，由董事會、審核委員會及高級管理層組成。董事會應負責釐定就達成本集團策略目標應承擔的風險性質及程度。董事會認可其監察本集團之風險管理及內部監控系統，並審閱彼等之整體有效性之整體責任。

本集團擁有內部審核職能，亦已制定及採納風險管理政策，提供識別、評估及管理重大風險的指示。高級管理層至少每年一次識別對實現本集團目標造成不利影響的風險，並根據一套標準準則評估及排列所識別風險的優先次序，從而對該等主要風險制定風險緩解計劃及指定風險負責人。

董事會及審核委員會繼續評估本集團之會計及財務匯報職能之資源充足性、僱員資格及經驗。本集團外聘獨立專業顧問以協助董事會及審核委員會持續監督本集團的內部監控系統，識別內部監控設計及實施的不足之處並推薦改進建議。重大內部監控缺失會及時向審核委員會及董事會匯報，以確保迅速採取補救行動。

Corporate Governance Report

企業管治報告

Risk management report and internal control report are submitted to the Audit Committee and the Board of Directors at least once a year. The Board of Directors had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of internal audit work; the extent and frequency of communication with the Board of Directors in relation to result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board of Directors considers the Group's risk management and internal control systems are effective and adequate.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Procedures and internal controls for the handling and dissemination of inside information

The Group complies with requirements of the SFO and the Listing Rules. The Group will disclose inside information to the public as soon as reasonably practicable unless the information falls within any of the "safe harbours" provisions under the SFO and satisfy the conditions. Before the information is fully disclosed to the public, the Group will ensure that the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

風險管理報告和內部監控報告均至少每年提交予審核委員會及董事會。董事會已就本集團的風險管理及內部監控系統是否有效進行年度檢討，包括但不限於本集團應付其業務轉型及不斷轉變的外在環境的能力、管理層檢討風險管理及內部監控系統的工作範疇及素質、內部審計工作結果、就風險及內部監控檢討結果與董事會通訊的詳盡程度及次數、已識別的重大監控失誤或弱項以及有關影響，以及就上市規則的合規情況。董事會認為本集團的風險管理及內部監控系統有效及充足。

風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險，且僅可就重大的失實陳述或損失作出合理而非絕對的保證。

處理及發放內幕消息的程序和內部監控措施

本集團遵循證券及期貨條例和上市規則的規定。本集團在合理切實可行的情況下，會盡快向公眾披露內幕消息，除非有關消息屬證券及期貨條例所規定的任何安全港範圍內並符合條件。本集團在向公眾全面披露有關消息前，會確保該消息絕對保密。若本集團認為無法保持所需的機密性，或該消息可能已外泄，會即時向公眾披露該消息。本集團致力確保公告中所載的資料就重大事實而言並不屬虛假或具誤導性，或並不因遺漏重大事實而屬虛假或具誤導性，以清晰及平均呈列資料，此需要作出正面及負面事實相等程度的披露。

Corporate Governance Report

企業管治報告

COMPANY SECRETARY

Mr. Chan Lap Wing was appointed as the company secretary of the Company on 10 August 2017 to replace Mr. Lo Kai Cheong. Mr. Chan is responsible for raising corporate governance-related suggestions to the Board, and ensuring compliance with policies and procedures of the Board of Directors, laws, rules and regulations applicable. The biographical details of Mr. Chan is set out in the paragraph headed “Directors and Senior Management” on page 27 of this annual report.

During the year ended 31 December 2017, both Mr. Chan and Mr. Lo took no less than 15 hours of relevant professional training.

ARTICLES OF ASSOCIATION OF THE COMPANY

The amended and restated Articles of Association was adopted by the Company on 19 September 2016 and effective on the Listing Date. The Articles of Association has no change since the date of Listing to the year ended 31 December 2017.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board believes that effective communication with shareholders is essential for enhancing investor relations. The Company also recognises the importance of transparency of information disclosure and timely communication with shareholders by different channels.

The general meetings of the company provide a direct channel for the shareholders to communicate with the Company. The Company shall in each year hold a general meeting as its annual general meeting and the annual general meeting shall be called by not less than 21 days’ notice in writing. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution.

公司秘書

陳立榮先生於2017年8月10日獲委任為本公司的公司秘書以接替盧繼昌先生。陳先生負責向董事會提出企業管治相關建議，並確保遵循董事會政策及程序以及適用的法律、規則及法規。陳先生的履歷詳情載於本年報第27頁「董事及高級管理層」一段。

截至2017年12月31日止年度，陳先生及盧先生均已參加不少於15小時的相關專業培訓。

本公司組織章程細則

經修訂及重列之組織章程細則已獲本公司於2016年9月19日採納，並於上市日期生效。自上市日期起至截至2017年12月31日止年度，組織章程細則概無任何變動。

與股東的溝通及投資者關係

董事會相信，與股東進行有效溝通對改善投資者關係而言至關重要。本公司亦認可資料披露的透明度及透過不同渠道與股東及時溝通之重要性。

公司股東大會為股東提供與本公司溝通的直接渠道。本公司應每年舉行一次股東大會作為其股東週年大會，股東週年大會應以不少於21日的書面通知召開。召開股東週年大會之通知應註明會議為股東週年大會，而為通過特別決議案而召開之大會之通知則須註明擬提呈決議案為特別決議案。

Corporate Governance Report

企業管治報告

All general meetings other than annual general meetings shall be called extraordinary general meetings (“**EGM**”). Any two or more members of the Company, at the date of the deposit of written requisition holding not less than one-tenth of the paid up capital of the Company which carries the rights of voting at general meetings, shall at all times have the right to require an EGM to be called by the Board for the transaction of any business specified in such requisition. Shareholders who wish to put forward proposals at general meetings may follow this procedure.

The written requisition must be deposited at the Company’s principal office in Hong Kong. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the EGM to be held within a further 21 days, the requisitionists themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the EGM, but any EGM shall not be held after the expiration of three months from the date of deposit of the requisition.

Shareholders may, at any time, direct questions or requests for information to the Directors or management through “Contact Us” section in the Company’s website (www.smart-core.com.hk) or in writing and sent by post to the Company’s principal place of business in Hong Kong or by email to smg@smart-core.com.hk.

The Company will publish the Company’s information in an accurate and timely manner to improve the transparency of information disclosure. The latest development, announcements and press in relation to the Company are available on the Company’s website (www.smart-core.com.hk) for investors.

除股東週年大會以外的所有股東大會均稱為股東特別大會(「**股東特別大會**」)。本公司任何兩名或以上股東隨時有權書面要求董事會召開股東特別大會，以處理有關要求所載列之任何事務，惟該等股東於送交書面要求之日須持有本公司附帶股東大會投票權不少於十分之一之繳足股本。有意向股東大會提呈提案的股東應遵守此程序。

書面要求須送交本公司於香港之主要辦事處。倘董事會並未於正式送交要求之日起計21日內召開將予在其後之21日內舉行之股東特別大會，則請求人本人或擁有所有請求人全部投票權二分之一以上之任何請求人可召開股東特別大會，惟於送交要求當日起計三個月屆滿後不得召開任何股東特別大會。

股東可隨時透過本公司網站(www.smart-core.com.hk)「留言建議」一欄或以書信郵寄至本公司於香港之主要營業地點或將電郵發送至smg@smart-core.com.hk向董事或管理層提出質詢或查詢資料。

本公司將以準確及時方式發佈公司資料，以改進資料披露的透明度。投資者可於本公司網站(www.smart-core.com.hk)查閱有關本公司的最新發展、公告及報導。

Independent Auditor's Report

獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF SMART-CORE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

致芯智控股有限公司列位股東

(於開曼群島註冊成立的有限公司)

OPINION

We have audited the consolidated financial statements of Smart-Core Holdings Limited (the **"Company"**) and its subsidiaries (collectively referred to as **"the Group"**) set out on pages 84 to 167, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 2017, 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 Hong Kong Institute of Certified Public Accountants (**"HKICPA"**) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (**"HKSAs"**) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We 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

吾等已審計第84至167頁所載芯智控股有限公司（「貴公司」）及其附屬公司（統稱「貴集團」）之綜合財務報表，包括於2017年12月31日之綜合財務狀況表，截至該日止年度之綜合損益及其他全面收入表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註（包括重要會計政策概要）。

吾等認為，綜合財務報表已根據香港會計師公會（「香港會計師公會」）頒佈之香港財務報告準則（「香港財務報告準則」）真實而公平地反映貴集團於2017年12月31日之綜合財務狀況及其截至該日止年度之綜合財務表現及其綜合現金流量，並已按照香港公司條例之披露規定妥為編製。

意見基準

我們已根據香港會計師公會頒佈之香港審計準則（「香港審計準則」）進行審計。吾等根據該等準則須承擔的責任已於本報告「核數師就審計綜合財務報表須承擔之責任」部分中作進一步闡述。根據香港會計師公會頒佈之專業會計師道德守則（「守則」），吾等獨立於貴集團，並已履行守則中之其他道德責任。吾等相信，吾等所取得之憑證屬充足及適當以為我們的意見提供基準。

Independent Auditor's Report

獨立核數師報告

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 matter 關鍵審計事項

關鍵審計事項

關鍵審計事項乃根據吾等之專業判斷，認為對吾等審計本期綜合財務報表最為重要之事項。該等事項於吾等審計整體綜合財務報表及據此達致意見時進行處理，吾等不就該等事項提供單獨意見。

How our audit addressed the key audit matter 吾等進行審計時如何處理關鍵審計事項

Recoverability of trade receivables 貿易應收款項的可收回性

We identified the recoverability of the trade receivables as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole and the judgment associated with assessing their recoverability. 吾等已將貿易應收款項之可收回性識別為關鍵審計事項，此乃由於結餘對綜合財務報表之整體重要性以及評估其可收回性涉及之判斷。

As at 31 December 2017, the carrying amount of the Group's trade receivables was US\$40,384,000. Details relating to the Group's trade receivables are set out in note 16 to the consolidated financial statements. 於2017年12月31日，貴集團貿易應收款項之賬面值為40,384,000美元。有關貴集團貿易應收款項之詳情載於綜合財務報表附註16。

At the end of each reporting period, the management assessed the recoverability of such balance based on the financial position of the customers and identified any impairment indicators. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of receivables and material impairment loss may arise.

於各報告期末，管理層基於客戶之財務狀況評估有關結餘之可收回性及識別任何減值跡象。當預期與原定估計有差異時，有關差異將影響應收款項之賬面值，則可能會出現重大減值虧損。

Our procedures in relation to the recoverability of trade receivables included:

吾等就貿易應收款項之可收回性執行之程序包括：

- Testing the key controls on the management approval on granting credit to third parties and the processes that the management performed in relation to the impairment assessment of trade receivables; 檢測管理層審批向第三方授信之主要監控措施及管理層就評估貿易應收款項減值所執行之程序；
- Making inquiries with the management on their basis and assessment in relation to the recoverability of trade receivables; 就估計貿易應收款項之可收回性之基準向管理層作出查詢；
- Performing company and litigation searches of debtors with material balances to identify any additional indicators on financial difficulties; and 就拖欠重大結餘之債務人進行公司及訴訟搜索，以識別財務困難之任何其他跡象；及
- Evaluating the management's assessment by taking into account many factors such as any overdue receivables, financial information of individual debtors and any subsequent settlements received. 考慮任何逾期應收款項、個別債務人之財務資料及任何其後已收清償款等諸多因素，就管理層之估計進行評估。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS (CONTINUED)

關鍵審計事項(續)

Key audit matter 關鍵審計事項

How our audit addressed the key audit matter 吾等進行審計時如何處理關鍵審計事項

Valuation of inventories 存貨之估值

We identified the valuation of inventories as a key audit matter due to its significant balance and the estimation associated with the determination of their net realisable value. As at 31 December 2017, the carrying amount of the Group's inventories was US\$32,070,000.

吾等已將存貨之估值識別為關鍵審計事項，此乃由於其大額結餘以及釐定其可變現淨值涉及之估計。於2017年12月31日，貴集團存貨之賬面值為32,070,000美元。

Details relating to the Group's inventories and its accounting policies are set out in notes 15 and 3, respectively to the consolidated financial statements. 有關貴集團存貨及其會計政策之詳情分別載於綜合財務報表附註15和3。

There is also judgement involved in assessing the level of inventory provision required in respect of slow moving and obsolete inventories. Therefore, there is a risk that slow moving and obsolete inventories has not been adequately provided for.

於評估滯銷及陳舊的存貨所需存貨撥備水平時亦須作出判斷。因此，滯銷及陳舊的存貨存在撥備不足之風險。

Our procedures in relation to the valuation of inventories included:

吾等就存貨之估值執行之程序包括：

- Identifying and assessing aged and obsolete inventories when attending inventory counts; 參與存貨盤點時識別及評估過時及陳舊存貨；
- Checking the historical accuracy of inventory provisioning and the level of inventories write-offs during the year; and 核對過往存貨撥備之準確性及年內存貨撇銷水平；及
- Sample testing the management's assessment of inventory net realisable value and the provision in place for slow moving and obsolete inventories. 抽樣檢測管理層對存貨可變現淨值之評估以及滯銷及陳舊存貨之撥備。

OTHER INFORMATION

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

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

其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載入年報之資料，惟不包括綜合財務報表及吾等就此發出之核數師報告。

吾等對綜合財務報表作出之意見並未涵蓋其他資料，且吾等不對其他資料發表任何形式之核證結論。

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION (CONTINUED)

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

其他資料(續)

就審計綜合財務報表而言，吾等之責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審計過程之所悉存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已完成之工作認為該其他資料出現重大錯誤陳述，吾等須報告該事實。吾等就此並無任何事項須報告。

董事及管治層就綜合財務報表須承擔之責任

貴公司董事須遵照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定，負責編製可作出真實而公允呈列之綜合財務報表，並作出董事認為必要之內部控制，以使綜合財務報表之編製不存在因欺詐或錯誤而導致之重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估貴集團持續經營之能力，並披露與持續經營有關之事項(如適用)，除非董事有意將貴集團清盤或停止營運，或除此之外並無其他實際可行之辦法，否則董事須採用以持續經營為基礎之會計處理。

管治層須負責監督貴集團之財務報告程序。

Independent Auditor's Report

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional 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須承擔之責任

吾等之目標是合理確定整體上綜合財務報表是否不存在由於欺詐或錯誤而導致之重大錯誤陳述並發表包含吾等意見之核數師報告。吾等僅按照我們雙方所協定的委聘條款向閣下(作為整體)報告，除此之外，本報告別無其他目的。吾等不會就本報告之內容向任何其他人士負上或承擔任何責任。合理保證是高水準的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可由欺詐或錯誤引起，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出之經濟決定時，被視為重大錯誤陳述。

作為根據香港審計準則進行審計之一部分，吾等運用專業判斷，於整個審計過程中抱持專業懷疑態度。吾等亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致之重大錯誤陳述風險，因應此等風險設計及執行審計程序，獲得充足恰當之審計憑證為吾等之意見提供基礎。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之重大錯誤陳述之風險高於未能發現因錯誤而導致之重大錯誤陳述之風險。
- 了解與審計有關之內部控制，以設計恰當之審計程序，但並非旨在對貴集團內部控制之有效性發表意見。
- 評估所用會計政策是否恰當，以及董事所作會計估計及相關披露是否合理。

Independent Auditor's Report

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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.

核數師就審計綜合財務報表須承擔之責任(續)

- 總結董事採用以持續經營為基礎之會計處理是否恰當，並根據已獲取之審計憑證，總結是否有對貴集團持續經營之能力構成重大疑問之事件或情況等重大不確定因素。倘吾等總結認為存在重大不確定因素，吾等須於核數師報告中提請注意綜合財務報表內之相關披露，或如果有關披露不足，則修訂吾等之意見。吾等之結論以截至核數師報告日期所獲得之審計憑證為基礎。惟未來事件或情況可能導致貴集團不再具有持續經營之能力。
- 評估綜合財務報表(包括披露)之整體列報、架構及內容，以及綜合財務報表是否已公允反映及列報相關交易及事項。
- 就貴集團內各實體或業務活動之財務資料獲得充足之審計憑證，以就綜合財務報表發表意見。吾等須負責指導、監督及執行集團之審計工作。吾等須為吾等之審計意見承擔全部責任。

吾等與管治層溝通(其中包括)計劃之審計範圍、時間安排、重大審計發現等事項，包括吾等在審計期間識別出內部控制之任何重大缺陷。

吾等亦向管治層提交聲明，說明吾等已符合有關獨立性之相關職業道德要求，並與彼等溝通所有可能合理地被認為會影響吾等獨立性之關係及其他事項，以及相關防範措施(如適用)。

Independent Auditor's Report

獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

The engagement partner on the audit resulting in the independent auditor's report is Au Chun Hing.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
26 March 2018

核數師就審計綜合財務報表須承擔之 責任(續)

從與管治層溝通之事項中，吾等釐定哪些事項對本期綜合財務報表之審計最為重要，因而構成關鍵審計事項。吾等會在核數師報告中描述該等事項，惟法例或規例不允許對某事項作出公開披露，或在極端罕見之情況下，若有合理預期在吾等之報告中溝通某事項而造成之負面後果將會超過其產生之公眾利益，吾等將不會在此等情況下在報告中溝通該事項。

出具本獨立核數師報告之審計項目合夥人為歐振興。

德勤 • 關黃陳方會計師行
執業會計師

香港
2018年3月26日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收入表

For the year ended 31 December 2017
截至2017年12月31日止年度

		NOTES 附註	2017 US\$'000 千美元	2016 US\$'000 千美元
Revenue	收入	5	613,483	669,896
Cost of sales	銷售成本		(583,894)	(638,279)
Gross profit	毛利		29,589	31,617
Other income	其他收入	6	2,680	2,171
Other expenses, gains and losses, net	其他費用、收益及虧損淨額	7	(2,827)	(2,351)
Research and development expenses	研發費用		(3,222)	(2,429)
Administrative expenses	行政費用		(7,134)	(6,195)
Selling and distribution expenses	銷售及分銷費用		(4,477)	(4,874)
Listing expenses	上市費用		-	(2,432)
Interest expense on bank borrowings	銀行借貸利息費用		(3,234)	(3,586)
Profit before tax	除稅前利潤	8	11,375	11,921
Income tax expense	所得稅費用	10	(1,449)	(2,494)
Profit for the year	年度利潤		9,926	9,427
Other comprehensive income (expense)	其他全面收入(費用)			
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益的項目：</i>			
Exchange difference arising on translation of foreign operations	換算海外業務的匯兌差額		172	(82)
Fair value gain (loss) on available-for-sale investments	可供出售投資的公平值收益(虧損)		38	(112)
Total comprehensive income for the year	年度全面收入總額		10,136	9,233
Profit (loss) for the year attributable to:	以下人士應佔年度利潤(虧損)：			
Owners of the Company	本公司擁有人		9,947	9,279
Non-controlling interests	非控股權益		(21)	148
			9,926	9,427
Total comprehensive income (expense) for the year attributable to:	以下人士應佔年度全面收入(費用)：			
Owners of the Company	本公司擁有人		10,158	9,088
Non-controlling interests	非控股權益		(22)	145
			10,136	9,233
Earnings per share—basic (US cents)	每股盈利—基本(美分)	12	1.989	2.322

