



**CEC**

**华大科技**

HUADA TECHNOLOGY

# China Electronics

Huada Technology Company Limited

中國電子華大科技有限公司

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

*(於開曼群島註冊成立及於百慕達繼續經營之有限公司)*

*(Stock Code 股份代號: 00085)*

ANNUAL REPORT

年報

**2018**

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## Corporate Information

### 公司資料

#### BOARD OF DIRECTORS

##### Non-executive Directors

Dong Haoran (*Chairman*)  
Liu Jinmei

##### Executive Directors

Yu Jian (*Deputy Chairman*)  
Liu Hongzhou (*Managing Director*)

##### Independent Non-executive Directors

Chan Kay Cheung  
Qiu Hongsheng  
Chow Chan Lum

#### AUDIT COMMITTEE

Chan Kay Cheung (*Chairman*)  
Qiu Hongsheng  
Chow Chan Lum

#### REMUNERATION AND NOMINATION COMMITTEE

Qiu Hongsheng (*Chairman*)  
Chan Kay Cheung  
Chow Chan Lum  
Yu Jian

#### COMPANY SECRETARY

Ng Kui Kwan

#### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

#### PRINCIPAL OFFICE IN HONG KONG

Room 3403, 34th Floor  
China Resources Building  
26 Harbour Road  
Wanchai  
Hong Kong

#### 董事會

##### 非執行董事

董浩然 (*主席*)  
劉勁梅

##### 執行董事

虞儉 (*副主席*)  
劉紅洲 (*董事總經理*)

##### 獨立非執行董事

陳棋昌  
邱洪生  
鄒燦林

#### 審核委員會

陳棋昌 (*主席*)  
邱洪生  
鄒燦林

#### 薪酬及提名委員會

邱洪生 (*主席*)  
陳棋昌  
鄒燦林  
虞儉

#### 公司秘書

伍舉鈞

#### 註冊辦事處

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

#### 香港主要辦事處

香港  
灣仔  
港灣道26號  
華潤大廈  
34樓3403室

## Corporate Information 公司資料

### INVESTOR RELATIONS

Telephone: (852) 2598 9088  
Facsimile: (852) 2598 9018  
Website: www.cecht.com.cn  
Email: investor@cecht.com.hk

### STOCK CODE

00085

### PRINCIPAL BANKERS

Agricultural Bank of China Limited Hong Kong Branch  
Bank of Beijing Co., Ltd  
Bank of China (Hong Kong) Limited  
China Construction Bank Corporation  
China Merchants Bank Co., Ltd  
Shanghai Pudong Development Bank Co., Ltd

### PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM 08  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### INDEPENDENT AUDITOR

Ernst & Young

### LEGAL ADVISOR

Freshfields Bruckhaus Deringer

### 投資者關係聯絡

電話：(852) 2598 9088  
傳真：(852) 2598 9018  
網頁：www.cecht.com.cn  
電郵：investor@cecht.com.hk

### 股份代號

00085

### 主要往來銀行

中國農業銀行股份有限公司香港分行  
北京銀行股份有限公司  
中國銀行(香港)有限公司  
中國建設銀行股份有限公司  
招商銀行股份有限公司  
上海浦東發展銀行股份有限公司

### 股份登記總處

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM 08  
Bermuda

### 香港股份過戶登記分處

卓佳雅柏勤有限公司  
香港  
皇后大道東183號  
合和中心22樓

### 獨立核數師

安永會計師事務所

### 法律顧問

富而德律師事務所

## Chairman's Statement

### 主席報告



**Dong Haoran 董浩然**  
*Chairman 主席*

On behalf of the board of directors (the "Board") of China Electronics Huada Technology Company Limited (the "Company"), I hereby report that for the year 2018 the Company together with its subsidiaries (the "Group") achieved a sale revenue of HK\$1,687.0 million, representing an increase of 16.1% when comparing with the corresponding period of last year, the profit attributable to shareholders of the Company was HK\$113.3 million, representing a decrease of 48.5% when comparing with the corresponding period of last year. The decrease in profit was primarily attributable to the recognition by the Group of a one-off gain before taxation of HK\$102.5 million arising from the disposal of its navigation chips business in 2017. Basic earnings per share was HK5.58 cents.