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2017

於2017年12月31日

		NOTES 附註	2017 US\$'000 千美元	2016 US\$'000 千美元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	523	429
Available-for-sale investments	可供出售投資	14	7,071	7,772
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	17	8,715	2,869
			16,309	11,070
CURRENT ASSETS	流動資產			
Inventories	存貨	15	32,070	31,908
Trade and bills receivables	貿易應收款項及應收票據	16	40,900	56,500
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	17	3,874	2,718
Tax recoverable	可收回稅項		327	–
Pledged bank deposits	已抵押銀行存款	18	8,909	32,488
Bank balances and cash	銀行結餘及現金	18	22,731	27,831
			108,811	151,445
CURRENT LIABILITIES	流動負債			
Trade and bills payables	貿易應付款項及應付票據	19	47,349	68,669
Other payables and accrued charges	其他應付款項及應計費用	20	11,765	13,640
Tax liabilities	稅項負債		–	813
Bank borrowings	銀行借貸	21	273	22,553
			59,387	105,675
NET CURRENT ASSETS	流動資產淨額		49,424	45,770
			65,733	56,840

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2017

於2017年12月31日

		NOTE 附註	2017 US\$'000 千美元	2016 US\$'000 千美元
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	23	5	5
Reserves	儲備		65,712	56,835
Equity attributable to owners of the Company	本公司擁有人應佔權益		65,717	56,840
Non-controlling interests	非控股權益		16	–
			65,733	56,840

The consolidated financial statements on pages 84 to 167 were approved and authorised for issue by the Board of Directors on 26 March 2018 and are signed on its behalf by:

載於第84至167頁之綜合財務報表於2018年3月26日獲董事會批准及授權刊發，並由下列董事代表簽署：

Tian Wei Dong
田衛東
DIRECTOR
董事

Wong Tsz Leung
黃梓良
DIRECTOR
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2017

截至2017年12月31日止年度

Attributable to owners of the Company

本公司擁有人應佔

		Share/ paid-in capital 股本／ 實收資本 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Other reserve 其他儲備 US\$'000 千美元 (note a) (附註a)	Statutory reserves 法定儲備 US\$'000 千美元 (note b) (附註b)	Exchange reserve 外匯儲備 US\$'000 千美元	Investments revaluation reserves 投資 重估儲備 US\$'000 千美元	Retained earnings 留存盈利 US\$'000 千美元	Sub-Total 小計 US\$'000 千美元	Non- controlling interests 非控股 權益 US\$'000 千美元	Total equity 權益總計 US\$'000 千美元
At 1 January 2016	於2016年1月1日	1,269	-	-	24	35	(230)	19,694	20,792	2,439	23,231
Profit for the year	年度利潤	-	-	-	-	-	-	9,279	9,279	148	9,427
Exchange difference arising on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	(80)	-	-	(80)	(2)	(82)
Fair value loss on available-for-sale investments	可供出售投資的公平值虧損	-	-	-	-	-	(111)	-	(111)	(1)	(112)
(Loss) profit and total comprehensive (expense) income recognised for the year	年內確認的(虧損)利潤及全面(費用)收入總額	-	-	-	-	(80)	(111)	9,279	9,088	145	9,233
Transfer to statutory reserves	轉撥至法定儲備	-	-	-	49	-	-	(49)	-	-	-
Issue of new shares on 24 February 2016 (note 23)	於2016年2月24日發行新股份(附註23)	-	20,514	-	-	-	-	-	20,514	-	20,514
Capitalisation issue (note 23)	資本化發行(附註23)	4	(4)	-	-	-	-	-	-	-	-
Issue of new shares on 7 October 2016 (note 23)	於2016年10月7日發行新股份(附註23)	1	29,746	-	-	-	-	-	29,747	-	29,747
Transaction costs attributable to issue of new shares	發行新股應佔交易成本	-	(2,371)	-	-	-	-	-	(2,371)	-	(2,371)
Adjustments arising from the group reorganisation	集團重組產生的調整	(1,269)	-	1,802	-	-	-	-	533	(2,584)	(2,051)
Deemed distribution to controlling shareholders	視為向控股股東作出的分派	-	-	-	-	-	-	(18,463)	(18,463)	-	(18,463)
Dividend recognised as distribution (note 11)	確認為已分派的股息(附註11)	-	(3,000)	-	-	-	-	-	(3,000)	-	(3,000)
At 31 December 2016	於2016年12月31日	5	44,885	1,802	73	(45)	(341)	10,461	56,840	-	56,840

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2017

截至2017年12月31日止年度

		Attributable to owners of the Company 本公司擁有人應佔								Non-controlling interests 非控股權益		Total equity 權益總計
		Share/ paid-in capital 股本/ 實收資本 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Other reserve 其他儲備 US\$'000 千美元 (note a) (附註a)	Statutory reserves 法定儲備 US\$'000 千美元 (note b) (附註b)	Exchange reserve 外匯儲備 US\$'000 千美元	Investments revaluation reserves 投資 重估儲備 US\$'000 千美元	Retained earnings 留存盈利 US\$'000 千美元	Sub-Total 小計 US\$'000 千美元			
At 31 December 2016	於2016年12月31日	5	44,885	1,802	73	(45)	(341)	10,461	56,840	-		56,840
Profit (loss) for the year	年度利潤(虧損)	-	-	-	-	-	-	9,947	9,947	(21)		9,926
Exchange difference arising on translation of foreign operations	換算海外業務的匯兌差額	-	-	-	-	173	-	-	173	(1)		172
Fair value gain on available-for-sale investments	可供出售投資的公平值收益	-	-	-	-	-	38	-	38	-		38
Profit (loss) and total comprehensive income (expense) recognised for the year	年內確認的利潤(虧損)及全面收入(費用)總額	-	-	-	-	173	38	9,947	10,158	(22)		10,136
Transfer to statutory reserves	轉撥至法定儲備	-	-	-	84	-	-	(84)	-	-		-
Capital injection by non-controlling interests to a subsidiary	由非控股權益向一家附屬公司注資	-	-	-	-	-	-	-	-	38		38
Dividend recognised as distribution (note 11)	確認為已分派的股息(附註11)	-	(1,281)	-	-	-	-	-	(1,281)	-		(1,281)
At 31 December 2017	於2017年12月31日	5	43,604	1,802	157	128	(303)	20,324	65,717	16		65,733

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2017

截至2017年12月31日止年度

Notes:

- (a) Other reserve represents (i) the combined share capital of Smart-Core International Company Limited and Smart-Core Cloud Limited acquired by the Company at the time of the group reorganisation in 2015; and (ii) the difference between the amounts by which the non-controlling interest was adjusted and the consideration paid to acquire the additional interests in subsidiaries.
- (b) Pursuant to the relevant laws in the People's Republic of China (the "PRC"), the Group's subsidiaries established in the PRC is required to transfer 10% of its profit after tax as per statutory financial statements to the reserve funds (including the general reserve fund and enterprise development fund where appropriate). The general reserve fund is discretionary when the fund balance reaches 50% of the registered capital of the subsidiary and can be used to make up for previous years' losses or, expand the existing operations or can be converted into additional capital of the subsidiary. The enterprise development fund can only be used for development and is not available for distribution to shareholder.

附註：

- (a) 其他儲備為：(i)本公司於2015年進行集團重組時收購的芯智國際有限公司及芯智雲有限公司的合併股本；及(ii)非控股權益的調整金額與為收購附屬公司的額外權益而支付的代價之間的差額。
- (b) 根據中華人民共和國(「中國」)相關法律，本集團於中國成立的附屬公司須按法定財務報表將除稅後利潤的10%轉撥至儲備基金(包括一般儲備基金及企業發展基金(倘適用))。一般儲備基金在基金餘額達到附屬公司註冊資本的50%時可酌情用於彌補過往年度的虧損、擴大現有業務經營或轉換為該附屬公司的額外資本。企業發展基金僅可作發展用途，不得分派予股東。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017

截至2017年12月31日止年度

		2017 US\$'000 千美元	2016 US\$'000 千美元
OPERATING ACTIVITIES	經營活動		
Profit before tax	除稅前利潤	11,375	11,921
Adjustments for:	就以下各項作出調整：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	164	165
Interest expense on bank borrowings	銀行借貸利息費用	3,234	3,586
Allowance for doubtful debts	呆賬撥備	2,975	14
Allowance for inventories	存貨撥備	484	13
Written off of trade and other payables	撇銷貿易應付款項及其他應付款項	(965)	(768)
Property, plant and equipment written off	已撇銷的物業、廠房及設備	59	—
Loss on disposal of available-for-sale investments	出售可供出售投資的虧損	2	—
Dividend and interest income from available-for-sale investments	可供出售投資的股息及利息收入	(278)	(300)
Interest income from life insurance policies	壽險保單利息收入	(262)	(118)
Bank interest income	銀行利息收入	(50)	(14)
Operating cash flows before movements in working capital	營運資金變動前的經營現金流量	16,738	14,499
Increase in inventories	存貨增加	(779)	(13,939)
Decrease in trade and bills receivables	貿易應收款項及應收票據減少	12,422	29,769
Increase in deposits, prepayments and other receivables	按金、預付款項及其他應收款項增加	(1,777)	(1,377)
Decrease in amounts due from related companies	應收關聯公司款項減少	—	769
(Decrease) increase in trade and bills payables	貿易應付款項及應付票據(減少)增加	(21,314)	21,736
(Decrease) increase in other payables and accrued charges	其他應付款項及應計費用(減少)增加	(20)	1,431
Cash from operations	經營所得現金	5,270	52,888
Income tax paid	已付所得稅	(2,589)	(4,774)
NET CASH FROM OPERATING ACTIVITIES	經營活動所得現金淨額	2,681	48,114

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017

截至2017年12月31日止年度

		2017 US\$'000 千美元	2016 US\$'000 千美元
INVESTING ACTIVITIES	投資活動		
Placement of pledged bank deposits	置存已抵押銀行存款	(24,121)	(33,108)
Withdrawal of pledged bank deposits	提取已抵押銀行存款	47,700	6,979
Proceeds from disposal of available-for-sale investments	出售可供出售投資所得款項	737	656
Dividends and interest income of available-for-sale investments	可供出售投資的股息及利息收入	278	300
Interest received	已收利息	50	14
Payment for life insurance policies	壽險保單付款	(5,388)	—
Purchase of property, plant and equipment	購買物業、廠房及設備	(299)	(134)
Purchase of available-for-sale investments	購買可供出售投資	—	(2,718)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	投資活動所得(所用)現金淨額	18,957	(28,011)
FINANCING ACTIVITIES	融資活動		
Repayment of borrowings	償還借款	(62,474)	(163,863)
Interest paid	已付利息	(3,234)	(3,586)
Dividend paid	已付股息	(1,281)	(4,000)
New borrowings raised	新籌集的借貸	40,194	170,344
Capital contribution by non-controlling interests of a subsidiary	由非控股權益向一家附屬公司注資	38	—
Fund arising from trade receivables factored with recourse	附追索權的保理貿易應收款所籌集資金	—	265,069
Proceeds from issuance of new shares	發行新股份所得款項	—	50,261
Advances from directors	來自董事的墊款	—	5,011
Advances from related companies	來自關聯公司的墊款	—	1,375
Repayment of trade receivables factored with recourse	償還附追索權的保理貿易應收款項	—	(285,886)
Deemed distribution to shareholders and payment to acquire additional interest in subsidiaries	視為向股東作出的分派及收購附屬公司額外權益的付款	—	(20,514)
Repayment to directors	向董事還款	—	(8,230)
Repayment to related companies	向關聯公司還款	—	(45)
Transaction costs on issue of shares	發行股份的交易成本	—	(2,371)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(所用)所得現金淨額	(26,757)	3,565

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017

截至2017年12月31日止年度

		2017 US\$'000 千美元	2016 US\$'000 千美元
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少) 增加淨額	(5,119)	23,668
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初現金及現金等價物	27,831	4,137
Effect of foreign exchange rate changes	外匯匯率變動的影響	(19)	26
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	年末現金及現金等價物		
Represented by bank balances and cash	即銀行結餘及現金	22,731	27,831

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2017

截至2017年12月31日止年度

1. GENERAL

Smart-Core Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company and registered with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) since 7 October 2016. Its parent is Smart IC Limited, a private company incorporated in the British Virgin Islands. Its ultimate controlling party is Mr. Tian Weidong (“**Mr. Tian**”). The addresses of registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company is an investment holding company. The Company’s subsidiaries are principally engaged in the trading of electronics components.

The consolidated financial statements is presented in United States Dollar (“**US\$**”), which is the same as the functional currency of the Company.

1. 一般資料

芯智控股有限公司(「**本公司**」)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)在開曼群島註冊成立為獲豁免有限公司。本公司股份已自2016年10月7日起在香港聯合交易所有限公司(「**聯交所**」)主板上市。其母公司為Smart IC Limited，為一間在英屬處女群島註冊成立的私營公司。其最終控股方為田衛東先生(「**田先生**」)。本公司註冊辦事處及主要營業地點的地址於年報的公司資料部分披露。

本公司是一家投資控股公司。本公司的附屬公司主要從事電子元器件貿易。

綜合財務報表以美元(「**美元**」)呈報，美元亦是本公司的功能貨幣。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2017

截至2017年12月31日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (the “Group”) has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to Hong Kong Accounting Standard (“HKAS”) 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

於本年度強制生效之香港財務報告準則的修訂

本公司及其附屬公司(「本集團」)於本年度已首次應用以下由香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則的修訂：

香港會計準則(「香港會計準則」)第7號的修訂	披露計劃
香港會計準則第12號的修訂	確認未變現虧損之遞延稅項資產
香港財務報告準則第12號的修訂	作為香港財務報告準則2014年至2016年週期之年度改進之一部份

除以下所述者外，於本年度應用之新訂及經修訂香港財務報告準則對本集團於本年度及過往年度之財務表現及狀況及／或該等綜合財務報表內所載的披露資料並無重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2017

截至2017年12月31日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

Amendments to HKAS 7 *Disclosure Initiative*

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 22. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 22, the application of these amendments has had no impact on the Group's consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港會計準則第7號的修訂披露計劃

本集團已於本年度首次應用該等修訂。有關修訂規定實體須披露所需資料令財務報表使用者得以衡量融資活動所產生負債變動(包括現金及非現金變動)。此外，有關修訂亦規定，倘來自金融資產的現金流或未來現金流列作融資活動的現金流，則須披露有關金融資產的變動。

具體而言，有關修訂規定須披露以下事項：(i)融資現金流的變動；(ii)因取得或喪失附屬公司控制權或其他業務而出現的變動；(iii)匯率變動的影響；(iv)公平值的變動；及(v)其他變動。

有關該等項目期初及期末結餘之對賬已於附註22提供。根據修訂本之過渡條文，本集團並無披露去年之比較資料。除附註22所載的額外披露外，應用該等修訂並無對本集團綜合財務報表造成影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2017

截至2017年12月31日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and revised HKFRSs issued but not effective

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance contracts ⁴
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – Int 23	Uncertainty Over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ²

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒布但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒布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9號	金融工具 ¹
香港財務報告準則第15號	與客戶訂立合約之收入及相關修訂 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第17號	保險合約 ⁴
香港(國際財務報告詮釋委員會)–詮釋22號	外幣交易及預付代價 ¹
香港(國際財務報告詮釋委員會)–詮釋23號	所得稅處理的不確定性 ²
香港財務報告準則第2號的修訂	以股份為基礎付款交易的分類及計量 ¹
香港財務報告準則第4號的修訂	與香港財務報告準則第4號保險合約一併應用的香港財務報告準則第9號金融工具 ¹
香港財務報告準則第9號的修訂	具有負補償的提前付款特性 ²
香港財務報告準則第10號及香港會計準則第28號的修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 ³
香港會計準則第28號的修訂	於聯營公司及合營企業的長期權益 ²
香港會計準則第40號的修訂	轉讓投資物業 ¹
香港會計準則第28號的修訂	為香港財務報告準則2014年至2016年週期的年度改進一部分 ¹
香港財務報告準則的修訂	為香港財務報告準則2015年至2017年週期的年度改進 ²

Notes to the Consolidated Financial Statements

綜合財務報表附註

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and revised HKFRSs issued but not effective (continued)

- ¹ Effective for annual periods beginning on or after 1 January 2018.
- ² Effective for annual periods beginning on or after 1 January 2019.
- ³ Effective for annual periods beginning on or after a date to be determined.
- ⁴ Effective for annual periods beginning on or after 1 January 2021.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and revised HKFRSs and Interpretations will have no material impact on the Group’s financial performance and positions and/or the disclosure to the consolidated financial statements in the foreseeable future.