本人謹代表中國電子華大科技有限公司（「本公司」）董事會（「董事會」）宣佈，2018年本公司及其附屬公司（「本集團」）實現銷售收入1,687.0百萬港元，較去年同期上升16.1%，本公司股東應佔溢利為113.3百萬港元，較去年同期下降48.5%。該溢利下降主要是由於2017年本集團確認出售其導航芯片業務產生之一次性除稅前收益102.5百萬港元所致。每股基本盈利為5.58港仙。

## Chairman's Statement 主席報告

The Board recommends the payment of a dividend of HK2.0 cents per share for the year ended 31 December 2018 (2017: HK3.0 cents), amounting to a total dividend of HK\$40.6 million. Subject to approval by shareholders of the Company at the forthcoming annual general meeting, the dividend will be distributed on or about 31 July 2019.

In 2018, with the tremendous assistance from the Company's ultimate controlling shareholder, China Electronics Corporation Limited ("CEC") and through its unsecured guarantee support, the Company successfully raised RMB1.9 billion new unsecured short-term bank borrowings to repay its existing unsecured short-term bank borrowings.

As a leader of the security smart card chips industry in the PRC, our products are mainly used in sectors such as identity authentication, financial payment, government utilities, as well as telecommunication and mobile payment. In 2018, the Group actively opened up the market and made great progress in the area of security chips and system solutions. In the future, the Group will continue to research and develop, and launch security chip products that meet the application needs of the market and the industry.

董事會建議就截至2018年12月31日止年度派付每股2.0港仙(2017年: 3.0港仙)股息, 總計為40.6百萬港元。待本公司股東於應屆股東週年大會上批准後, 股息將於2019年7月31日或之前後分派。

於2018年, 在本公司之最終控股股東中國電子信息產業集團有限公司(「中國電子集團」)的強有力支持下, 以提供無抵押擔保方式協助本公司成功籌借人民幣19.0億元新無抵押短期銀行借貸以償還其現有無抵押短期銀行借貸。

本集團作為國內智能卡及安全芯片商之翹楚, 產品廣泛應用於身份識別、金融支付、政府公共事業、電信與移動支付等領域。2018年本集團積極開拓市場, 在安全芯片及系統解決方案領域得到了高效發展, 未來本集團將繼續研發、推出符合市場及行業應用需要的安全芯片產品。

## Chairman's Statement

### 主席報告

Looking into 2019, competition across the domestic and international integrated circuits industry will intensify, and the product selling price will see a more apparent decreasing trend. However, due to the further application of the domestic-made substitute and the state cryptographic algorithm, certain sectors of the smart card chips market will provide market opportunities for the Group. In particular, the overall market capacity for financial payment chips will remain stable, and the market share of domestic-made chips will see further increase; the third-generation social security cards will enter large-scale application stage following the success in the pilot cities. The Group will continue to closely track domestic market demands, seize market opportunities, actively explore potential customers, strengthen the construction of sales channels and expand its scale. In addition, the Group will promote the industrial application of security chips, continue to strengthen new business layouts that could drive future revenue growth, strive to provide diversified and high quality products that meet the demands of customers and markets.

On the other hand, based on its security and application technology developed and accumulated over the years, increasing investment in technological research on high reliability and a market orientated approach, the Group will strengthen its research in areas such as Internet of Things system technology, security technology, smart card chips technology, and production process technology, and take forward the development of products such as Internet of Things security chips and system solution, and Internet of Things secure operation and maintenance platforms in a progressive manner, as well as strengthen the applications for industries such as smart cities, smart manufacturing, smart transportation, smart home, automotive electronics etc., and continuously strive to enhance its core competitiveness in the industry and the market of Internet of Things.

展望2019年，國內外集成電路行業競爭將更為激烈，產品銷售價格的下跌趨勢將更為明顯。但智能卡芯片市場在部分領域因國產化替代和國密算法的進一步應用，也給本集團帶來了市場契機。其中，金融支付芯片整體市場容量將保持穩定、國產芯片份額將進一步提升；第三代社會保障卡隨著試點城市的成功將進入規模化應用階段。本集團將繼續緊密跟蹤國內市場需求、抓住市場契機，積極挖掘潛在客戶，加強銷售渠道建設及擴大規模；同時在安全芯片方向推動行業應用落地，繼續強化可帶動未來收入增長的新業務佈局，致力於提供滿足客戶和市場需求的多元化及高質量產品。

另一方面，本集團將基於多年積累的安全和應用技術，加大投入高可靠性技術研究，以市場為導向，加強在物聯網系統技術、安全技術、芯片技術、工藝技術等領域的研究，逐步推進物聯網安全芯片及系統解決方案、物聯網安全運維平臺等產品的開發；同時加強在智慧城市、智能製造、智能交通、智能家居、汽車電子等行業的應用，不斷提升本集團在物聯網市場和行業的核心競爭力。

## Chairman's Statement 主席報告

Mr. Jiang Juncheng resigned as the Deputy Chairman of the Board and executive director of the Company in March 2019. On behalf of the Board, I would like to thank Mr. Jiang for his invaluable contributions during his tenure of service. On behalf of the Board, I am delighted to welcome Mr. Yu Jian as the Deputy Chairman of the Board and executive director of the Company. The new director will no doubt extend the diversity and supplement the talent base of the Board.

Lastly, on behalf of the Board, I would like to thank all staff members for their contributions and efforts in the past year. I would also like to express our most sincere gratitude to our shareholders and business partners for their continuing co-operation and support.

**Dong Haoran**  
*Chairman*

Hong Kong, 29 March 2019

姜軍成先生已於2019年3月辭任董事會副主席及本公司執行董事職務。本人謹代表董事會衷心感謝姜先生於任內作出之寶貴貢獻。本人謹代表董事會欣然歡迎虞儉先生出任董事會副主席及本公司執行董事職務。新任董事將拓寬及補充董事會之人才基礎。

最後，本人謹代表董事會，對公司全體同仁在過去一年的辛勤工作與不懈努力表示由衷的感謝，並對各位股東及合作夥伴長期以來的合作與支持深表謝意！

主席  
董浩然

香港，2019年3月29日



# Management Discussion and Analysis

## 管理層討論及分析

### BUSINESS REVIEW

#### Results overview

Revenue of the Group for the year ended 31 December 2018 amounted to HK\$1,687.0 million, representing an increase of 16.1% when comparing with the corresponding period of last year. Profit attributable to owners of the Company amounted to HK\$113.3 million, representing a decrease of 48.5% when comparing with the corresponding period of last year. The decrease in profit was primarily attributable to the recognition by the Group of a one-off gain before taxation of HK\$102.5 million arising from the disposal of its navigation chips business for the year ended 31 December 2017. The basic earnings per share was HK5.58 cents (2017: HK10.84 cents).

#### Integrated circuits design operation

The Group's integrated circuits design operation comprises the design of security smart card chips and the development of application system. Currently, the Group's products are mainly used in sectors such as identity authentication, financial payment, government utilities, telecommunication and mobile payment. For the year ended 31 December 2018, the Group has obtained 63 new patents, registered 4 new software copyrights and 6 new integrated circuits layout designs.

### 業務回顧

#### 業績概述

本集團截至2018年12月31日止年度之收入為1,687.0百萬港元，較去年同期上升16.1%。本公司權益持有者應佔溢利為113.3百萬港元，較去年同期下降48.5%，該溢利下降主要是由於於截至2017年12月31日止年度，本集團確認出售其導航芯片業務產生之一次性除稅前收益102.5百萬港元所致。每股基本盈利為5.58港仙（2017年：10.84港仙）。

#### 集成電路設計業務

本集團之集成電路設計業務涵蓋智能卡及安全芯片之設計及應用系統開發。目前，本集團產品主要覆蓋身份識別、金融支付、政府公共事業、電信與移動支付等應用領域。截至2018年12月31日止年度，本集團新增授權專利63項、新登記4項軟件著作及新註冊6項集成電路佈圖設計。