HKFRS 9 *Financial Instruments*

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒布但尚未生效的新訂及經修訂香港財務報告準則(續)

- ¹ 於2018年1月1日或之後開始的年度期間生效。
- ² 於2019年1月1日或之後開始的年度期間生效。
- ³ 於待確定日期或之後開始的年度期間生效。
- ⁴ 於2021年1月1日或之後開始的年度期間生效。

除下文所述之新訂香港財務報告準則外，本公司董事預期應用所有其他新訂及經修訂香港財務報告準則及詮釋於可見將來將不會對本集團的財務表現及狀況及／或綜合財務報表的披露造成重大影響。

香港財務報告準則第9號金融工具

香港財務報告準則第9號引入金融資產及金融負債的分類及計量、一般對沖會計處理及金融資產減值的新規定。

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綜合財務報表附註

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 *Financial Instruments* (continued)

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;
- with regard to the measurement of financial liabilities designated at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss; and

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具(續)

香港財務報告準則第9號的主要規定：

- 於香港財務報告準則第9號範圍內的所有已確認金融資產其後須按攤銷成本或公平值計量。尤其是對於以收取合約現金流為目的的業務模式持有的債務投資，及擁有僅為支付本金及尚未償還本金利息的合約現金流的債務投資，一般於其後會計期末按攤銷成本計量。對於目的為同時收取合約現金流及出售金融資產的業務模式中持有的債務工具，以及金融資產合約條款令於特定日期產生的現金流僅為支付本金及尚未償還本金的利息的債務工具，均按透過其他全面收入按公平值列賬(「**透過其他全面收入按公平值列賬**」)的方式計量。所有其他債務投資及股本投資於其後會計期末按公平值計量。此外，根據香港財務報告準則第9號，實體可作出不可撤回選擇於其他全面收益呈列股本投資(並非持作買賣)之其後公平值變動，而一般僅於損益內確認股息收入；
- 就按公平值計入損益的金融負債的計量而言，香港財務報告準則第9號規定，除非於其他全面收益確認該負債信貸風險變動的影響會產生或增加損益的會計錯配，否則，因負債的信貸風險改變而導致金融負債公平值金額的變動應於其他全面收益呈列。因金融負債的信貸風險而導致其公平值變動其後不會重新分類至損益。根據香港會計準則第39號**金融工具：確認及計量**，指定為按公平值計入損益的金融負債的全部公平值變動額均於損益中確認；及

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

HKFRS 9 *Financial Instruments* (continued)

Key requirements of HKFRS 9: (continued)

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Loan receivables carried at amortised cost as disclosed in notes 16 and 17: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9;
- Listed debt instruments classified as available-for-sale investments carried at fair value as disclosed in note 14: these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the listed debt instruments in the open market, and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the listed debt instruments will continue to be subsequently measured at FVTOCI upon the application of HKFRS 9, and the fair value gains or losses accumulated in the investments revaluation reserves will continue to be subsequently reclassified to profit or loss when the listed debentures are derecognised or reclassified;

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具(續)

香港財務報告準則第9號的主要規定：(續)

- 就金融資產的減值而言，與香港會計準則第39號項下按已產生信貸虧損模式計算相反，香港財務報告準則第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損的變動入賬，以反映信貸風險自初始確認以來的變動。換而言之，毋須再待發生信貸事件方確認信貸虧損。

根據本集團於2017年12月31日的金融工具及風險管理政策，本公司董事預期首次應用香港財務報告準則第9號之潛在影響如下：

分類及計量：

- 附註16以及附註17所披露按攤銷成本列賬之應收貸款：彼等以收取合約現金流量作為目的業務模式下持有，以及附有純粹作本金及尚未償還本金利息付款的合約現金流量。因此，於採用香港財務報告準則第9號後，該等金融資產將繼續按攤銷成本計量；
- 附註14所披露以公平值列賬並分類為可供出售投資之上市債務工具：彼等於目的為同時收取合約現金流及於公開市場出售上市債務工具之業務模式中持有，以及合約條款令於特定日期產生之現金流純粹為支付本金及尚未償還本金之利息。因此，於採用香港財務報告準則第9號後，上市債務工具將繼續透過其他全面收入按公平值列賬，及於上市債券取消確認或重新分類時，於投資重估儲備累計之公平值收益或虧損將繼續重新分類至損益；

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 9 *Financial Instruments* (continued)

Classification and measurement: (continued)

- Unlisted funds primarily invested in bonds and other debt securities classified as available-for-sale investments carried at fair value as disclosed in note 14: these funds will be designated as measured at fair value through profit or loss under HKFRS 9. Upon initial application of HKFRS 9, investments revaluation reserves of US\$302,000 related to these available-for-sale investments will be transferred to the opening retained profits at 1 January 2018.
- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that are subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第9號金融工具(續)

分類及計量：(續)

- 附註14所披露按公平值列賬並分類為可供出售投資之主要投資於債券及其他債務證券的非上市基金：根據香港財務報告準則第9號，該等基金將被指定為以透過公平值計量且其變動計入損益之方式列賬。於首次採納香港財務報告準則第9號後，有關此等可供出售投資的302,000美元投資重估儲備將於2018年1月1日於期初保留溢利中列賬。
- 所有其他金融資產及金融負債將繼續按現時所根據的香港會計準則第39號的相同基準計量。

減值

一般而言，本公司董事預期應用香港財務報告準則第9號的預期信貸虧損模式將導致本集團於應用香港財務報告準則第9號後，就本集團按攤銷成本計量之財務資產以及其他須作出減值撥備之項目之尚未產生的信貸虧損提前撥備。

根據本公司董事的評估，倘若本集團須應用預期信貸虧損模式，則本集團於2018年1月1日將予確認的累計減值虧損金額將較根據香港會計準則第39號確認的累計金額有所增加，主要是由於貿易應收款項之預期信貸虧損撥備。按預期信貸虧損模式確認的進一步減值將減少於2018年1月1日的期初保留溢利。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第15號客戶合同收入

香港財務報告準則第15號已頒佈並建立了一個單一的綜合模型，以供實體將客戶合同收入入賬。當香港財務報告準則第15號生效時，將取代現時沿用的收入確認指引，包括香港會計準則第18號收入，香港會計準則第11號建築合同及相關的詮釋。

香港財務報告準則第15號的核心原則是：實體應確認收入以體現向客戶轉讓承諾貨品或服務的數額，而該數額反映實體預期交換該等貨品或服務而應得的代價。具體而言，該準則引入了五步法來確認收入：

- 第1步：確定與一個客戶的合同
- 第2步：確定合同內的履約義務
- 第3步：釐定交易價格
- 第4步：將交易價格分攤至合同內的履約義務
- 第5步：當實體完成履約義務時確認收入

根據香港財務報告準則第15號，當實體完成履約義務時確認收入，即與特定履約義務相關的商品或服務的「控制權」轉讓予客戶時。香港財務報告準則第15號已就特別情況的處理加入更規範的指引。此外，香港財務報告準則第15號也要求作出更多的披露。

2016年，香港會計師公會頒佈有關香港財務報告準則第15號確定履約義務、委託人與代理的考量及許可證申請指引之澄清。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 15 *Revenue from Contracts with Customers* (continued)

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures; however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 *Leases*

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第15號客戶合同收入(續)

本公司董事預期，日後應用香港財務報告準則第15號或會導致更多披露。然而，本公司董事預期應用香港財務報告準則第15號將不會對於各報告期間確認收益的時間及金額產生重大影響。

香港財務報告準則第16號租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。當香港財務報告準則第16號生效時，將取代香港會計準則第17號租賃及相關的詮釋。

香港財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。除短期租賃及低值資產租賃外，經營租賃及融資租賃的差異自承租人會計處理中撤銷，並由承租人須就所有租賃確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量，隨後按成本減累計折舊及減值虧損計量，並就租賃負債的任何重新計量作出調整。租賃負債初步按租賃款項(非當日支付)之現值計量。隨後，租賃負債會就(其中包括)利息及租賃款項以及租賃修訂的影響作出調整。於應用香港財務報告準則第16號後，本集團將把有關租賃負債的租賃款項分配至本金及利息部分，並以融資現金流量呈列。

相較承租人會計處理而言，香港財務報告準則第16號實質上沿用香港會計準則第17號的出租人會計規定，且繼續要求出租人將租賃分類為經營租賃或融資租賃。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

HKFRS 16 *Leases* (continued)

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of US\$1,663,000 as disclosed in note 24. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability unless they qualify for low value or short-term leases. In addition, the Group currently considers refundable rental deposits paid of US\$354,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Companies Ordinance (the “**Companies Ordinance**”).

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

香港財務報告準則第16號租賃(續)

此外，香港財務報告準則第16號也要求作出更多的披露。

於2017年12月31日，本集團擁有不可撤銷經營租賃承擔1,663,000美元，詳情於附註24披露。初步評估顯示，該等安排將符合租賃的定義。於應用香港財務報告準則第16號後，本集團將確認使用權資產及相應的負債，除非彼等符合低值或短期租賃。此外，本集團目前認為已付可退回租賃按金354,000美元乃租賃項下的權利及義務，香港會計準則第17號對其適用。根據香港財務報告準則第16號租賃款項的定義，上述按金並非與使用相關資產權利有關的款項，因此，上述按金的賬面值可予調整至經攤銷成本，而有關調整乃被視為額外租賃款項。已付可退回租賃按金的調整將計入有使用權的資產的賬面值內。

此外，應用新規定可能令上文所述的計量、呈列及披露產生變動。

3. 重大會計政策

綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則編製。此外，綜合財務報表包括聯交所證券上市規則(「**上市規則**」)及香港公司條例(「**公司條例**」)規定的適用披露。

除各報告期末按公平值計量的若干金融工具外，綜合財務報表以歷史成本基準(於下文所載的會計政策中作出解釋)編製。歷史成本一般基於為交換貨品及服務支付的代價的公平值計算。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements are determined on such a basis, except for leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. 重大會計政策(續)

公平值為於計量日期市場參與者之間於有序交易中出售資產收取或轉讓負債時支付的價格，而不論該價格為可直接觀察取得或可使用其他估值方法估計所得。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。於綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬於香港會計準則第17號租賃範圍內的租賃交易，以及與公平值有部分相似但並非公平值的計量(如香港會計準則第2號存貨中的可變現淨值或香港會計準則第36號資產減值中的使用價值)除外。

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據的可觀察程度及其對整體公平值計量的重要性分為第一、第二或第三層，說明如下：

- 第一層 輸入數據是實體於計量日期於活躍市場可獲取的相同資產或負債的報價(未經調整)；
- 第二層 輸入數據是第一層所包括的報價外資產或負債的可直接或間接觀察的輸入數據；及
- 第三層 輸入數據是資產或負債的不可觀察的輸入數據。

主要會計政策載列如下。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests has a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. 重大會計政策(續)

合併基準

綜合財務報表包括本公司及受本公司及其附屬公司控制的實體的財務報表。在以下情況下，本公司獲得控制權：

- 可對投資對象行使權力；
- 就其所參與投資對象的浮動回報承受風險或享有權利；及
- 有能力運用其權力影響回報。

若事實及情況表明上文所列控制權的三個要素中其中一個或一個以上要素出現變動，本集團會重新評估其是否控制投資對象。

當本集團獲得附屬公司的控制權時開始將該附屬公司綜合入賬，並於本集團失去該附屬公司的控制權時結束。具體而言，年內所收購或出售附屬公司的收入及費用自本集團取得控制權之日期起計入綜合損益及其他全面收入表，直至本集團不再控制有關附屬公司之日期為止。於必要時，將對附屬公司的財務報表作出調整，令其會計政策與本集團的會計政策一致。

損益及其他全面收入項目歸屬於本公司擁有人及非控股權益。即便導致非控股權益結餘虧損，附屬公司的全面收入總額仍歸屬於本公司擁有人及非控股權益。

於必要時，將對附屬公司的財務報表作出調整，令其會計政策與本集團的會計政策一致。

集團內公司間的所有資產、負債、權益、收入、費用以及本集團成員公司間交易相關的現金流量於合併時悉數抵銷。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business and net of discounts and returns.

Revenue from the sales of goods is recognised when goods are delivered and title has passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

3. 重大會計政策(續)

合併基準(續)

於附屬公司的非控股權益與本集團於其中的權益分開呈列。

本集團於現有附屬公司的擁有權權益變動

如本集團於現有附屬公司之擁有權權益變動並無導致本集團失去附屬公司控制權，該等變動將按權益交易入賬。本集團之有關部份權益及非控股權益之賬面值乃予以調整，以反映其於附屬公司相關權益之變動，包括按照本集團與非控股權益之權益比例，將本集團與非控股權益之間的相關儲備重新歸屬。經調整之非控股權益數額與已付或已收代價公平值之間之差額，乃於權益直接確認，並歸屬於公司擁有人。

收入確認

收入按已收或應收代價的公平值計量，指於日常業務過程中出售貨品應收的款項(扣除折讓及退貨)。

當符合所有以下條件時，來自銷售貨品之收入於交付貨品及轉移擁有權時確認：

- 本集團已將貨品擁有權之重大風險及回報轉移予買方；
- 本集團並無保留一般與擁有權有關之銷售貨品持續管理權或實際控制權；
- 銷售收入金額能夠可靠地計量；

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Technical support services income are recognised when the relevant services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. 重大會計政策(續)

收入確認(續)

- 與交易相關之經濟利益很可能流入本集團；及
- 有關交易產生或將產生之成本能夠可靠地計量。

技術支持服務收入於提供相關服務時確認。

在經濟利益可能流入本集團及收入金額能夠可靠地計量之情況下，金融資產之利息收入會被確認。利息收入參照尚未償還本金及按適用實際利率(即按金融資產的預計年期準確貼現估計未來現金收入至該資產於初步確認時賬面淨值的利率)以時間分配基準累計。

投資之股息收入於股東收取款項的權利確立時確認。

租賃

當租賃的條款將所有權所產生的絕大部分風險及回報轉移至承租人時，有關租賃分類為融資租賃。所有其他租賃分類為經營租賃。

本集團作為承租人

經營租賃款項於有關租賃年期按直線法確認為費用，惟倘存在另一有系統基準更能代表所消耗租賃資產經濟利益的時間模式則除外。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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. US\$) using exchange rate prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the 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 exchange reserve (attributed to non-controlling interests as appropriate).

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

3. 重大會計政策(續)

外幣

於編製各個別集團實體的財務報表時，以該實體的功能貨幣以外的貨幣(外幣)進行的交易按於交易日的現行匯率換算為功能貨幣(即該實體經營所在主要經濟環境之貨幣)列賬。於報告期末，以外幣計值的貨幣項目乃按於該日的現行匯率重新換算。按以外幣計值的公平值列賬的非貨幣項目按釐定公平值當日的現行匯率重新換算。按外幣歷史成本計量的非貨幣項目不予重新換算。

貨幣項目結算及重新換算所產生的匯兌差額在產生期間於損益中確認。

就呈列綜合財務報表而言，本集團海外業務的資產及負債按各報告期末現行匯率換算為本集團的呈列貨幣(即美元)，而其收支項目按年內平均匯率換算，惟期內匯率出現重大波幅除外，在此情況下，則採用交易日期當時的匯率。所產生匯兌差額(如有)均於其他全面收入確認並以匯兌儲備名目於權益中累計(歸屬於非控股權益(如適用))。

於出售海外業務(即出售本集團於海外業務之全部權益，或出售涉及失去包含海外業務的附屬公司的控制權)時，就本公司擁有人應佔業務於權益累計的所有匯兌差額重新分類至損益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefits costs

Payments to the defined contribution retirement benefit plan and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

3. 重大會計政策(續)

退休福利成本

向定額供款退休福利計劃及國家管理退休福利計劃的付款確認為費用，僱員於提供服務後可獲得供款。

短期員工福利

短期員工福利乃按僱員提供服務時預期將予支付之未貼現福利金額確認。所有短期員工福利均被確認為費用，除非另有香港財務報告準則要求或允許在資產成本中納入利益。

在扣除已支付的金額後，員工之應計福利(如工資和薪酬、年假和病假)確認為負債。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

3. 重大會計政策(續)

以股份為基礎付款安排

股權結算以股份為基礎付款交易

授予僱員之購股權

股權結算以股份為基礎付款予僱員及提供同類服務的其他人士以於授出日期該股權工具之公平值計量。

股權結算以股份為基礎之付款於授出日期釐定的公平值(並無考慮非市場性質的歸屬條件)基於本集團對最終歸屬之股權工具的估計按直線法於歸屬期支銷，而相應增加計入權益中(購股權儲備)內。於各報告期末，本集團會根據所有相關非市場性質的歸屬條件的評估，修正其預計歸屬股權工具數量之估算。修改原有估算產生之影響(如有者)於損益內確認，其累計費用反映已修正之估算，而相應調整計入購股權儲備。對於授出日期立即歸屬的購股權，所授購股權公平值即時於損益支銷。

稅項

所得稅費用指現時應付稅項及遞延稅項總額。

即期應付稅項乃根據年內的應課稅利潤計量。應課稅利潤與綜合損益及其他全面收入表中呈報的「除稅前利潤」不同，是由於其他年度的應課稅或可扣稅收支項目以及從未課稅或不可扣稅的項目所致。本集團的即期稅項負債以各報告期末已頒佈或實質已頒佈的稅率計算。

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. 重大會計政策(續)

稅項(續)

遞延稅項按綜合財務狀況表中資產及負債賬面值與其用於計量應課稅利潤的相應稅基之間的暫時差額確認。遞延稅項負債一般就所有應課稅暫時差額予以確認。遞延稅項資產一般於有可能有應課稅利潤可動用以抵銷可扣減暫時差額的情況下，就所有可扣減暫時差額確認。倘暫時差額來自不影響應課稅利潤或會計利潤的交易之初步確認的其他資產及負債，則不會確認有關資產及負債。

本集團會就與於附屬公司的投資有關的應課稅暫時差額確認遞延稅項負債，惟倘本集團能夠控制暫時差額的撥回及暫時差額很可能於可預見將來不會撥回則除外。與該等投資有關的可扣稅暫時差額產生的遞延稅項資產可予確認，惟僅以很可能有足夠應課稅利潤可抵銷暫時差額的利益且預期於可預見將來撥回者為限。

遞延稅項資產賬面值於各報告期末審閱，並在不再可能有足夠應課稅利潤以供收回全部或部分資產之情況下調減。

遞延稅項資產及負債根據報告期末已頒佈或實質頒佈的稅率(及稅法)，按清償負債或變現資產期間預期應用的稅率計量。

遞延稅項資產及負債的計量反映按照本集團預期的方式於各報告期末收回或清償其資產及負債賬面值的稅務結果。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income as directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values 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 sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less estimated cost necessary to make the sale.

3. 重大會計政策(續)

稅項(續)

即期及遞延稅項於損益中確認，惟倘即期及遞延稅項關乎於其他全面收入或直接於權益中確認的項目，於此情況下，即期及遞延稅項亦分別於其他全面收入或直接於權益中確認。

物業、廠房及設備

物業、廠房及設備按成本減其後累計折舊及累計減值虧損(如有)於綜合財務狀況表入賬。

折舊使用直線法於估計可使用年期撇銷物業、廠房及設備項目的成本減其剩餘價值確認。估計可使用年期、剩餘價值及折舊方法將會於各報告期末審閱，而任何估計變動的影響會按預期基準入賬。

物業、廠房及設備項目會在出售或預期繼續使用資產不會產生未來經濟利益時終止確認。物業、廠房及設備項目在出售或報廢時產生的任何收益或虧損，按出售所得款項與有關資產賬面值之間的差額釐定，並於損益中確認。

存貨

存貨按成本及可變現淨值兩者的較低者列賬。成本使用加權平均法計算。可變現淨值為存貨的估計銷售價減估計銷售所需成本確定。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments

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

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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories: available-for-sale financial assets 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset 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.

Interest income is recognised on an effective interest basis for debt instruments.