## Management Discussion and Analysis

### 管理層討論及分析

In 2018, the economic growth in the PRC slowed down, but the domestic market of integrated circuits still flourished with strong demand. Yet, product selling price continued to fall due to fiercer competition in the industry. In particular, driven by the maturity of domestic-made chip technology and the policy on the issuance of state cryptographic algorithm powered bank cards, the market demand for domestic-made financial payment chips grew rapidly, which also led to intensifying competition and falling product selling price. In 2018, the Group successfully participated in bank card projects of various major domestic banks, sales volume of the financial payment chips of the Group increased significantly when comparing with the corresponding period of last year. Meanwhile, as the replacement process of the second-generation social security cards progressed, the issuance of the second-generation social security cards accelerated, and coupled with the supply of the third-generation social security cards in the first tranche of pilot cities has begun in 2018, sales volume of the social security card chips increased when comparing with the corresponding period of last year. Sales volume of identity authentication as well as telecommunication and mobile payment smart card chips remained stable and decreased slightly respectively when comparing with the corresponding period of last year. Sales volume of logic card chips decreased significantly when comparing with the corresponding period of last year due to changes in business planning. For the year ended 31 December 2018, overall sales volume of the Group decreased by 1.8% when comparing with the corresponding period of last year. Since the types of smart card chips that recorded growth in sales volume for the year ended 31 December 2018 were mainly financial payment and social security products with unit price higher than the weighted average selling price, revenue of the Group for the year ended 31 December 2018 was HK\$1,687.0 million, representing an increase of 16.1% when comparing with the corresponding period of last year.

2018年中國經濟增長速度有所放緩，惟國內集成電路市場仍蓬勃發展且需求殷切，但行業競爭日趨劇烈，產品銷售價格持續下跌。其中，隨著國產芯片技術成熟及加載國密算法金融卡的發卡政策推動，國產金融支付芯片市場需求增長迅速，但亦導致競爭加劇，產品銷售價格持續下跌。2018年本集團已成功參與國內各大銀行的銀行卡項目，金融支付芯片銷售量較去年同期大幅增長。同時，隨著第二代社會保障卡換發的推進，第二代社會保障卡發卡增速，加之第三代社會保障卡第一批試點城市的發卡已於年內開始供貨，年內社會保障卡芯片銷售量較去年同期亦有所增長。身份識別及電信與移動支付智能卡芯片的銷售量與去年同期分別相若及輕微下降，而邏輯卡芯片因業務規劃變化，導致銷售量較去年同期大幅下降。截至2018年12月31日止年度，本集團總銷售量較去年同期下降了1.8%。由於截至2018年12月31日止年度銷售量錄得增長的各類智能卡芯片主要為單價高於加權平均售價的金融支付和社會保障產品，本集團截至2018年12月31日止年度的收入為1,687.0百萬港元，較去年同期上升16.1%。

## Management Discussion and Analysis

### 管理層討論及分析

Through successfully conducting research of, applying and promoting different types of raw materials, the Group has not only relieved the problem of shortage of raw material, but also controlled and reduced cost to a certain extent, and partly offset the negative effect on the overall gross profit margin of the year brought by the decrease in selling price of financial payment chips as well as telecommunication and mobile payment chips when comparing with the corresponding period of last year due to intensifying competition in the market. For the year ended 31 December 2018, the overall gross profit margin was 31.5%, representing a drop of 2.9 percentage points from 34.4% of the corresponding period of last year.

Selling and marketing costs for the year ended 31 December 2018 amounted to HK\$90.3 million (2017: HK\$97.6 million). The percentage of selling and marketing costs to revenue decreased to 5.4% from 6.7% of the corresponding period of last year. The decrease was mainly attributable to the continuous implementation by the Group of stringent cost control measures during the year.

Administrative expenses for the year ended 31 December 2018 amounted to HK\$343.6 million, representing an increase of 3.2% when comparing with the corresponding period of last year. The percentage of administrative expenses to revenue decreased to 20.4% from 22.9% of the corresponding period of last year. The Group continued to implement stringent cost control measures during the year.