3. 重大會計政策(續)

金融工具

當某一集團實體成為工具合約條文的訂約方時，會確認為金融資產及金融負債。

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而直接應佔的交易成本，於初步確認時於該項金融資產或金融負債的公平值中計入或扣除(如適用)。

金融資產

金融資產被分類為下列具體類別：可供出售金融資產以及貸款及應收款項。分類視乎金融資產的性質及用途，於初步確認時釐定。

實際利率法

實際利率法是計算金融資產的攤銷成本及於有關期間分配利息收入的方法。實際利率為按債務工具的預計年期或適用的較短期間，準確貼現估計未來現金收入(包括構成實際利率不可或缺部分所有已付或已收費用及點差、交易成本及其他溢價或折讓)至於初步確認時賬面淨值的利率。

債務工具的利息收入按債務工具實際利率基準確認。

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserves is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, deposits and other receivables, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

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

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

可供出售金融資產

可供出售金融資產為指定為可供出售或並未分類為(a)貸款及應收款項、(b)持有至到期之投資或(c)按公平值計入損益的金融資產的非衍生金融工具。

本集團所持有被分類為可供出售金融資產及於活躍市場上買賣的權益及債務證券按各報告期末的公平值計量。與採用實際利率法計算的利息收入有關的可供出售貨幣金融資產的賬面值變動及可供出售股權投資的股息於損益內確認。可供出售金融資產賬面值之其他變動於其他全面收益中確認及於投資重估儲備中累計。倘投資被出售或被釐定為已出現減值，先前於投資重估儲備中累計的累計收益或虧損將重新分類至損益(見下文有關金融資產減值虧損的會計政策)。

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、且於活躍市場無報價的非衍生金融資產。初步確認後，貸款及應收款項(包括貿易應收款項及應收票據、存款及其他應收款項、已抵押銀行存款、銀行結餘及現金)乃使用實際利率法按攤銷成本減任何已識別減值虧損計量(見下文有關金融資產減值虧損的會計政策)。

利息收入透過應用實際利率確認，惟確認利息屬不重大的短期應收款項則除外。

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

For all other financial assets, objective evidence of impairment could include:

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

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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值

金融資產於各報告期末被評估是否有減值跡象。倘有客觀證據證明因金融資產於初步確認後發生的一項或多項事項使金融資產的估計未來現金流量受影響，則金融資產被視為已減值。

對於所有其他金融資產，減值的客觀證據可能包括：

- 發行人或對應方出現重大財務困難；
- 違反合約，如違約或拖欠利息及本金款項；
- 借款人有可能將破產或進行財務重組；或
- 因財務困難導致金融資產失去活躍市場。

就若干金融資產類別(如貿易應收款項)而言，評估為不會個別減值的資產會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能包括本集團的過往收款經驗、組合內各自超逾平均信貸期的延遲付款數量增加，以及與應收款項拖欠有關的全國或地方經濟狀況的可觀察改變。

就按攤銷成本計算的金融資產而言，已確認減值虧損的金額為資產賬面值與按金融資產原實際利率貼現的估計未來現金流量現值之間的差額。

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綜合財務報表附註

For the year ended 31 December 2017

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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 to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt investments, impairment losses are subsequent reversed through profit or loss if an increase in fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. 重大會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

除貿易應收款項的賬面值乃透過使用撥備賬扣減外，金融資產的賬面值均按減值虧損直接扣除。當貿易應收款項被視為不可收回時，即從撥備賬撇銷。其後收回的過往已撇銷款項計入損益內。

當可供出售金融資產視作減值時，先前於其他全面收入內確認的累計損益重新分類至期內損益。

倘於往後期間，減值虧損的金額有所減少，而該減少客觀地與於確認減值虧損後發生的事件有關，則過往確認的減值虧損透過損益撥回，惟於減值日期撥回的資產賬面值不得超過在未確認減值的情況下而應有的攤銷成本。

就可供出售股權投資而言，先前已於損益確認的減值虧損不會通過損益撥回。減值虧損後公平值的增加於其他全面收入確認，並累計計入投資重估儲備項下。就可供出售債務投資而言，如果投資的公平值增加與確認減值虧損後發生的事件客觀相關，則減值虧損會於其後通過損益撥回。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into 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 the group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and bills payables, other payables and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

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 (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 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.

3. 重大會計政策(續)

金融工具(續)

金融負債及權益工具

集團實體發行的債務及權益工具根據所訂立合約安排的內容以及金融負債及權益工具的定義分類為金融負債或權益工具。

權益工具

權益工具為證明集團實體於扣除其所有負債後剩餘資產權益的任何合約。集團實體所發行權益工具按於扣減直接發行成本後所收取的所得款項確認。

金融負債

金融負債(包括貿易應付款項及應付票據、其他應付款項以及銀行借貸)其後以實際利率法按攤銷成本計量。

實際利率法

實際利率法為計算金融負債攤銷成本及於有關期間分配利息費用的方法。實際利率為按金融負債的預計年期或適用的較短期間，準確貼現估計未來現金付款(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差、交易成本及其他溢價或折讓)至於初步確認時賬面淨值的利率。

利息費用按實際利率基準確認。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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 assets 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 recognises its retained interest in the asset and an associated liability for amounts it may have to pay. 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, 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.

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

3. 重大會計政策(續)

金融工具(續)

終止確認

本集團僅會於從資產取得現金流量的合約權利屆滿時，或在其轉讓金融資產及資產擁有權的絕大部分風險及回報予另一實體時方會終止確認金融資產。倘本集團並未轉移亦未保留擁有權的絕大部分風險及回報並繼續控制已轉讓資產，則本集團確認其於資產的保留權益及可能須支付的相關負債款項。倘本集團保留已轉讓金融資產擁有權的絕大部分風險及回報，則本集團繼續確認該金融資產並將已收所得款項確認為有抵押借款。

於終止確認金融資產時，資產賬面值與已收及應收代價及已於其他全面收入中確認並於權益累計的累計損益的總和之間的差額於損益內確認。

只有當本集團的責任解除、取消或屆滿時方終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價之間的差額於損益內確認。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives 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 cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3. 重大會計政策(續)

有形資產減值

本集團於報告期末審閱其具有有限可使用年期的有形資產賬面值，以釐定該等資產有否任何減值虧損跡象。如有任何有關跡象，則估計該項資產的可收回金額，以釐定減值虧損程度(如有)。倘無法估計個別資產的可收回金額，則本集團會估計該資產所屬現金產生單位的可收回金額。當可確定合理一致的分配基準時，則公司資產亦可分配至個別現金產生單位，否則，公司資產將分配至能確定合理一致分配基準的最小現金產生單位組別。

可收回金額為公平值減出售成本與使用價值兩者之較高者。於評估使用價值時，估計未來現金流量會採用稅前貼現率貼現至其現值，而該稅前貼現率可反映對貨幣時間價值及資產(其未來現金流量估計未經調整)特定風險的現時市場評估。

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則資產(或現金產生單位)賬面值將減少至其可收回金額。於分配減值虧損時，首先分配減值虧損以減少任何商譽的賬面值(如適用)，然後根據該單位各資產的賬面值按比例分配至其他資產。抵減後的資產賬面值不得低於以下三者之最高者：其公平值減出售成本(如可計量)、其使用價值(如可釐定)及零。因此而導致未能分配的減值虧損金額，按相關單位中其他資產所佔比重進行分攤。減值虧損即時於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment on tangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Borrowing costs

Borrowing costs which are not capitalised to qualifying assets are recognised in profit or loss in the period in which they are incurred.

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.

3. 重大會計政策(續)

有形資產減值(續)

倘減值虧損其後撥回，則有關資產(或現金產生單位)的賬面值會調高至經修訂的估計可收回金額，惟調高後的賬面值不可超過有關資產(或現金產生單位)於過往年度並無確認減值虧損時應釐定的賬面值。減值虧損撥回即時於損益確認。

借貸成本

未資本化為合資格資產的借貸成本於其產生期間在損益中確認。

研發開支

研究活動的開支於產生期間內確認為費用。

當且僅當以下所有各項得到證明時，開發活動(或內部項目的開發階段)產生的內部產生無形資產予以確認：

- 在技術上可完成該無形資產以使其能使用或出售；
- 有完成該無形資產並使用或出售的意圖；
- 有能力使用或出售該無形資產；
- 該無形資產如何產生潛在未來經濟利益；
- 具有足夠的技術、財務及其他資源，以完成該無形資產的開發，並使用或出售該無形資產；及
- 能夠可靠計量無形資產於開發期間的應佔開支。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and development expenditure (continued)

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 assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are 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 factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

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 coming twelve months, are described below.

3. 重大會計政策(續)

研發開支(續)

內部產生無形資產的初始確認金額是自無形資產首次滿足上述確認標準日期後所產生支出的總額。若並無內部產生無形資產可予確認，開發支出應在其產生期間於損益確認。

在初步確認後，內部產生無形資產按與單獨收購的無形資產相同的基準，以成本減累計攤銷及累計減值虧損(如有)呈報。

4. 估計不確定因素的主要來源

在應用附註3所述本集團的會計政策時，本公司董事須對未能從其他來源輕易獲得的資產及負債賬面值作出判斷、估計及假設。估計及相關假設乃根據過往經驗及被視為相關的其他因素作出。實際結果可能會有別於該等估計。

估計及相關假設按持續基準檢討。倘會計估計的修訂僅影響估計作出修訂的期間，則在該期間確認，倘修訂同時影響修訂的當前期間及未來期間，則在作出修訂的當前期間及未來期間確認。

下列為於報告期末就未來和其他估計不確定因素的主要來源所作出的主要假設，這些假設具有足以致使未來十二個月內的資產和負債賬面值發生大幅調整的重大風險。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated impairment of trade and bills receivables

Management estimates the recoverability of trade and bills receivables based on objective evidence. When there is an objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

At 31 December 2017, the carrying amount of trade and bills receivables of the Group was approximately US\$40,900,000 (2016: US\$56,500,000), less of allowance for doubtful debts of US\$2,980,000 (2016: US\$13,000). Details are set out in note 16.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated cost necessary to make the sale. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market condition. The Group will reassess the estimation at the end of each reporting period.

At 31 December 2017, the carrying amount of inventories of the Group was approximately US\$32,070,000 (2016: US\$31,908,000), less of allowance for inventories of US\$788,000 (2016: US\$323,000). Details are set out in note 15.

4. 估計不確定因素的主要來源(續)

貿易應收款項及應收票據的估計減值

管理層基於客觀證據估計貿易應收款項及應收票據的可收回性。倘有客觀證據顯示出現減值虧損，本集團會考慮估計未來現金流量。減值虧損金額按資產賬面值與按金融資產原有實際利率(即首次確認時計算的實際利率)貼現之估計未來現金流量(不包括尚未產生的未來信貸虧損)現值之間的差額計量。若實際未來現金流量低於預期，則可能產生重大減值虧損。

於2017年12月31日，本集團貿易應收款項及應收票據的賬面值約為40,900,000美元(2016年：56,500,000美元)(扣除2,980,000美元(2016年：13,000美元)的呆賬撥備)。詳情載於附註16。

存貨的可變現淨值

存貨按成本及可變現淨值兩者的較低者列賬。可變現淨值指存貨的估計售價減銷售所需的所有估計成本。該等估計基於目前市場狀況及銷售類似產品的過往經驗。該等估計可因市場狀況的變化而發生重大改變。本集團於各報告期末重新評估該等估計。

於2017年12月31日，本集團存貨的賬面值約為32,070,000美元(2016年：31,908,000美元)(扣除788,000美元(2016年：323,000美元)的存貨撥備)。詳情載於附註15。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Income Tax Provision and Corresponding Penalty

During the year ended 31 December 2015, the directors of the Company has identified certain errors in the statutory financial statements of a group entity incorporated in Hong Kong ("HK") for the year ended 31 December 2012 and prior periods and the year ended 31 December 2014, and consequently those statutory financial statements were restated and reissued. The Group then voluntarily submitted the revised tax computations of the relevant group entity to the Inland Revenue Department of Hong Kong ("IRD") for the years of assessment 2012/2013 and 2014/2015 based on the revised assessable profits calculated based on the reissued statutory financial statements. The additional tax provisions for the year ended 31 December 2012 and prior periods, and the year ended 31 December 2014 amounted to US\$770,000 and US\$834,000, respectively, have recognised in the consolidated financial statements in the respective years. As the Group may have understated its assessable profits and/or made an incorrect tax returns or statement to the IRD for the relevant years of assessment, it may be liable for penalty, the amount of which according to the penalty policy of the IRD would be at a maximum of (i) a fine of Hong Kong Dollars ("HK\$") HK\$10,000 (equivalent to US\$1,290) to HK\$50,000 (equivalent to US\$6,450) for each offense; (ii) trebling the amount of tax undercharged or would have been undercharged; and (iii) imprisonment for 6 months to 3 years. However, the penalty may be less than the maximum level if the Group can prove to the satisfaction of the Commissioner of the IRD that there is reasonable excuse for committing the offense and the Company does not have any willful intention to omit/understate the profit in question.

4. 估計不確定因素的主要來源(續)

所得稅撥備及相關罰款

於截至2015年12月31日止年度期間，本公司董事發現在香港註冊成立的一家集團實體於截至2012年12月31日止年度及以前期間以及截至2014年12月31日止年度法定財務報表中存在若干錯誤，隨後那些法定財務報表已經重述並重新刊發。本集團隨後根據基於這些重新刊發的法定財務報表計算的經修訂應課稅盈利自願向香港稅務局(「香港稅務局」)提交2012/2013及2014/2015課稅年度相關集團實體的經修訂稅項計算表。截至2012年12月31日止年度及以前期間以及截至2014年12月31日止年度的額外稅項撥備分別為770,000美元及834,000美元，已於相關年度之綜合財務報表中確認。由於本集團可能少報相關課稅年度的應課稅盈利及／或向香港稅務局提交了不正確的納稅申報表，其可能會受到處罰，根據香港稅務局的處罰政策，最高金額可能為(i)每次違規罰款10,000港元(「港元」)(相當於1,290美元)至50,000港元(相當於6,450美元)；(ii)少交或本可能少交的稅款的三倍；及(iii)6個月至3年的監禁。然而，如果本集團能向稅務局局長證明並令其信納，犯此錯誤有合理理由且本公司並非有意忽略／少報有關盈利，罰款可能會低於最高水平。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Income Tax Provision and Corresponding Penalty (continued)

In addition to making additional tax provision for the relevant years as discussed above, the directors of the Company have also considered reasonably possible penalty that may be imposed by the IRD on the Group at each of the reporting date, if any, arising from omission or understatement of assessment profits for the years of assessment 2012/2013 and 2014/2015 by the relevant group entity. After seeking professional advice, the directors of the Company understand that the reasonably possible penalty, if any, is likely to be at the level of 30% of the amount of tax undercharged and HK\$10,000 (equivalent to US\$1,290) for each offense, that is, US\$231,000 and US\$250,000 for the years ended 31 December 2012 and 31 December 2014, respectively, and relevant provisions were made and included in administrative expenses in the profit or loss for the relevant years. The directors of the Company believe that adequate provision has been made against the potential penalty. However, the ultimate penalty may be different from the amounts provided, such difference will be charged to profit or loss in the period during which such a determination is made.

5. REVENUE AND SEGMENT INFORMATION

The Group's revenue represents the fair value of the amounts received and receivable from the sales of integrated circuit and other electronic components in HK and the PRC, net of discounts and returns, during the year.

For the purpose of resource allocation and assessment of segment performance, the executive directors of the Company, collectively being the chief operating decision maker, focuses and reviews on the overall results (i.e. revenue and gross profit) and financial position of the Group as a whole which are prepared based on the same accounting policies set out in note 3. Accordingly, the Group has only one single operating and reportable segment and no further analysis of the single segment is presented.

4. 估計不確定因素的主要來源(續)

所得稅撥備及相關罰款(續)

除就上文所述的相關年度計提額外稅項撥備外，本公司董事亦合理考慮到香港稅務局於各報告日期可能就2012/2013及2014/2015課稅年度有關集團實體漏報或低報應課稅盈利事項而對本集團處以罰款(如有)。在徵詢專業意見後，本公司董事獲悉，合理的潛在罰款(如有)可能是少交稅款金額的30%及每次違規10,000港元(相當於1,290美元)，即截至2012年12月31日及2014年12月31日止年度分別為231,000美元及250,000美元，且已經就此作出相關撥備並計入相關年度損益的行政費用內。本公司董事相信已就潛在罰款計提足夠撥備。然而，最終罰款金額可能不同於撥備金額，差額將從作出此項決定的期間的損益中扣除。

5. 收入及分部資料

於本年度，本集團的收入為在香港及中國銷售集成電路及其他電子元器件的已收款項及應收款項的公平值扣除折扣及退貨賬額後的金額。

為資源分配和進行分部業績評估，本公司的執行董事(作為主要經營決策者)重點審閱根據附註3所載相同會計政策編製的本集團整體業績(即收入和毛利)及財務狀況。因此，本集團只有一個經營及可呈報分部，並無呈報該單一分部的更多分析。

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5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group principally operates in HK and the PRC.

The following table provides an analysis of the Group's sales by geographical market based on the jurisdictions where the relevant group entities were set up, which are also their place of operations during the year, irrespective of the origin of goods/services.

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

Revenue from external customers based on location of operations of the relevant group entities

		2017 US\$'000 千美元	2016 US\$'000 千美元
HK	香港	603,807	574,016
The PRC	中國	9,676	95,880
		613,483	669,896

Property, plant and equipment

		2017 US\$'000 千美元	2016 US\$'000 千美元
HK	香港	222	204
The PRC	中國	301	225
		523	429

5. 收入及分部資料(續)

地區資料

本集團主要在香港及中國經營業務。

下表載列本集團按地域市場(基於相關集團實體成立地點所在的司法權區，也是其於本年度的經營地點，不分商品／服務來源)劃分的銷售額分析。

本集團來自外部客戶的收入及按資產所在位置劃分的非流動資產的資料詳情載列如下：

來自外部客戶的收入(基於相關集團實體的經營地點)

	2017 US\$'000 千美元	2016 US\$'000 千美元
HK	603,807	574,016
The PRC	9,676	95,880
	613,483	669,896

物業、廠房及設備

	2017 US\$'000 千美元	2016 US\$'000 千美元
HK	222	204
The PRC	301	225
	523	429

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5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers in respect of sales of goods of the year contributing over 10% of the total revenue of the Group is as follows:

		2017 US\$'000 千美元	2016 US\$'000 千美元
Customer 1	客戶1	164,372	174,747
Customer 2	客戶2	109,485	97,108
Customer 3	客戶3	N/A ¹	81,545

¹ The corresponding revenue did not contribute over 10% of total revenue of the Group in the respective year.