由於本集團通過成功開展不同原材料的研究、使用和推廣，既緩解了原材料緊缺問題，也在一定程度上實現了成本的降控，並減輕了年內金融支付芯片及電信與移動支付芯片市場競爭的激烈化導致該等芯片的售價較去年同期下跌對年內整體毛利率的負面影響。截至2018年12月31日止年度的整體毛利率為31.5%，較去年同期的34.4%減少2.9個百分點。

截至2018年12月31日止年度的銷售及市場推廣成本為90.3百萬港元（2017年：97.6百萬港元）。銷售及市場推廣成本佔收入的百分比由去年同期的6.7%下降至5.4%。下降的主要原因是年內本集團繼續實施了嚴格的成本控制措施。

截至2018年12月31日止年度的行政開支為343.6百萬港元，較去年同期上升3.2%。行政開支佔收入的百分比由去年同期的22.9%下降至20.4%。年內本集團繼續實施嚴格的成本控制措施。

## Management Discussion and Analysis

### 管理層討論及分析

Research and development costs for the year ended 31 December 2018 amounted to HK\$211.8 million (2017: HK\$224.9 million). The percentage of research and development costs to revenue was 12.6% (2017: 15.5%). The Group continued to implement the integration and centralised planning of research and development resources as well as stringent cost control measures during the year. Research and development during the year primarily focused on the continuous improvements in product functions and performance, advanced research of new process, enhancement of product security technology, research in application of security chips in the Internet of Things sector and the development of application systems and solutions.

#### Other income

Government grants recognised as income decreased by 30.0% to HK\$14.5 million for the year ended 31 December 2018 resulted from less government subsidies received for research and development costs incurred in the year.

#### Share of result of an associate

China Electronics Optics Valley Union Holding Company Limited (“CEOVU”), the Group’s associate listed on The Stock Exchange of Hong Kong Limited, is principally engaged in the business of development and operation of large-scale business parks in the PRC. The Group’s share of result from CEOVU for the year ended 31 December 2018 was HK\$126.0 million (2017: HK\$124.1 million).

截至2018年12月31日止年度之研究及開發成本為211.8百萬港元(2017年：224.9百萬港元)。研究及開發成本佔收入的百分比為12.6%(2017年：15.5%)。年內本集團繼續實施研究及開發資源的整合與統一籌劃，並實施了嚴格的成本控制措施。年內研究及開發主要側重於產品功能及性能的持續提升、新工藝的預研、產品安全技術的提高、應用於物聯網領域的安全芯片研究以及應用系統和解決方案的開發。

#### 其他收入

由於本集團就截至2018年12月31日止年度發生研究及開發成本獲得之政府補助減少，年內已確認為收入之政府補助下降30.0%至14.5百萬港元。

#### 應佔一間聯營公司業績

本集團之香港聯合交易所有限公司上市聯營公司中電光谷聯合控股有限公司(「中電光谷」)之主要業務為於中國從事發展及營運大型產業園。本集團截至2018年12月31日止年度應佔中電光谷之業績為126.0百萬港元(2017年：124.1百萬港元)。

## Management Discussion and Analysis

### 管理層討論及分析

#### FINANCIAL RESOURCES AND LIQUIDITY

The Group generally finances its working capital and funding requirements through internal resources, and bank and other borrowings. At 31 December 2018, the Group had cash and cash equivalents amounted to HK\$375.5 million, of which 90.2% was denominated in Renminbi, 8.0% in Hong Kong dollars and 1.8% in United States dollars (2017: HK\$373.8 million, of which 96.8% was denominated in Renminbi, 2.3% in United States dollars and 0.9% in Hong Kong dollars).

At 31 December 2018, the Group had bank and other borrowings of HK\$2,295.3 million, of which 97.5% were denominated in Renminbi and 2.5% in Hong Kong dollars (2017: HK\$2,314.5 million, of which 95.6% were denominated in Renminbi and 4.4% in Hong Kong dollars). Among these borrowings, (i) HK\$57.5 million were secured by deposits of the Group and HK\$2,237.8 million were unsecured (2017: all were unsecured), and (ii) HK\$2,237.8 million and HK\$57.5 million were borrowed at fixed and variable interest rates respectively (2017: HK\$2,214.5 million and HK\$100.0 million were borrowed at fixed and variable interest rates respectively). At 31 December 2018, committed borrowing facilities available to the Group but not drawn amounted to HK\$2,746.1 million.

The Group's revenue are mainly denominated in Renminbi and payments are denominated in Renminbi and Hong Kong dollars. The Group will make use of hedging contracts, when appropriate, to hedge the risk of foreign exchange fluctuation arising from its operations.

At 31 December 2018, the Group had net current liabilities of HK\$1,167.9 million (2017: HK\$1,258.1 million). The gearing ratio, which is calculated as net debt divided by total equity and net debt of the Group, was 49.7% (2017: 48.7%).

#### 財務資源及流動資金

本集團通常通過內部資源和銀行及其他借貸來滿足營運資金的需求。於2018年12月31日，本集團持有現金及現金等價物為375.5百萬港元，分別有90.2%以人民幣、8.0%以港元及1.8%以美元持有(2017年：373.8百萬港元，分別有96.8%以人民幣、2.3%以美元及0.9%以港元持有)。

於2018年12月31日，本集團的銀行及其他借貸為2,295.3百萬港元，分別有97.5%以人民幣及2.5%以港元計值(2017年：2,314.5百萬港元，分別有95.6%以人民幣及4.4%以港元計值)。該等借貸中(i)為數57.5百萬港元乃以本集團之存款作抵押及2,237.8百萬港元為無抵押(2017年：全數為無抵押)，及(ii)為數2,237.8百萬港元及57.5百萬港元分別以固定利率及浮動利率借貸(2017年：為數2,214.5百萬港元及100.0百萬港元分別以固定利率及浮動利率借貸)。於2018年12月31日，本集團尚未動用之已承諾借貸備用額為2,746.1百萬港元。

本集團收入主要以人民幣結算而付款以人民幣及港元結算。本集團會於適時利用對沖合約對沖源自其業務的外匯波動風險。

於2018年12月31日，本集團流動負債淨值為1,167.9百萬港元(2017年：1,258.1百萬港元)。資本負債比率(以本集團的債務淨額除以權益總額及債務淨額計算)為49.7%(2017年：48.7%)。

## Management Discussion and Analysis

### 管理層討論及分析

#### PLEDGE OF ASSETS

At 31 December 2018, certain assets of the Group with an aggregate carrying value of HK\$62.8 million were pledged as collateral for borrowings of the Group (2017: the Group did not pledge any assets as collateral for its borrowings).

#### CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2018, the Group did not have any material outstanding capital commitment (2017: nil) for the acquisition of fixed assets and intangible assets. The Group did not have any material contingent liability at 31 December 2018 (2017: nil).

#### EMPLOYEE AND REMUNERATION POLICIES

At 31 December 2018, the Group had approximately 370 employees, the majority of whom were based in the Mainland China. Employee benefit expenses for the year were HK\$161.2 million.

The Group recognises the importance of high calibre and competent staff and has a strict recruitment policy and performance appraisal scheme. Remuneration policies are largely in line with industry practices, and are formulated on the basis of performance and experience and will be reviewed regularly. Bonuses and other merit payments are linked with the performance of the Group and of the individuals as incentive to optimise performance.

#### 資產抵押

於2018年12月31日，本集團賬面總值62.8百萬港元的若干資產已作為本集團借貸的抵押品（2017年：本集團並無為其借貸抵押任何資產）。

#### 資本承擔及或有負債

於2018年12月31日，本集團就購買固定資產及無形資產並無任何重大尚未履行之資本承擔（2017年：無）。於2018年12月31日，本集團並無任何重大或有負債（2017年：無）。