There are no other revenue from transaction with a single external customer amounted to 10% or more of the total revenue of the Group during the years ended 31 December 2017 and 2016.

5. 收入及分部資料(續)

有關主要客戶的資料

本年度向客戶銷售商品的收入佔本集團總收入10%以上的客戶如下：

¹ 於有關年度的相應收入並無貢獻本集團總收入的10%以上。

於截至2017年及2016年12月31日止年度，概無其他來自與單一外部客戶之交易收入佔本集團總收入的10%或以上。

6. OTHER INCOME

		2017 US\$'000 千美元	2016 US\$'000 千美元
Dividend and interest income from available-for-sale investments	可供出售投資的股息及利息收入	278	300
Bank interest income	銀行利息收入	50	14
Technical support services income	技術支持服務收入	878	885
Interest income from life insurance policies	壽險保單利息收入	262	118
Written off of trade and other payables	撇銷貿易應付款項及其他應付款項	965	768
Others	其他	247	86
		2,680	2,171

6. 其他收入

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7. OTHER EXPENSES, GAINS AND LOSSES, NET

7. 其他費用、收益及虧損淨額

		2017 US\$'000 千美元	2016 US\$'000 千美元
Net foreign exchange gain (loss)	外匯收益(虧損)淨額	150	(2,337)
Allowance for doubtful debts	呆賬撥備	(2,975)	(14)
Loss on disposal of available-for-sale investments	出售可供出售投資的虧損	(2)	—
		(2,827)	(2,351)

8. PROFIT BEFORE TAX

8. 除稅前利潤

		2017 US\$'000 千美元	2016 US\$'000 千美元
Profit before tax has been arrived at after charging:	除稅前利潤已扣除以下各項：		
Directors' emoluments (note 9)	董事酬金(附註9)	615	583
Staff costs	員工成本		
Salaries and other allowances	薪金及其他津貼	4,960	4,590
Discretionary bonus	酌情花紅	2,138	2,705
Retirement benefit scheme contributions	退休福利計劃供款	997	785
Total staff costs	員工成本總額	8,710	8,663
Allowance for inventories recognised (included in cost of sales)	已確認存貨的撥備(計入銷售成本)	484	13
Auditor's remuneration	核數師酬金	230	165
Cost of inventories recognised as an expense	確認為費用的存貨成本	583,410	638,266
Depreciation of property, plant and equipment	物業、廠房及設備折舊	164	165
Minimum lease payments under operating leases in respect of office premises	辦公物業經營租賃下的最低租賃付款	1,161	900
Property, plant and equipment written off	撇銷物業、廠房及設備	59	—

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9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Companies Ordinance, is as follows:

9. 董事、主要行政人員及僱員酬金

董事

根據適用之上市規則及公司條例所披露董事及主要行政人員於本年度之酬金如下：

		Fees	Salaries and other allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
		袍金	薪金及其他津貼	酌情花紅	退休福利計劃供款	合計
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元
				(note a)		
				(附註a)		
Year ended 31 December 2017	截至2017年12月31日止年度					
Executive directors:	執行董事：					
Mr. Tian (note b)	田先生(附註b)	–	134	39	2	175
Mr. Wong Tsz Leung	黃梓良先生	–	92	39	2	133
Mr. Liu Hongbin	劉紅兵先生	–	97	39	2	138
Mr. Xie Yi	謝藝先生	–	46	13	2	61
Independent non-executive directors:	獨立非執行董事：					
Mr. Zheng Gang	鄭鋼先生	36	–	–	–	36
Mr. Tang Ming Je	湯明哲先生	36	–	–	–	36
Mr. Wong Hon Kit	黃漢傑先生	36	–	–	–	36
		108	369	130	8	615

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9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors (continued)

9. 董事、主要行政人員及僱員酬金 (續)

董事 (續)

		Fees	Salaries and other allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
		袍金	薪金及其他津貼	酌情花紅	退休福利計劃供款	合計
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元
				(note a)		
				(附註a)		
Year ended 31 December 2016 截至2016年12月31日止年度						
Executive directors: 執行董事：						
Mr. Tian (note b)	田先生(附註b)	–	135	26	2	163
Mr. Wong Tsz Leung	黃梓良先生	–	106	26	2	134
Mr. Liu Hongbin	劉紅兵先生	–	89	26	5	120
Mr. Xie Yi (note c)	謝藝先生(附註c)	–	46	36	3	85
Independent non-executive directors: 獨立非執行董事：						
Mr. Zheng Gang (note d)	鄭鋼先生(附註d)	27	–	–	–	27
Mr. Tang Ming Je (note d)	湯明哲先生(附註d)	27	–	–	–	27
Mr. Wong Hon Kit (note d)	黃漢傑先生(附註d)	27	–	–	–	27
		81	376	114	12	583

The executive directors' emoluments shown above were mainly for their services as directors and the chief executive in connection with the management of the affairs of the Group.

上述執行董事的酬金主要為彼等作為董事及主要行政人員就管理本集團事務而提供相關服務所獲得的酬金。

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

上述獨立非執行董事的酬金主要為彼等作為本公司董事而提供相關服務所獲得的酬金。

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9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors (continued)

Notes:

- (a) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.
- (b) Mr. Tian is also the chief executive of the Company and his emoluments disclosed above included those services rendered by him as the chief executive.
- (c) Mr. Xie Yi was appointed as the executive director of the Company on 16 March 2016.
- (d) Mr. Zheng Gang, Mr. Tang Ming Je and Mr. Wong Hon Kit were appointed as independent non-executive directors on 16 March 2016.

Employees

The five highest paid individuals of the Group during the year included three (2016: three) directors, details of their emoluments are set out above. The emoluments of the remaining two (2016: two) individuals are as follows:

		2017 US\$'000 千美元	2016 US\$'000 千美元
Salaries and other allowances	薪金及其他津貼	83	139
Discretionary bonus	酌情花紅	52	91
Retirement benefit scheme contributions	退休福利計劃供款	8	4
		143	234

Their emoluments were fell within the following bands:

		2017 US\$'000 千美元	2016 US\$'000 千美元
HK\$Nil to HK\$1,000,000 (equivalent to US\$Nil to US\$129,032)	0至1,000,000港元(相當於0至129,032美元)	2	2

9. 董事、主要行政人員及僱員酬金 (續)

董事(續)

附註：

- (a) 酌情花紅根據本集團內部有關人士的職務及責任以及本集團的業績而釐定。
- (b) 田先生為本公司的主要行政人員，上文所披露其酬金包含彼作為主要行政人員提供服務所獲得的酬金。
- (c) 謝藝先生於2016年3月16日獲委任為本公司執行董事。
- (d) 鄭鋼先生、湯明哲先生及黃漢傑先生於2016年3月16日獲委任為獨立非執行董事。

僱員

本集團於本年度的5名最高薪人士包括3名(2016年：3名)董事，彼等之酬金詳情載於上文。餘下2名(2016年：2名)人士的酬金如下：

彼等之酬金在下列範圍內：

		2017 US\$'000 千美元	2016 US\$'000 千美元
HK\$Nil to HK\$1,000,000 (equivalent to US\$Nil to US\$129,032)	0至1,000,000港元(相當於0至129,032美元)	2	2

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9. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees (continued)

During the year ended 31 December 2017, no (2016: Nil) emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the year (2016: Nil).

10. INCOME TAX EXPENSE

		2017 US\$'000 千美元	2016 US\$'000 千美元
Current tax:	即期稅項：		
HK Profits Tax	香港利得稅	1,271	2,375
PRC Enterprise Income Tax ("PRC EIT")	中國企業所得稅 (「中國企業所得稅」)	178	101
		1,449	2,476
Underprovision in prior year	過往年度撥備不足		
PRC EIT	中國企業所得稅	—	18
		1,449	2,494

The applicable tax rate of the subsidiaries in HK is 16.5% (2016: 16.5%).

Under the Law of the PRC on Enterprise Income tax (the "EIT Law") and Implementation Regulation of The EIT Law, the tax rate of entities established in the PRC is 25% (2016: 25%) during the year. As 深圳市芯智科技有限公司 ("SMC Technology SZ") has been accredited as a "High and New Technology Enterprise" by the relevant authorities in Shenzhen, it is entitled to a reduced tax rate of 15% (2016: 15%) for PRC EIT during the year. Accordingly, the PRC EIT is calculated at 15% (2016: 15%) on the assessable profit of SMC Technology SZ.

9. 董事、主要行政人員及僱員酬金 (續)

僱員 (續)

截至2017年12月31日止年度，本集團並無向本公司董事或5名最高薪人士(包括董事及僱員)支付任何酬金(2016年：無)，以作為鼓勵其加入本集團或於其加入本集團時的獎勵，或作為其離職的補償。概無董事放棄或同意放棄本年度的任何酬金(2016年：無)。

10. 所得稅費用

附屬公司在香港的適用稅率為16.5%(2016年：16.5%)。

根據《中華人民共和國企業所得稅法》(「企業所得稅法」)及企業所得稅法實施條例，在中國成立的實體於本年度的稅率為25%(2016年：25%)。深圳市芯智科技有限公司(「芯智科技深圳」)經深圳有關部門認證為「高新技術企業」，所以於本年度可享受15%(2016年：15%)的中國企業所得稅優惠稅率。因此，芯智科技深圳的應課稅利潤按15%(2016年：15%)的稅率計算中國企業所得稅。

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10. INCOME TAX EXPENSE (CONTINUED)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

		2017 US\$'000 千美元	2016 US\$'000 千美元
Profit before tax	除稅前利潤	11,375	11,921
Tax charge at HK Profits Tax Rate of 16.5% (note)	按16.5%的香港利得稅率計算的稅項支出(附註)	1,877	1,967
Tax effect of expenses not deductible for tax purpose	不可扣稅費用的稅務影響	52	614
Tax effect of income not taxable for tax purpose	毋須課稅收入的稅務影響	(296)	(22)
Underprovision in respect of prior year	過往年度撥備不足	—	18
Tax effect of tax losses not recognised	未確認的稅項虧損的稅務影響	76	30
Utilisation of tax losses previously not recognised	動用先前未確認的稅項虧損	(246)	(111)
Effect of different tax rates of subsidiaries operating in other jurisdictions	在其他司法權區經營的附屬公司適用不同稅率的影響	(10)	(8)
Others	其他	(4)	6
Tax charge for the year	年度稅項費用	1,449	2,494

Note: The HK Profits Tax Rate is used as it is the domestic tax in the jurisdiction where the operation of the Group is substantially based.

At 31 December 2017, the Group has unused tax losses of US\$2,723,000 (2016: US\$3,753,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams in the respective entities. Included in unrecognised tax losses are losses of US\$482,000 (2016: US\$181,000) that will expire from 2018 through 2022 (2016: from 2017 through 2021). Other losses may be carried forward indefinitely.

10. 所得稅費用(續)

本年度的稅項費用與綜合損益及其他全面收益表內的除稅前利潤對賬如下：

附註：由於本集團的絕大部分業務位於香港，故使用香港利得稅稅率為本地稅率。

於2017年12月31日，本集團可用作抵扣未來利潤的未動用稅項虧損為2,723,000美元(2016年：3,753,000美元)。由於難以預測各實體的日後利潤，所以並無確認遞延稅項資產。未確認的稅項虧損為482,000美元(2016年：181,000美元)，並將於2018年到2022年(2016年：2017年到2021年)到期。其他虧損可能無限期結轉。

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10. INCOME TAX EXPENSE (CONTINUED)

During the year ended 31 December 2015, the directors of the Company have identified certain errors in the statutory financial statements of a group entity incorporated in HK for the years ended 31 December 2012 and prior periods and for the year ended 31 December 2014, and consequently those statutory financial statements were restated and reissued. The Group then voluntarily submitted the revised tax computations of the relevant group entity to the IRD for the years of assessment 2012/2013 and 2014/2015 based on the revised assessable profits calculated based on the reissued statutory financial statements. The additional tax provision for the years ended 31 December 2012 and prior periods, and the year ended 31 December 2014 amounted to US\$770,000 and US\$834,000, respectively, was recognised in the consolidated financial statements in the respective years.

In addition to making additional tax provision for the relevant year as discussed above, the directors of the Company have also considered reasonably possible penalty that may be imposed by the IRD on the Group at each of the reporting date, if any, arising from omission or understatement of assessable profits for the years of assessment 2012/2013 and 2014/2015 by the relevant group entity. After seeking professional advice, the directors of the Company understand that the reasonably possible penalty, if any, is likely to be at the level of 30% of the amount of tax undercharged and HK\$10,000 (equivalent to US\$1,290) for each offense, that is, US\$231,000 and US\$250,000 for the years ended 31 December 2012 and 31 December 2014, respectively, and relevant provisions were made and included in administrative expenses in the profit or loss for the relevant years. The directors believe that adequate provision has been made against the potential penalty.

10. 所得稅費用(續)

於截至2015年12月31日止年度期間，本公司董事發現在香港註冊成立的一家集團實體於截至2012年12月31日止年度及以前期間以及截至2014年12月31日止年度法定財務報表中存在若干錯誤，隨後該等法定財務報表已經重述並重新刊發。本集團隨後根據基於該等重新刊發的法定財務報表計算的經修訂應課稅盈利自願向香港稅務局提交2012/2013及2014/2015課稅年度相關集團實體的經修訂稅項計算表。截至2012年12月31日止年度及以前期間以及截至2014年12月31日止年度的額外稅項撥備分別為770,000美元及834,000美元，已於各年度的綜合財務報表中確認。

除就上文所述的相關年度計提額外稅項撥備外，本公司董事亦合理考慮到香港稅務局於各報告日期可能就2012/2013及2014/2015課稅年度相關集團實體漏報或低報應課稅盈利事項而對本集團處以罰款(如有)。在徵詢專業意見後，本公司董事獲悉，合理的潛在罰款(如有)可能是少交稅款金額的30%及每次違規10,000港元(相當於1,290美元)，即截至2012年12月31日及2014年12月31日止年度分別為231,000美元及250,000美元。已經就此作出相關撥備並計入相關年度損益的行政費用內。董事相信本集團已就潛在罰款計提適當撥備。

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11. DIVIDENDS

		2017 US\$'000 千美元	2016 US\$'000 千美元
Dividends for ordinary shareholders of the Company recognised as distributions during the year:	年內確認為分派本公司普通股股東股息：		
2017 Interim – HK2 cents (2016: 2016 interim dividend of HK\$Nil) per share	2017中期－每股2港仙 (2016年：2016中期股息－每股零港元)	1,281	–
2016 Final – HK\$Nil (2016: 2015 final dividend of US\$150) per share	2016末期－每股零港元 (2016年：2015末期股息－每股150美元)	–	3,000

Subsequent to the end of the reporting period, the directors of the Company have determined that a final dividend in respect of the year ended 31 December 2017 of HK3 cents per share (2016: HK\$Nil) in an aggregate amount of HK\$15,000,000 (equivalent to US\$1,921,000) (2016: HK\$Nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

於報告期末後，本公司董事確認其已建議截至2017年12月31日止年度末期股息每股3港仙(2016年：零港元)，合共15,000,000港元(相當於1,921,000美元)(2016年：零港元)，須經股東於應屆股東大會批准後方可作實。

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company for the year is based on the following data:

12. 每股盈利

年內本公司擁有人應佔基本每股盈利乃按以下數據計算：

		2017 US\$'000 千美元	2016 US\$'000 千美元
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	就基本每股盈利而言本公司擁有人應佔年度利潤	9,947	9,279

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12. EARNINGS PER SHARE (CONTINUED)

12. 每股盈利(續)

		2017	2016
Number of ordinary shares	普通股數目		
Weighted average number of ordinary shares for the purpose of basic earnings per share	就基本每股盈利而言普通股的加權平均數	500,000,000	399,584,383

The number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 December 2016 has been adjusted for the effect of (i) the group reorganisation undertaken in 2015 and the capitalisation issue of shares of the Company in October 2016 that are deemed to have become effective since 1 January 2016; and (ii) the capital contributions by shareholders during the year ended 31 December 2016.

No diluted earnings per share are presented as there were no potential ordinary shares in issue for the years ended 31 December 2017 and 2016.

就計算截至2016年12月31日止年度的基本每股盈利而言，普通股的數目已就以下各項的影響作出調整(i)於2015年進行的集團重組及本公司股份於2016年10月的資本化發行(被視為已於2016年1月1日起生效)；及(ii)股東於截至2016年12月31日止年度的注資。

截至2017年及2016年12月31日止年度並無已發行潛在普通股，因此並無就該兩個年度呈列已攤薄每股盈利。

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13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Leasehold improvements 租賃物業裝修 US\$'000 千美元	Furniture and fixtures 傢俬及裝置 US\$'000 千美元	Motor vehicles 汽車 US\$'000 千美元	Total 總計 US\$'000 千美元
COST	成本				
At 1 January 2016	於2016年1月1日	84	742	772	1,598
Exchange alignment	匯兌調整	—	(28)	(18)	(46)
Additions	購置	31	91	12	134
Written off	撇銷	—	(9)	—	(9)
At 31 December 2016	於2016年12月31日	115	796	766	1,677
Exchange alignment	匯兌調整	—	29	15	44
Additions	購置	148	151	—	299
Written off	撇銷	(115)	(137)	(135)	(387)
At 31 December 2017	於2017年12月31日	148	839	646	1,633
DEPRECIATION	折舊				
At 1 January 2016	於2016年1月1日	29	470	621	1,120
Exchange alignment	匯兌調整	—	(12)	(16)	(28)
Provided for the year	年內撥備	21	84	60	165
Written off	撇銷	—	(9)	—	(9)
At 31 December 2016	於2016年12月31日	50	533	665	1,248
Exchange alignment	匯兌調整	—	13	13	26
Provided for the year	年內撥備	22	102	40	164
Written off	撇銷	(65)	(128)	(135)	(328)
At 31 December 2017	於2017年12月31日	7	520	583	1,110
CARRYING VALUES	賬面值				
At 31 December 2017	於2017年12月31日	141	319	63	523
At 31 December 2016	於2016年12月31日	65	263	101	429

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13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Leasehold improvements	5 years or over the lease term, whichever is shorter
Furniture and fixtures	5 years
Motor vehicles	5 years

13. 物業、廠房及設備(續)

物業、廠房及設備經計及其剩餘使用價值後按直線法在預期使用年內進行折舊，詳情如下：

租賃物業裝修	5年或按租期(以較短者為準)
傢俬及裝置	5年
汽車	5年

14. AVAILABLE-FOR-SALE INVESTMENTS

14. 可供出售投資

	2017 US\$'000 千美元	2016 US\$'000 千美元
Listed investments: 上市投資：		
– Debt securities listed in HK (note i) – 在香港上市的債務證券 (附註i)	557	1,277
Unlisted investments: 非上市投資：		
– Investment fund A (note ii) – 投資基金A(附註ii)	1,086	1,089
– Investment fund B (note iii) – 投資基金B(附註iii)	5,428	5,406
	7,071	7,772

Notes:

- (i) At 31 December 2017, the debt securities were listed in HK with fixed interest of 5.125% per annum and maturity date on 20 May 2019. At 31 December 2016, the debt securities also included a corporate bond listed in HK with fixed interest of 3.25% per annum and maturity date on 3 July 2017.
- (ii) The investment fund A represents unit trust investments which invest primarily in Asian bonds and other debt securities.
- (iii) The investment fund B represents unit trust investments which mainly invest Treasury Bonds and mortgage-backed securities in the United States.