#### 僱員及薪酬政策

於2018年12月31日，本集團僱用約370名僱員，大部份於中國內地工作。年內僱員福利開支為161.2百萬港元。

本集團意識到優秀人才及能幹僱員的重要性，並備有嚴謹的招聘政策及工作表現評估計劃。僱員的薪酬政策與業內慣例大致相符，乃按表現及工作經驗為基準制訂並定期作出檢討。花紅及其他獎賞乃視乎本集團及個別僱員表現而釐定，以鼓勵僱員達致最佳表現。

## Corporate Governance Report

### 企業管治報告

The Company is committed to achieving the best corporate governance practices by emphasising its accountability, transparency, independence, responsibility and fairness. The Company is dedicated to exercise corporate governance through regular reviews of its adopted practices with reference to the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company has complied with all the applicable code provisions in the CG Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2018. The following summarises the corporate governance practices adopted by the Company.

#### THE BOARD

As at 31 December 2018, the Board consists of two executive directors, two non-executive directors and three independent non-executive directors. The roles of the chairman of the Board are segregated from the managing director. The chairman of the Board is responsible for leading and overseeing the functioning of the Board and the strategic development of the Group. The managing director is delegated with the authority and responsibility for managing the Group’s business, and the implementation of the Group’s strategies in achieving the overall business objectives. Throughout the year ended 31 December 2018, the position of the chairman of the Board and the managing director were not held by the same individual. As at 31 December 2018, the position of the chairman of the Board and the managing director were held separately by Mr. Dong Haoran and Mr. Liu Hongzhou, respectively. Such division of responsibilities helps to reinforce their independence and accountability. There are no financial, business, family or other material relationships among the directors (including the chairman of the Board and the managing director).

本公司努力實踐最高水平的企業管治常規，尤其注重問責、透明、獨立、責任和公平方面。本公司認真執行企業管治，參考香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之企業管治守則（「企業管治守則」）定期檢討所採納的常規。

本公司於截至2018年12月31日止年度內均已遵守上市規則附錄14所載之企業管治守則內適用守則條文。下文概述本公司採納的企業管治常規。

#### 董事會

於2018年12月31日，董事會由兩名執行董事、兩名非執行董事及三名獨立非執行董事組成。董事會主席與董事總經理是兩個明確劃分的不同職位。董事會主席負責領導並監察董事會的運作，以及本集團的策略發展。董事總經理獲授權並專責本集團業務之管理及落實本集團的策略，以達成整體經營目標。於截至2018年12月31日止年度內，董事會主席及董事總經理的職位並沒有由一人同時兼任。於2018年12月31日，董事會主席及董事總經理的職位分別由董浩然先生及劉紅洲先生擔任。該等職責的劃分有助加強其獨立性及問責性。董事（包括董事會主席及董事總經理）之間並無任何財務、商業、家族或其他重大關係。

## Corporate Governance Report

### 企業管治報告

All the directors, including the non-executive directors, will be subject to retirement by rotation and re-election every three years in accordance with the Listing Rules and the bye-laws of the Company. The remuneration of the directors are determined with reference to their duties, responsibilities, and to the prevailing market conditions.

The Board is responsible for the formulation of long term business objectives, strategies and plans, and to monitor and control the operating and financial performance of the Group. The day-to-day operations and implementation of business objectives are delegated to the managing director. The management is delegated with the necessary authority to carry out daily operations and duties.

The Board is also responsible for performing overall corporate governance duties, including developing and reviewing the Company's corporate governance policy and practice, reviewing and monitoring the training and continuous professional development of directors and senior management, reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct applicable to directors, and reviewing the Company's compliance with the CG Code.

The Board is responsible for appointing new directors to fill any vacancy on the Board. In January 2019, the Board approved and adopted the Company's board diversity policy (the "Board Diversity Policy") which sets out the approach to achieve diversity within the Board. Appointment of directors will be based on merit that complements and expands the skills and experience of the Board, and after due regard to factors which include but is not limited to gender, age, cultural and educational background, and professional experience towards achieving diversity within the Board. The Board will monitor and review the implementation of the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