At 31 December 2017 and 2016, all the available-for-sale investments of the Group have been pledged as security for the bank borrowings of the Group (note 21).

附註：

- (i) 於2017年12月31日，債務證券以固定利息每年5.125%於香港上市，到期日為2019年5月20日。於2016年12月31日，債務證券亦包括於香港上市之固定利息為每年3.25%及到期日為2017年7月3日的公司債券。
- (ii) 投資基金A為主要投資於亞洲債券及其他債務證券的單位信託投資。
- (iii) 投資基金B為主要投資於美國的國庫券及按揭證券的單位信託投資。

於2017年及2016年12月31日，本集團所有可供出售投資均已作為本集團銀行借款的擔保進行抵押(附註21)。

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15. INVENTORIES

15. 存貨

		2017 US\$'000 千美元	2016 US\$'000 千美元
Electronic components held for resale	持作轉售的電子元器件	32,858	32,231
Less: Allowance for inventories	減：存貨撥備	(788)	(323)
		32,070	31,908

The movements in the allowance for inventories are as follows:

存貨撥備變動載列如下：

		2017 US\$'000 千美元	2016 US\$'000 千美元
At beginning of year	年初	323	438
Allowance recognised in profit or loss	於損益中確認的撥備	484	13
Written off	撇銷	(19)	(128)
At end of year	年末	788	323

Cost of inventories recognised as an expense includes the above allowance recognised in profit or loss in respect of write-downs of inventories to net realisable value.

確認為費用的存貨成本包括以上與撇減存貨至可變現淨值有關的於損益中確認的撥備。

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16. TRADE AND BILLS RECEIVABLES

16. 貿易應收款項及應收票據

		2017 US\$'000 千美元	2016 US\$'000 千美元
Trade receivables	貿易應收款項	43,364	56,513
Less: Allowance for doubtful debts	減：呆賬撥備	(2,980)	(13)
Net	淨額	40,384	56,500
Bills receivables	應收票據	516	–
		40,900	56,500

The Group entered into factoring agreements with certain banks so as to obtain bank advances. As at 31 December 2017, trade receivables of US\$50,183,000 (2016: US\$36,428,000) had been transferred to the banks in accordance with the relevant non-recourse factoring agreements. Relevant trade receivables were derecognised as the directors of the Company are of the opinion that the substantial risks and rewards associated with the trade receivables have been transferred and therefore qualified for derecognition.

本集團與若干銀行訂立保理協議，以獲得銀行貸款。於2017年12月31日，50,183,000美元(2016年：36,428,000美元)的貿易應收款項已根據相關無追索權保理協議轉讓予銀行。由於本公司董事認為，與貿易應收款項相關的重大風險及回報已轉讓並因此符合終止確認資格，故相關貿易應收款項已予終止確認。

The Group allows credit period of 0 to 120 days (2016: 0 to 90 days) to its customers. The aged analysis of the Group's trade and bills receivables, net of allowance, based on invoice date at the end of each reporting period are as follows:

本集團向其客戶授出0至120天的信貸期(2016年：0至90天)。於各報告期末，本集團的貿易應收款項及應收票據(扣除撥備)按發票日期的賬齡分析如下：

		2017 US\$'000 千美元	2016 US\$'000 千美元
0 – 30 days	0-30天	22,649	19,029
31 – 60 days	31-60天	7,431	16,344
61 – 90 days	61-90天	5,187	10,971
91 – 120 days	91-120天	437	9,847
121 – 180 days	121-180天	15	205
Over 180 days	超過180天	5,181	104
		40,900	56,500

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16. TRADE AND BILLS RECEIVABLES (CONTINUED)

Included in the Group's trade and bills receivables are debtors with a carrying amount of US\$6,105,000 (2016: US\$15,383,000) at 31 December 2017, which are past due but not impaired at the end of the reporting period. As there has not been a significant change in credit quality and certain of these debts were subsequently settled, the amounts are still considered recoverable.

Overdue:	逾期：
1 – 30 days	1 – 30天
31 – 60 days	31 – 60天
Over 60 days	超過60天

16. 貿易應收款項及應收票據(續)

於2017年12月31日，本集團的貿易應收款項及應收票據包括於報告期末已逾期但未減值的應收款項及應收票據，其賬面值為6,105,000美元(2016年：15,383,000美元)。由於信貸質素並無重大變動且這些債項中部分金額隨後已經結清，所以這些款項被認為仍可收回。

	2017 US\$'000 千美元	2016 US\$'000 千美元
Overdue:		
1 – 30 days	804	11,717
31 – 60 days	120	3,129
Over 60 days	5,181	537
	6,105	15,383

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. The majority of the Group's trade and bills receivables that are past due but not impaired are from customers with good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

於接納任何新客戶前，本集團會評估潛在客戶的信貸質素，並為客戶界定信貸限額。經參考各自以往的結算記錄，本集團大多數逾期但未減值的貿易應收款項及應收票據均來自具有良好的信貸質素的客戶。本集團並未對這些款項持有任何抵押品。

In determining the recoverability of trade and bills receivables, the Group considers any change in the credit quality of the trade and bills receivables from the date credit was initially granted up to the end of the reporting period.

於釐定貿易應收款項及應收票據的可收回性時，本集團會考慮貿易應收款項及應收票據由最初授出信貸時至報告期末信貸質素的任何變化。

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16. TRADE AND BILLS RECEIVABLES (CONTINUED)

16. 貿易應收款項及應收票據(續)

Movement in the allowance for doubtful debts

呆賬撥備變動

		2017 US\$'000 千美元	2016 US\$'000 千美元
At beginning of year	年初	13	120
Impairment losses recognised in profit or loss	於損益內確認的減值虧損	2,975	14
Amount written off as uncollectible	無法收回的撇銷金額	(8)	(121)
At end of year	年末	2,980	13

As at 31 December 2017, included in allowance for doubtful debts are individually impaired trade receivables amounting to US\$2,975,000 (2016: US\$14,000). The management has reviewed the repayment history of these long overdue customers and in consideration of their deteriorating credit quality, no amount is expected to be settled subsequent to the end of the reporting period. Accordingly, full impairment was recognised.

於2017年12月31日，呆賬撥備中計入個別已減值貿易應收款項的金額為2,975,000美元(2016年：14,000美元)。管理層已審閱此類長期逾期還款客戶的以往還款記錄，考慮到彼等的信貸質素惡化，而於報告期末後預計並無任何款項獲結付，故已就此悉數確認減值。

Further, the management of the Group has determined that trade receivables amounting to US\$8,000 (2016: US\$121,000), which had been fully impaired, were written off during the year due to the settlement of disputes with customers.

此外，本集團管理層已確定，為數8,000美元(2016年：121,000美元)的貿易應收款項因解決與客戶的糾紛已全面減值並於年內撇銷。

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17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

17. 按金、預付款項及其他應收款項

		2017 US\$'000 千美元	2016 US\$'000 千美元
Deposits	按金	2,458	483
Payments for life insurance policies (note)	壽險保單付款(附註)	8,413	2,878
Prepayments	預付款項	167	212
Other receivables	其他應收款項	747	836
Value-added tax recoverable	可收回增值稅	804	1,178
		12,589	5,587
Analysed as:	分析為：		
Non-current	非流動	8,715	2,869
Current	流動	3,874	2,718
		12,589	5,587

Note:

In 2012 and 2014, the Group entered into life insurance policies with an insurance company to insure a director of the Company. Under these policies, the Group is the beneficiary and policy holder and the total insured sum is US\$10,000,000 in aggregate. The Group is required to pay a single premium totalling US\$2,640,000 at inception. The Group can, at any time, withdraw cash based on the account value of the policy ("Account Value") at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 15th policy year for the first policy and 1st to 18th policy year for the second policy, there is a specified amount of surrender charge deducted from Account Value. This insurance company will pay the Group a guaranteed interest for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2% to 3% per annum) during the effective period of the policies.

附註：

於2012年及2014年，本集團為本公司一名董事向一家保險公司購買壽險保單。根據該等保單，本集團為受益人及投保人，投保總額為10,000,000美元。投保時，本集團須支付整付保費合共2,640,000美元。本集團可根據保單的賬戶價值(「賬戶價值」)於退保日隨時提取現金，該賬戶價值根據支付的保費總額加所賺取的累計保證利息及扣除根據保單條款及條件所作出的任何收費釐定。倘於首份保單第一至第十五個保單年度及第二份保單第一至第十八個保單年度之間退保，則須從賬戶價值扣除特定金額的退保費用。該保險公司將於第一年向本集團支付保證利息及其後在保單有效期內的每年浮動回報(最低保證利率為每年2%至3%)。

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17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (CONTINUED)

Note: (continued)

During the year ended 31 December 2017, the Group entered into two additional life insurance policies with an insurance company to insure certain directors of the Company. Under these policies, the Group is the beneficiary and policy holder and the total insured sum is US\$15,000,000 in aggregate. The Group is required to pay a single premium totaling US\$5,388,000 at inception. The Group can, at any time, withdraw cash based on the Account Value at the date of withdrawal, which is determined by the gross premium paid plus accumulated guaranteed interest earned and minus any charges made in accordance with the terms and conditions of the policy. If withdrawal is made between the 1st to 18th policy year, there is a specified amount of surrender charge deducted from Account Value. This insurance company will pay the Group a guaranteed interest for the first year and a variable return per annum afterwards (with minimum guaranteed interest rate of 2% per annum) during the effective period of the policies.

At the inception date of the policies, the upfront payment paid by the Group included a fixed policy premium charge and a deposit. Monthly policy expense and insurance charges will be incurred over the insurance period with reference to the terms set out in the life insurance policy. The policy premium, expense and insurance charges are recognised in profit or loss over the expected life of the policies and the deposit placed is carried at amortised cost using the effective interest method. As represented by the directors of the Company, the Group will not terminate the policies nor withdraw cash prior to the relevant policy years and the expected life of the policies remained unchanged from the initial recognition.

At 31 December 2017 and 2016, all the life insurance policies of the Group have been pledged as security for the bank borrowings of the Group (note 21).

17. 按金、預付款項及其他應收款項 (續)

附註：(續)

截至2017年12月31日止年度，本集團為本公司若干董事向一家保險公司新購買兩項壽險保單。根據該等保單，本集團為受益人及投保人，投保總額為15,000,000美元。投保時，本集團須支付整付保費合共5,388,000美元。本集團可根據賬戶價值於退保日隨時提取現金，該賬戶價值根據支付的保費總額加所賺取的累計保證利息及扣除根據保單條款及條件所作出的任何收費釐定。倘於第一至第十八個保單年度之間退保，則須從賬戶價值扣除特定金額的退保費用。該保險公司將於第一年向本集團支付保證利息及其後在保單有效期內的每年浮動回報(最低保證利率為每年2%)。

於開始投保日期，本集團支付的首筆費用包括固定保單費用及按金。每月保單費用及保險費用將在投保期間參考壽險保單所載條款而產生。保費、開支及保險費用在保單預期年期內於損益確認，而存放按金則使用實際利率法按攤銷成本列賬。本公司董事表示，本集團不會於相關保單年度之前終止保單或提取現金，自初次確認以來保單預期年期維持不變。

於2017年及2016年12月31日，本集團所有壽險保單均已作為本集團銀行借款的擔保進行抵押(附註21)。

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18. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

The pledged bank deposits of the Group are pledged to banks for securing bank borrowings (note 21). The bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The pledged bank deposits/bank balances carry interest at market rates as follows:

		2017	2016
Range of interest rate per annum:	年利率範圍：		
Pledged bank deposits	已抵押銀行存款	0.01% – 2.1%	0.01% – 0.5%
Bank balances	銀行結餘	0.001% – 0.05%	0.001% – 0.05%

The carrying amounts of the Group's pledged bank deposits and bank balances and cash denominated in currencies other than functional currencies of the relevant group entities at each of the reporting date are as follows:

		2017 US\$'000 千美元	2016 US\$'000 千美元
HK\$	港元	1,296	717
Renminbi ("RMB")	人民幣(「人民幣」)	1,220	221

18. 已抵押銀行存款／銀行結餘及現金

為取得銀行借款，本集團的已抵押銀行存款抵押給銀行(附註21)。銀行結餘及現金包括本集團持有的現金及原到期日為三個月或以下的短期銀行存款。已抵押銀行存款／銀行結餘按如下市場利率計息：

於各報告日期，本集團以相關集團實體功能貨幣以外的貨幣計值的已抵押銀行存款和銀行結餘及現金的賬面值如下：

19. TRADE AND BILLS PAYABLES

		2017 US\$'000 千美元	2016 US\$'000 千美元
Trade payables	貿易應付款項	46,908	68,669
Bills payables	應付票據	441	–
		47,349	68,669

The credit period on trade purchases is 0 to 60 days (2016: 0 to 60 days).

19. 貿易應付款項及應付票據

貿易採購款的信貸期為0至60天(2016年：0至60天)。

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19. TRADE AND BILLS PAYABLES (CONTINUED)

At 31 December 2017, the bills payables are secured by the Group's (i) available-for-sale investments (note 14); (ii) life insurance policies (note 17); and (iii) pledged bank deposits (note 18).

Ageing analysis of the Group's trade and bills payables based on invoice date at the end of the reporting period is as follows:

19. 貿易應付款項及應付票據(續)

於2017年12月31日，應付票據通過以下方式擔保：(i)可供出售投資(附註14)；(ii)壽險保單(附註17)；及(iii)已抵押銀行存款(附註18)。

於各報告期末，根據發票日期計算的本集團貿易應付款項及應付票據賬齡分析如下：

		2017 US\$'000 千美元	2016 US\$'000 千美元
0 – 30 days	0-30天	36,461	43,531
31 – 60 days	31-60天	10,885	24,849
61 – 90 days	61-90天	1	120
Over 90 days	超過90天	2	169
		47,349	68,669

20. OTHER PAYABLES AND ACCRUED CHARGES

20. 其他應付款項及應計費用

		2017 US\$'000 千美元	2016 US\$'000 千美元
Accrued expenses	應計費用	9,623	10,594
Deposits received from customers	已收客戶按金	882	1,132
Other payables	其他應付款項	1,260	1,914
		11,765	13,640

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21. BANK BORROWINGS

The variable-rate bank borrowings are repayable as follows:

		2017 US\$'000 千美元	2016 US\$'000 千美元
Secured bank borrowings	有抵押銀行借貸	273	490
Secured import and export loans	有抵押進出口貸款	–	22,063
		273	22,553
Carrying amounts of repayable (according to scheduled repayable term):	(按原定還款期)償還的 借貸賬面值：		
– within one year	– 一年內	204	22,266
– in the second year	– 第二年	69	204
– in the third to fifth year	– 第三至第五年	–	83
		273	22,553
Carrying amounts that contain a repayable on demand clause (shown under current liabilities)	按要求償還的借款賬面值 (於流動負債項下列示)	273	22,553

The banking facilities contain various covenants which include the maintenance of certain financial ratios and restrictions on the maximum amounts due from a director and related companies. The directors of the Company have reviewed the covenants compliance and represented that they were not aware of any breach during both years.

At 31 December 2016 and 2017, the secured bank borrowings are secured by the Group's (i) available-for-sale investments (note 14), (ii) life insurance policies (note 17); and (iii) pledged bank deposits (note 18).

21. 銀行借貸

浮動利率銀行借貸的還款情況如下：

銀行融資載有若干契諾，包括維持一定的財務比率，並對應收一名董事及關聯公司款項的最高金額設有限制。本公司董事已審閱契諾遵守情況並表示就他們所知，兩個年度內並不存在違規情況。

於2016年及2017年12月31日，有抵押銀行借貸由本集團通過以下方式擔保(i)可供出售投資(附註14)；(ii)壽險保單(附註17)；及(iii)已抵押銀行存款(附註18)。

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21. BANK BORROWINGS (CONTINUED)

The effective interest rates (which are also equal to contracted interest rates) of the Group's bank borrowings are as follows:

		2017	2016
Interest rates per annum bank borrowings	銀行借貸年利率		
– variable rates	– 浮動利率	2.27% - 5.25%	3.23% - 5.25%

21. 銀行借貸(續)

本集團銀行借貸的實際利率(也等同於合同利率)載列如下：

22. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

22. 融資活動之負債對賬

下表詳列本集團融資活動之負債變動，包括現金及非現金變動。融資活動產生之負債乃指其現金流量或未來現金流量於本集團綜合現金流量表中分類為融資活動現金流量之負債。

		Dividend payable	Bank borrowings	Total liabilities from financing activities
		應付股息	銀行借貸	融資活動負債總額
		US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元
As at 1 January 2017	於2017年1月1日	–	22,553	22,553
Financing cash flows	融資現金流量	(1,281)	(25,514)	(26,795)
Non cash changes:	非現金變動：			
Dividend declared	已派利息	1,281	–	1,281
Interest expense recognised	已確認利息費用	–	3,234	3,234
As at 31 December 2017	於2017年12月31日	–	273	273

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23. SHARE CAPITAL

At 1 January 2016, the capital represented the aggregate share capital of Smart-Core International Company Limited ("SMC International HK"), Smart-Core Cloud Limited ("SMC Cloud HK") and the Company of HK\$10,000,000 (equivalent to US\$1,282,000), HK\$1,000,000 (equivalent to US\$128,000) and US\$0.1, respectively.

The share capital at 31 December 2016 and 2017 represents the issued share capital of the Company as detailed below.

23. 股本

於2016年1月1日，股本為芯智國際有限公司（「芯智國際香港」）的股本10,000,000港元（相當於1,282,000美元）、芯智雲有限公司（「芯智雲香港」）的股本1,000,000港元（相當於128,000美元）及本公司的股本0.1美元的總和。

於2016年及2017年12月31日，股本為本公司已發行股本，詳情載列如下。

		Number of shares 股份數目	Amount 金額 US\$'000 千美元
Ordinary shares of US\$0.00001 each	每股面值0.00001美元的普通股		
Authorised:	法定：		
At 1 January 2016, 31 December 2016 and 2017	於2016年1月1日、2016年及2017年12月31日	5,000,000,000	50
Issued and fully paid	已發行及繳足		
At 1 January 2016	於2016年1月1日	10,000	—
Issue of shares on 24 February 2016 (note a)	於2016年2月24日發行股份 (附註a)	10,000	—
Capitalisation issue (note b)	資本化發行 (附註b)	374,980,000	4
Issue of shares on 7 October 2016 (note c)	於2016年10月7日發行股份 (附註c)	125,000,000	1
At 31 December 2016 and 31 December 2017	於2016年12月31日及2017年12月31日	500,000,000	5

Notes:

- (a) On 24 February 2016, the Company allotted and issued additional 7,000 shares to Smart IC Limited and 3,000 shares to Insight Limited for a consideration of US\$14,359,834.30 and US\$6,154,214.70, respectively, which were fully paid in cash and a share premium of US\$20,514,000 was resulted accordingly.

附註：

- (a) 於2016年2月24日，本公司向Smart IC Limited及Insight Limited分別配發及發行額外7,000股及3,000股股份，代價分別為14,359,834.30美元及6,154,214.70美元，已用現金全部付清，產生股份溢價20,514,000美元。

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23. SHARE CAPITAL (CONTINUED)

Notes: (continued)

- (b) Pursuant to the written resolutions passed by the then shareholders of the Company on 19 September 2016, conditional upon the share premium account of the Company being credited as a result of the initial public offering and listing of the Company's shares on the Stock Exchange, the directors of the Company were authorised to capitalise the amount of US\$3,749.80 from the amount standing to the credit of the share premium account of the Company to pay up in full at par a total of 374,980,000 ordinary shares of US\$0.00001 each for allotment and issue to the shareholders as of 30 June 2016, on a pro rata basis.
- (c) On 7 October 2016, the Company issued 125,000,000 new shares at US\$0.00001 per share for a total gross proceeds of approximately US\$29,747,000 by way of initial public offering of the Company on the Stock Exchange.

The shares allotted and issued during the year ended 31 December 2016 ranked pari passu in all respects with the then existing shares of the Company.

23. 股本(續)

附註：(續)

- (b) 根據本公司當時股東於2016年9月19日通過的書面決議案，待本公司的股份溢價賬因首次公開發售及本公司股份於聯交所上市而產生進賬後，授權本公司董事將股份溢價賬內的進賬金額3,749.80美元撥充資本，並按面值繳足合共374,980,000股每股面值0.00001美元的普通股，以按比例向於2016年6月30日的股東配發及發行股份。
- (c) 於2016年10月7日，本公司透過本公司在聯交所首次公開發售的方式，發行125,000,000股每股面值0.00001美元的新股份，合共籌集所得款項總額約29,747,000美元。

於截至2016年12月31日止年度已配發及發行的股份與本公司當時現有股份在各方面享有同等權益。

24. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of each of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

		2017 US\$'000 千美元	2016 US\$'000 千美元
Within one year	一年內	984	790
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)	679	49
		1,663	839

The leases are generally negotiated for a lease term of two years (2016: two years) at fixed rentals.

24. 經營租賃承諾

本集團作為承租人

於各報告期末，本集團根據租賃物業的不可撤銷經營租約而尚未履行的未來最低租賃付款承擔的到期情況如下：

租約通常以兩年為期(2016年：兩年)，並以固定租金承租。

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25. RETIREMENT BENEFIT PLANS

Hong Kong

The Group operates a scheme under Mandatory Provident Fund Schemes (“**MPF Scheme**”) for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of a specified amount or 5% of relevant payroll costs monthly to the MPF Scheme, which contribution is matched by employees. The total contribution to MPF Scheme and charged to profit or loss amounted to US\$38,000 (2016: US\$23,000) for the year ended 31 December 2017.

The PRC

The employees of the Group’s subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The total amount provided by the Group to the scheme in the PRC and charged to profit or loss are US\$967,000 (2016: US\$774,000) for the year ended 31 December 2017.

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure. The Group’s overall strategy remained unchanged from prior year.

The capital structure of the Group consists of debts, which include bank borrowings, net of bank balances and cash and equity attributable to owners of the Company, comprising share capital and reserves.

25. 退休福利計劃

香港

本集團為香港合資格的僱員營辦強制性公積金計劃(「**強積金計劃**」)。強積金計劃項下的資產與本集團的資產分開持有，存放於受託人控制的基金。本集團以指定金額或以僱員工資成本的5%(兩者較低者)向強積金計劃供款，僱員也作出等額供款。截至2017年12月31日止年度，已計入損益的強積金計劃供款總額為38,000美元(2016年：23,000美元)。

中國

本集團於中國的附屬公司的僱員是中國相關地方政府機構所推行的國家資助退休福利計劃的成員。有關附屬公司須就退休福利計劃按其僱員工資成本的若干百分比供款，且無須就退休金的實際付款或退休後福利承擔年度供款以外的其他責任。截至2017年12月31日止年度，計入損益的向中國計劃撥備的款項總額為967,000美元(2016年：774,000美元)。

26. 資本風險管理

本集團管理其資本以確保本集團可持續經營，同時盡量提高權益持有人的回報及保持合適的資本結構。於上年相較，本集團的整體策略維持不變。

本集團的資本架構由債務(包括銀行借貸)扣除銀行結餘及現金以及本公司擁有人應佔權益(包括股本及儲備)組成。

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26. CAPITAL RISK MANAGEMENT (CONTINUED)

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends and new shares issues as well as the issue of new debts and redemption of existing debts.

26. 資本風險管理(續)

本集團管理層將持續對資本架構進行定期檢討，並考慮資本的成本及相關風險。本集團將透過派發股息、發行新股以及發行新債項及贖回現有債務平衡其整體資本架構。

27. FINANCIAL INSTRUMENTS

27a. Categories of financial instruments

		2017 US\$'000 千美元	2016 US\$'000 千美元
Financial assets	金融資產		
Loans and receivables (including bank balances and cash)	貸款及應收款項(包括銀行結餘及現金等值項目)	82,006	120,793
Available-for-sale investments	可供出售投資	7,071	7,772
Financial liabilities	金融負債		
Amortised cost	攤銷成本	49,548	94,219

27. 金融工具

27a. 金融工具類別

27b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and bills receivables, deposits and other receivables, pledged bank deposits, bank balances and cash, trade and bills payables, other payables and accrued charges and bank borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

27b. 金融風險管理目標及政策

本集團的主要金融工具包括可供出售投資、貿易應收款項及應收票據、按金及其他應收款項、已抵押銀行存款、銀行結餘及現金、貿易應付款項及應付票據、其他應付款項及應計費用及銀行借貸。該等金融工具詳情於各附註披露。與該等金融工具有關的風險及緩解該等風險的政策載列於下文。本公司董事管理及監控該等風險，以確保及時有效地實施適當的措施。

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27b. Financial risk management objectives and policies (continued)

Market risk

Currency risk

The group entities have foreign currency denominated monetary assets and monetary liabilities which expose the Group to foreign currency risk. The directors of the Company believe the Group does not have significant foreign exchange exposures and will consider the use of foreign exchange forward contracts to reduce the currency exposures in case the foreign exchange exposures become significant.

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

		Assets 資產		Liabilities 負債	
		2017 US\$'000 千美元	2016 US\$'000 千美元	2017 US\$'000 千美元	2016 US\$'000 千美元
HK\$	港元	1,296	717	—	—
RMB	人民幣	1,220	221	—	—

For the year ended 31 December 2017, the group entities, of which their functional currency are RMB had amount due from immediate holding company which are denominated in US\$. These intragroup balances are approximately US\$1,879,000 (2016: amount due to immediate holding company US\$29,909,000).

27. 金融工具(續)

27b. 金融風險管理目標及政策(續)

市場風險

貨幣風險

本集團實體擁有以外幣計值的貨幣資產及負債，所以本集團面臨外幣風險。本公司董事認為本集團沒有重大外匯風險，並將在出現重大外匯風險時，考慮使用外匯遠期合約降低貨幣風險。

各報告期末，本集團以外幣計值的貨幣資產及負債的賬面值如下：

截至2017年12月31日止年度，以人民幣為功能貨幣的集團實體擁有以美元計值的應收直接控股公司款項，該等集團內公司間的結餘約為1,879,000美元(2016年：應付直接控股公司款項29,909,000美元)。

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27. 金融工具(續)

27b. Financial risk management objectives and policies (continued)

27b. 金融風險管理目標及政策(續)

Market risk (continued)

市場風險(續)

Currency risk (continued)

貨幣風險(續)

Sensitivity analysis

敏感度分析

The following table details the Group's sensitivity to a 5% increase and decrease in US\$ against RMB. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items including the bank balances, variable-rate pledged bank deposits and intragroup balances and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A negative number below indicates a decrease in post-tax profit where US\$ weakens 5% against RMB. For a 5% strengthening of US\$ against the relevant currency, there would be an equal and opposite impact on the profit.

下表詳述本集團對於美元兌人民幣匯率上升及下降5%的敏感度。5%的敏感度為管理層對外匯匯率可能合理變動範圍的評估。敏感度分析僅包括以外幣計值的未清償貨幣項目，其中包括：銀行結餘、浮息已抵押銀行存款及集團公司間結餘，並於各報告期末就5%的外匯匯率變動調整其換算。下表中負值表示美元兌人民幣貶值5%時稅後利潤的減少。如果美元兌相關外幣升值5%，將對利潤產生相等但反向的影響。

	2017 US\$'000 千美元	2016 US\$'000 千美元
Profit for the year (note) 年度利潤(附註)	129	(1,239)

Note: This is mainly attributable to the exposure outstanding on bank balances, variable-rate pledged bank deposits and intra-group balances at the end of the reporting period.

附註：主要是各報告期末因銀行結餘、浮息已抵押存款以及集團內公司間結餘而面臨的風險。

The directors of the Company considered the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

本公司董事認為，由於各報告期末的風險並不能反映年內的風險，所以敏感度分析並不表示固有外匯風險。

For the exposure to the fluctuation in US\$ against HK\$, as HK\$ is pegged to US\$, the directors of the Company are of opinion that such exposure is insignificant and no sensitivity analysis is presented.

有關美元兌港元匯率波動風險，由於港元與美元掛鈎，本公司董事認為這一風險並不重大，所以並未進行敏感度分析。

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綜合財務報表附註

For the year ended 31 December 2017

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate available-for-sale investments.

The Group is exposed to cash flow interest rate risk in relation to payments for life insurance policies, bank balances, variable-rate pledged bank deposits and bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on payments for life insurance policies, bank balances and pledged bank deposits, and bank borrowings.

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate is mainly concentrated on the fluctuation of London Interbank Offered Rate and Hong Kong Interbank Offered Rate arising from the Group's bank borrowings. The Group currently does not have interest rate risk hedging policy. However, the directors of the Company closely monitor the exposure to future cash flow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

The sensitivity analyses below have been determined based on the exposure to interest rates for payments for life insurance policies, bank balances, variable-rate pledged bank deposits and bank borrowings for the year ended 31 December 2017. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents directors' assessment of the reasonably possible change in interest rates.

27. 金融工具(續)

27b. 金融風險管理目標及政策(續)

市場風險(續)

利率風險

本集團面臨有關定息可供出售投資的公平值利率風險。

本集團面臨有關壽險保單付款、銀行結餘、浮息已抵押存款及銀行借款等現金流量利率風險，而本集團的現金流量利率風險主要集中在壽險保單付款、銀行結餘、已抵押銀行存款及銀行借款的利率波動。

本集團面臨有關金融負債的利率風險詳情載於本附註流動資金風險管理一節。本集團現金流量利率風險主要集中在本集團銀行借款的倫敦銀行同業拆息及香港銀行同業拆息的波動。本集團目前並無任何利率風險對沖政策。然而，本公司董事將密切監視市場利率變動引致的未來現金流量利率風險並於必要時考慮對沖市場利率風險。

以下敏感度分析是根據壽險保單付款、銀行結餘、浮息已抵押存款及銀行借款於截至2017年12月31日止年度面臨的利率風險確定，並假設各報告期末未償還的金融工具於年內仍未償還而編製。向主要管理人員內部匯報利率風險時使用50個基點的浮息增減，代表董事對有關利率合理可能變動作出的評估。

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27. 金融工具(續)

27b. Financial risk management objectives and policies (continued)

27b. 金融風險管理目標及政策(續)

Market risk (continued)

市場風險(續)

Interest rate risk (continued)

利率風險(續)

	2017 US\$'000 千美元	2016 US\$'000 千美元
Increase in profit for the year 年度利潤增加	149	211

If interest rates had been 50 basis point higher/lower and all other variables were held constant, the Group's other comprehensive income for the year ended 31 December 2017 would decrease/increase by US\$3,000 (2016: US\$6,000) mainly as a result of the changes in the fair value of debt securities included in available-for-sale investments.

如果利率上升／下降50個基點，而所有其他變量保持不變，本集團於截至2017年12月31日止年度的其他全面收入將減少／增加3,000美元(2016年：6,000美元)，主要由於可供出售投資中債務證券的公平值變動。

The directors of the Company considered the sensitivity analysis is unrepresentative of the interest rate risk as the exposure at the end of the reporting period does not reflect the exposure during the year ended 31 December 2017.

本公司董事認為，各報告期末的風險並不能反映有關期間內的風險，所以敏感度分析不能代表截至2017年12月31日止年度之利率風險。

Other price risk

其他價格風險

The Group is exposed to price risk through its available-for-sale investments. The directors of the Company manage this exposure by maintaining a portfolio of investments with different risks.

本集團從事可供出售投資而面臨價格風險。本公司董事通過不同風險等級的投資組合來應對該等風險。

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27b. Financial risk management objectives and policies (continued)

Market risk (continued)

Other price risk (continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to price risks at the reporting date.

If the prices of the respective available-for-sale investments had been 5% (2016: 5%) higher/lower, other comprehensive income for the year ended 31 December 2017 would increase/decrease by US\$354,000 (2016: US\$389,000) as a result of the changes in fair value of available-for-sale investments.

In the opinion of directors of the Company, the sensitivity analysis is not representative of the Group's price risk as it only reflects the impact of price changes to available-for-sale investments held at the end of the year but not the exposure during the year.

Credit risk

As at 31 December 2017, 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 provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

The Group is exposed to concentration of credit risk at 31 December 2017 on trade receivables from the Group's top five major customers amounting to US\$25,073,000 (2016: US\$35,004,000) and accounted for 62% (2016: 62%) of the Group's total trade receivables. The major customers of the Group are mainly leading brand-name consumer electronic product manufacturing companies in the PRC and electronic product trading company in HK.

27. 金融工具(續)

27b. 金融風險管理目標及政策(續)

市場風險(續)

其他價格風險(續)

敏感度分析

下文所載敏感度分析乃基於報告日期所面臨的價格風險而作出。

截至2017年12月31日止年度，倘各可供出售投資的價格分別上漲／下跌5%（2016年：5%），則可供出售投資的公平值變動將導致其他全面收入分別增加／減少354,000美元（2016年：389,000美元）。

本公司董事認為，敏感度分析僅反映價格變動對年末持有的可供出售投資的影響，而非年內面臨的風險，所以敏感度分析不能代表本集團的價格風險。

信貸風險

於2017年12月31日，本集團面臨的最大信貸風險是由綜合財務狀況表所列的有關已確認金融資產的賬面值所致，如果交易對方未能履行責任（本集團已就此作出撥備），將導致本集團產生財務虧損。

本集團的信貸風險集中，於2017年12月31日，本集團應收五大客戶的貿易應收款項為25,073,000美元（2016年：35,004,000美元），佔本集團貿易應收款項總額的62%（2016年：62%）。本集團的主要客戶主要為中國領先品牌的消費類電子產品製造公司及香港電子產品貿易公司。

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綜合財務報表附註

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27b. Financial risk management objectives and policies (continued)

Credit risk (continued)

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the directors of the Company review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate 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 on payments for life insurance policies to an insurance company. The directors of the Company consider the counterparty is financial institution with good reputation and the Group considers that the credit risk is insignificant.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents as well as undrawn banking facilities deemed adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The directors of the Company monitors the utilisation of bank borrowing.

The following table details the Group's remaining contractual maturity for its financial liabilities which has been drawn up based on the 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. To the extent that interest flows are variable rates, the undiscounted amount is derived from weighted average interest rate at the end of the reporting period.

27. 金融工具(續)

27b. 金融風險管理目標及政策(續)

信貸風險(續)

為盡量降低信貸風險，本公司董事已指派一個團隊負責釐定信貸限額、信貸批核及其他監控程序，確保採取跟進行動以收回過期貸款。此外，本公司董事會在報告期末檢討各項貿易債項的可收回金額，確保已就無法收回的金額計提足夠的減值虧損。就此而言，本集團管理層認為本集團的信貸風險已大幅減少。

本集團向保險公司支付壽險保單費用的信貸風險集中。本公司董事認為交易對方為聲譽良好的金融機構，因此本集團所面臨的信貸風險不大。

由於交易對方都是經國際信貸評級機構授出較高信貸評級的銀行，所以本集團面臨的流動資金信貸風險有限。

流動資金風險

管理流動資金風險時，本集團監察並維持本公司董事認為充裕水平的現金、現金等價物及尚未動用銀行融資，為本集團的營運提供資金及減輕現金流量波動的影響。本公司董事監察銀行借款的使用情況。

下表詳述本集團金融負債的剩餘合約期限，是基於本集團可能須償還的最早日期的金融負債的未貼現現金流量編製，當中包括利息及本金現金流量。如果利息流以浮息計算，則未貼現金額按報告期末的加權平均利率釐定。

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27. 金融工具(續)

27b. Financial risk management objectives and policies (continued)

27b. 金融風險管理目標及政策(續)

Liquidity risk (continued)

流動資金風險(續)

		Weighted average effective interest rate	Repayable on demand or less than 3 months 須按要求或 三個月以內 償還	Total undiscounted cash flows 未貼現 現金流量 總額	Carrying amount 賬面值
		%	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 31 December 2017	於2017年12月31日				
Trade and bills payables	貿易應付款項及 應付票據	–	47,349	47,349	47,349
Other payables and accrued charges	其他應付款項及 應計費用	–	1,926	1,926	1,926
Bank borrowings – variable rates	銀行借款－浮動利率	2.8	273	273	273
			49,548	49,548	49,548
		Weighted average effective interest rate	Repayable on demand or less than 3 months 須按要求或 三個月以內 償還	Total undiscounted cash flows 未貼現 現金流量 總額	Carrying amount 賬面值
		%	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
		%	千美元	千美元	千美元
At 31 December 2016	於2016年12月31日				
Trade payables	貿易應付款項	–	68,669	68,669	68,669
Other payables and accrued charges	其他應付款項及 應計費用	–	2,997	2,997	2,997
Bank borrowings – variable rates	銀行借貸－浮動利率	4.0	22,553	22,553	22,553
			94,219	94,219	94,219

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27. 金融工具(續)

27b. Financial risk management objectives and policies (continued)

27b. 金融風險管理目標及政策(續)

Liquidity risk (continued)

流動資金風險(續)

Bank borrowings with a repayment on demand clause is included in the “repayable on demand or less than 3 months” time band in the above maturity analysis. At 31 December 2017, the aggregate carrying amount of these bank borrowings amounted to approximately US\$273,000 (2016: US\$22,553,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the bank will exercise their discretionary right to demand immediate repayment. The directors of the Company believe that such bank borrowings of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the bank borrowing agreements.

在上表期限分析中，須按要求償還的銀行借貸計入「須按要求或三個月以內償還」時間段內。於2017年12月31日，這些銀行借貸的賬面總值約為273,000美元(2016年：22,553,000美元)。考慮到本集團的財務狀況，本公司董事認為銀行不大可能酌情要求即時還款。本公司董事認為，本集團的這些銀行借款將按照銀行借貸協議所載的預定還款日期在報告期結束後償還。

For the purpose of managing liquidity risk, the directors of the Company review the expected cash flows information of the Group’s bank borrowings based on the scheduled repayment dates set out in the bank borrowing agreements as set out in the table below:

為管理流動資金風險，本公司董事已審閱本集團銀行借貸的預期現金流量資料，這些資料基於銀行借貸協議所載的預定還款日期而編製，載列如下：

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1 to 2 years	3 to 5 years	Total undiscounted cash flows	Carrying amount
	加權平均實際利率	少於3個月	3個月至1年	1至2年	3至5年	未貼現現金流量總額	賬面值
	%	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	%	千美元	千美元	千美元	千美元	千美元	千美元
Bank borrowings	銀行借款						
At 31 December 2017	於2017年12月31日	2.8	52	157	71	-	280
At 31 December 2016	於2016年12月31日	4.0	22,289	155	207	84	22,735

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27. FINANCIAL INSTRUMENTS (CONTINUED)

27. 金融工具(續)

27c. Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximates their fair values at the end of each reporting period.

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value measurement of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets 金融資產	Fair value at 公平值於		Fair value hierarchy 公平值層級	Valuation technique(s) and key input(s) 估值方法及關鍵輸入數據
	31 December 2017 2017年12月31日	31 December 2016 2016年12月31日		
1 Listed available-for-sale investments (note 14) 上市可供出售投資(附註14)	Listed debt securities in HK:US\$557,000 在香港上市的債務證券： 557,000美元	Listed debt securities in HK:US\$1,277,000 在香港上市的債務證券： 1,277,000美元	Level 1 第一級	Quoted bid price in active market 活躍市場報價
2 Unlisted available-for-sale investments (note 14) 非上市可供出售投資(附註14)	Unit trust funds US\$6,514,000 單位信託基金 6,514,000美元	Unit trust funds US\$6,495,000 單位信託基金 6,495,000美元	Level 2 第二級	Based on the net asset values of the funds, determined with reference to the observable (quoted) prices of underlying investment portfolio and adjustments of related expenses 基於基金的資產淨值，參考相關投資組合的可觀察(報價)價格及有關費用調整後確定

There were no transfers between Level 1 and 2 during both years.

本公司董事認為，報告期末按攤銷成本計入綜合財務報表的金融資產及金融負債的賬面值與其公平值相若。

本附註載列有關本集團釐定各類金融資產和金融負債的公平值的資料。

經常以公平值計量的本集團金融資產的公平值的計量

本集團部分金融資產按報告期末的公平值計量。下表載列釐定這些金融資產的公平值的資料(尤其是估值方法以及所使用的輸入數據)。

於該兩個年度，第一級與第二級之間並無任何轉撥。

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28. RELATED PARTY DISCLOSURES

(i) Transactions

The Group had the following transactions with a related party during the year:

Name of related parties 關聯方名稱	Nature of transaction 交易性質	2017 US\$'000 千美元	2016 US\$'000 千美元
Smart-Core Technology Co., Limited (note) 芯智股份有限公司(附註)	Sales of goods 商品銷售	367	178

Note: Mr. Tian is a shareholder of the related company.

(ii) Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management was as follows:

		2017 US\$'000 千美元	2016 US\$'000 千美元
Short term benefits	短期福利	634	638
Post-employment benefits	離職後福利	16	13
		650	651

The remuneration of key management personnel is determined by the management of the Company having regard to the performance of individuals and market trends.

28. 關聯方披露

(i) 交易

本集團在年內與關聯方的交易如下：

附註：田先生為關聯公司股東。

(ii) 主要管理人員薪酬

本公司董事及其他主要管理層成員的酬金如下：

主要管理人員的酬金由本公司管理層根據個人績效和市場趨勢釐定。

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29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is set out below:

29. 本公司財務狀況表及儲備

有關本公司於報告期末之財務狀況表之資料載列如下：

		2017 US\$'000 千美元	2016 US\$'000 千美元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於附屬公司之投資	20,515	20,514
Amount due from a subsidiary	應收一間附屬公司之款項	20,000	20,000
		40,515	40,514
CURRENT ASSETS	流動資產		
Prepayments	預付款項	9	29
Amount due from a subsidiary	應收一間附屬公司之款項	2,748	4,323
Bank balances	銀行結餘	–	1
		2,757	4,353
CURRENT LIABILITIES	流動負債		
Other payables and accrued charges	其他應付款項及應計費用	161	852
Amount due to a subsidiary	應付一間附屬公司款項	253	–
		414	852
NET CURRENT ASSETS	流動資產淨值	2,343	3,501
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS	總資產減流動負債及淨資產	42,858	44,015
CAPITAL AND RESERVES	資本及儲備		
Share capital (note 23)	股本(附註23)	5	5
Reserves	儲備	42,853	44,010
		42,858	44,015

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29. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Details of movement in reserves of the Company are as below:

29. 本公司財務狀況表及儲備(續)

本公司儲備之變動詳情如下：

		Share premium 股份溢價 US\$'000 千美元	Accumulated losses 累計虧損 US\$'000 千美元	Total 總計 US\$'000 千美元
At 1 January 2016	於2016年1月1日	–	(1,157)	(1,157)
Profit and total comprehensive income for the year	年內利潤及全面收入總額	–	282	282
Issue of new shares on 24 February 2016 (note 23)	於2016年2月24日發行新股份(附註23)	50,260	–	50,260
Capitalisation issue of shares (note 23)	資本化發行股份(附註23)	(4)	–	(4)
Transaction cost attributable to issue of new shares	歸屬於發行新股份的交易成本	(2,371)	–	(2,371)
Dividend recognised as distribution	確認為分派的股息	(3,000)	–	(3,000)
At 31 December 2016	於2016年12月31日	44,885	(875)	44,010
Profit and total comprehensive income for the year	年內利潤及全面收入總額	–	124	124
Dividend recognised as distribution	確認為分派的股息	(1,281)	–	(1,281)
At 31 December 2017	於2017年12月31日	43,604	(751)	42,853

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30. PARTICULAR OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2017 and 2016 are as follows:

30. 附屬公司詳情

本公司於2017年及2016年12月31日之附屬公司詳情載列如下：

Name of subsidiary 附屬公司名稱	Place and date of incorporation/ establishment and operations 註冊成立、成立 及經營地點及 註冊成立日期	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊資本	Equity interest and voting power attributable to the Group 本集團應佔股本權益及投票權				Principal activities 主要業務
			Directly 直接	2016	Indirectly 間接	2016	
SMC International HK 芯智國際香港	HK 26 April 2005 香港 2005年4月26日	Ordinary shares HK\$10,000,000 普通股 10,000,000港元	100%	100%	—	—	Trading of electronic components 電子元器件貿易
SMC Cloud HK 芯智雲香港	HK 16 June 2014 香港 2014年6月16日	Ordinary shares HK\$1,000,000 普通股 1,000,000港元	100%	100%	—	—	Trading of electronic components 電子元器件貿易
Smart-Core Development Company Limited 芯智發展有限公司	HK 26 May 2017 香港 2017年5月26日	Ordinary shares HK\$1 普通股 1港元	100%	—	—	—	Inactive 不活躍
Smart-Core Link Limited 芯聯有限公司	HK 29 March 2017 香港 2017年3月29日	Ordinary shares HK\$1 普通股 1港元	100%	—	—	—	Inactive 不活躍
IC Cloud Limited 芯雲有限公司	HK 6 July 2015 香港 2015年7月6日	Ordinary shares HK\$10,000 普通股 10,000港元	100%	—	—	—	Inactive 不活躍
SMC Technology SZ (note a) 芯智科技深圳(附註a)	The PRC 6 February 2005 中國 2005年2月6日	Registered capital RMB8,500,000 註冊資本 人民幣8,500,000元	—	—	100%	100%	Trading of electronic components 電子元器件貿易
Shenzhen Smart-Core Cloud Technology Co., Limited (note a) 深圳市芯智雲信息技術有限公司 (附註a)	The PRC 4 December 2015 中國 2015年12月4日	Registered capital RMB8,500,000 註冊資本 人民幣8,500,000元	—	—	100%	100%	Trading of electronic components 電子元器件貿易
Corelink (Xiamen) Technology Company Limited ("Corelink") (note b) 芯聯(廈門)科技有限公司 (附註b)	The PRC 10 May 2017 中國 2017年5月10日	Registered capital RMB1,000,000 註冊資本 人民幣1,000,000元	—	—	75%	—	Provision of technical value-added services 提供技術增值服務

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30. PARTICULAR OF SUBSIDIARIES (CONTINUED)

Notes:

- (a) The companies are registered in the form of wholly owned foreign enterprises.
- (b) No summarised financial information of Corelink is presented as the non-controlling interests are not material to the Group.

None of the subsidiaries had issued any debt securities at the end of the reporting period.

31. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share Award Scheme

The Company's share award scheme (the "**Share Award Scheme**") was adopted pursuant to the written resolutions of all shareholders of the Company passed on 19 September 2016 ("**Date of Adoption**") for the primary purpose of rewarding the directors, senior managers and employees ("**Eligible Persons**") of the Group for their hard work, contribution and loyalty and align their interest with those of shareholders of the Company.

An award granted by the Board of Directors ("**the Board**") of the Company to the Eligible Persons is a right of the relevant participant to receive either shares of the Company or the payment of the actual selling price in cash at which the shares under the award are sold, net of relevant selling costs, upon the vesting of such award. Each award may be subject to such other conditions as may be imposed by the Board at its absolute discretion, including without limitation, a vesting period. Share award must be taken up within 7 days of the grant upon payment of HK\$1 per award. The total number of shares in respect of which shares may be granted under the Share Award Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time. The number of shares award which may be granted to any individual but unvested under the Share Award Scheme shall not exceed 1% of the total number of shares of the Company in issue at any point in time.

30. 附屬公司詳情(續)

附註：

- (a) 該等公司乃以外商獨資企業之形式註冊成立。
- (b) 由於有關非控股權益對本集團而言並不重大，故並無呈列芯聯廈門的財務資料概要。

於報告期末概無附屬公司發行任何債務證券。

31. 以股份為基礎付款交易

(a) 股份獎勵計劃

本公司之股份獎勵計劃(「**股份獎勵計劃**」)乃根據本公司全體股東於2016年9月19日(「**採納日期**」)通過之書面決議案採納，主要目的為獎勵本集團董事、高級管理層及僱員(「**合資格人士**」)的辛勞、貢獻及忠誠，並使彼等之利益與本公司股東一致。

本公司董事會(「**董事會**」)向合資格人士授出之獎勵為相關參與者於相關獎勵歸屬後收取本公司股份或出售獎勵項下之股份之實際售價之現金付款(扣減相關出售成本)之權利。各項獎勵可能受董事會酌情施加的其他條件規限，包括但不限於歸屬期間。股份獎勵須授出後於7日內接納，並就每份獎勵支付1港元。根據股份獎勵計劃可授出的股份總數不可超過本公司於任何時間已發行股份的10%。根據股份獎勵計劃可授予任何個人但未歸屬的股份獎勵數目不應超過本公司於任何時間已發行股份的1%。

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31. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(a) Share Award Scheme (continued)

Subject to any early termination as may be determined by the board of directors pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Date of Adoption, after which period no further awards will be granted but the provisions of the Share Award Scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any awards granted prior to the expiration of the Share Award Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Award Scheme. No awards have been granted since the adoption of the Share Award Scheme to 31 December 2017.

(b) Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a written resolutions of all shareholders of the Company passed on 19 September 2016 for the primary purpose of providing incentives and awards to an employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company for their contribution to the Group and to align their interests with that of the Company ("**ESOS Eligible Person(s)**") so as to encourage them to work towards enhancing the value of the Company.

The Board may, at its absolute discretion, offer to grant an option (the "**Options**") to subscribe for such number of shares in the Company at a price determined by the Board, but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares of the Company on the date of grant of the option.

31. 以股份為基礎付款交易(續)

(a) 股份獎勵計劃(續)

在董事根據股份獎勵計劃之規則可釐定任何提前終止的前提下，股份獎勵計劃應於採納日期起10年期間內有效及生效，於該期間後將不進一步授出獎勵，而股份獎勵計劃之條文應保持十足效力及生效，惟以使於股份獎勵計劃屆滿前授出之任何獎勵之歸屬生效為限，或以根據股份獎勵計劃條文所規定者為準。自採納股份獎勵計劃起至2017年12月31日並無授出獎勵。

(b) 購股權計劃

本公司之購股權計劃(「**購股權計劃**」)乃根據本公司全體股東於2016年9月19日通過之書面決議案採納，主要目的乃為獎勵本集團之成員公司或本公司之聯營公司之僱員(不論全職或兼職)或董事對本集團貢獻，並使彼等之利益於本公司一致(「**購股權計劃合資格人士**」)，以鼓勵彼等為提升本公司之價值而努力。

董事會可酌情提呈授出購股權(「**購股權**」)認購本公司有關數目之股份，價格由董事會釐定，惟應不低於以下最高者：(i)於授出要約當日(須為交易日)於聯交所每日報價表所載之本公司股份收市價；(ii)本公司股份於緊接授出要約當日前五個交易日於聯交所每日報價表所報之平均收市價；及(iii)於授出購股權當日本公司股份之面值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2017

截至2017年12月31日止年度

31. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(b) Share Option Scheme (continued)

The Share Option Scheme shall be valid and effective for a period of ten years commencing on 7 October 2016 ("Listing date"). Options granted must be taken up not later than 30 days after the date of grant. A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. The total number of shares in respect of which shares may be granted under the Share Award Scheme is not permitted to exceed 10% of the shares of the Company as at the Listing Date, without prior approval from the shareholders of the Company. No options shall be granted to any participant under the Share Option Scheme in excess of 1% of the total number of shares of the Company in issue at such date, without prior approval from the shareholders of the Company. At any time, the maximum number of shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any other schemes of the Company to ESOS Eligible Persons must not exceed 30% of the total number of shares of the Company from time to time.

The exercisable period of an option, which shall not exceed 10 years from the Listing Date, is determined by the Board at their discretion.

No options have been granted since the adoption of Share Option Scheme to 31 December 2017.

31. 以股份為基礎付款交易(續)

(b) 購股權計劃(續)

購股權計劃應於自2016年10月7日(「上市日期」)起計的十年期間有效及生效。授出之購股權須於授出日期後不多於30日獲接納。於接納授出購股權之要約時須支付1港元之代價。未經本公司股東事先批准，股份獎勵計劃項下可能授出之股份總數不得超過本公司於上市日期股份之10%。未經本公司股東事先批准，根據購股權計劃授予任何參與者之購股權將不超過本公司於有關日期已發行股份總數的1%。於任何時候，根據本公司購股權計劃及任何其他計劃向購股權計劃合資格人士授出所有發行在外而尚未行使的購股權獲行使時可予發行的最高股份數目均不得超過本公司不時已發行股份總數的30%。

購股權之行使期間乃由董事全權釐定，惟不超過自上市日期起計10年。

自購股權計劃獲採納起至2017年12月31日並無授出購股權。

Five-Year Financial Summary

五年財務摘要

RESULTS

業績

		Year ended 31 December 截至12月31日止年度				
		2017 USD'000 千美元	2016 USD'000 千美元	2015 USD'000 千美元	2014 USD'000 千美元	2013 USD'000 千美元
Revenue	收入	613,483	669,896	485,371	398,516	282,552
Profit before tax	除稅前利潤	11,375	11,921	9,042	9,089	508
Income tax expense	所得稅費用	(1,449)	(2,494)	(2,140)	(1,707)	(378)
Profit for the year	年度利潤	9,926	9,427	6,902	7,382	130
Attributable to :	以下人士應佔：					
Owners of the Company	本公司擁有人	9,947	9,279	6,096	6,644	117
Non-controlling interests	非控股權益	(21)	148	806	738	13
		9,926	9,427	6,902	7,382	130

ASSETS AND LIABILITIES

資產及負債

		As at 31 December 於12月31日				
		2017 USD'000 千美元	2016 USD'000 千美元	2015 USD'000 千美元	2014 USD'000 千美元	2013 USD'000 千美元
Total assets	總資產	125,120	162,515	125,358	73,492	55,108
Total liabilities	總負債	(59,387)	(105,675)	(102,127)	(52,911)	(42,088)
Total equity	權益總額	65,733	56,840	23,231	20,581	13,020
Attributable to :	以下人士應佔：					
Owners of the Company	本公司擁有人	65,717	56,840	20,792	18,523	11,718
Non-controlling interests	非控股權益	16	—	2,439	2,058	1,302
		65,733	56,840	23,231	20,581	13,020

Note: The results for the four years ended 31 December 2016 have been prepared on a combined basis to indicate the results of the Group as if the group structure, at the time when the Company's shares were listed on the Stock Exchange, had been in existence throughout the years concerned. The figures for the three years ended 31 December 2015 have been extracted from the Company's prospectus dated 27 September 2016.

附註：截至2016年12月31日止四個年度的業績按合併基準編製以反映本集團的業績，並假設於本公司股份在聯交所上市時本集團的架構在相關年度一直存在。截至2015年12月31日止三個年度之數字乃摘錄自本公司日期為2016年9月27日的招股章程。

SMART-CORE HOLDINGS LIMITED
芯智控股有限公司

Stock Code 股份代號：2166