所有董事(包括非執行董事)均須遵照上市規則及本公司的公司章程細則每三年輪流退任一次，並可膺選連任。董事薪酬乃參照彼等的職務、職責及現行市況而釐定。

董事會的責任是訂下長遠經營目標、策略和藍圖，以及監察和調控本集團的營運及財務表現。集團日常營運及經營目標的落實則交由董事總經理負責。管理層已獲授予所需權力，以執行日常營運及職責。

董事會亦負責履行整體的企業管治職責，包括制定及檢討本公司的企業管治政策及常規，檢討及監察董事及高級管理人員的培訓及持續專業發展，檢討及監察本公司在遵守法律及監管規定方面的政策及常規，制定、檢討及監察董事的操守守則，及檢討本公司遵守企業管治守則的情況。

董事會負責委任新董事以填補董事會之任何空缺。於2019年1月，董事會批准並採納本公司的董事會成員多元化政策(「董事會成員多元化政策」)，當中載列為達致董事會成員多元化而採取之方針。在作出董事的委任時，應基於有關人選的技能能否補充及擴展董事會的技能及經驗，並充份考慮多項因素，包括但不限於性別、年齡、文化及教育背景、以及專業經驗以達致董事會成員的多元化。董事會將定期監察及檢討董事會成員多元化政策的實施以確保其行之有效。



## Corporate Governance Report

### 企業管治報告

All directors have actively participated in the review and monitoring of the Company's business. The Board meets regularly and at least 4 times a year. Between scheduled meetings, the senior management of the Group provides information to directors on a regular basis regarding the activities and development in the businesses of the Group. The directors have full access to information on the Group and independent professional advice in appropriate circumstances, at the Company's expense. With respect to regular meetings of the Board, the directors will be given written notice of the meeting at least 14 days in advance and an agenda with supporting Board papers no less than 3 days prior to the meeting. For other meetings, directors will be given as much notice as is reasonable and practicable in the circumstances. If a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting. All minutes of Board and Board committee meetings are kept by the company secretary of the Company for record with sufficient details of the matters considered and decisions reached by the Board or Board committee(s), including any concerns raised or dissenting views expressed by any director. These minutes are available for inspection at any reasonable time on reasonable notice by any director. The attendance record of the directors at the general meeting(s), Board and Board committee meetings held in 2018 are set out on page 28 of this annual report. Besides providing sufficient time and attention to the affairs of the Group, all directors have disclosed to the Company the number and nature of the offices held in other public companies or organisations and other significant commitments, and updated the Company on any subsequent changes in a timely manner. Appropriate insurance on directors' liabilities have been in force to protect the directors from their risk exposure arising from the business of the Group.

各董事均積極參與檢討及監察本公司業務。董事會定期召開會議，且每年召開至少四次。於定期會議之間，本集團的高級管理層會就本集團業務的活動及發展定期向董事提供資料。董事可隨時獲取本集團的資料及可在適當的情況下尋求獨立專業意見，費用由本公司支付。就召開定期董事會會議而言，董事將至少提前十四天獲得書面會議通知及在會議前不少於三天獲得董事會議程及所需文件。就其他會議而言，在合理及切實的情況下，將盡量給予董事最長的通知期。若董事在董事會上所考慮的事項中存有董事會認為重大的利益衝突，有關事項將以舉行實質董事會會議方式處理。在交易中本身及其緊密聯繫人均沒有重大利益的獨立非執行董事應該出席有關的董事會會議。本公司公司秘書應備存董事會及董事委員會的會議紀錄，該等會議紀錄應對董事會或董事委員會所考慮事項及達致的決定作足夠詳細的記錄，其中應該包括董事提出的任何疑慮或表達的反對意見。若有任何董事發出合理通知，應公開有關會議紀錄供其在任何合理的時段查閱。各董事於2018年舉行之股東大會、董事會及董事委員會會議之出席記錄已載列於本年報第28頁內。除確保能付出足夠時間及精力以處理本集團的事務外，所有董事均已向本公司披露其於其他公眾公司或組織擔任職務之數目及性質，以及其他重大承擔，並及時向本公司披露任何其後之變更。涵蓋董事法律責任之適當保險已有效保障本公司董事因本集團業務產生之風險。

## Corporate Governance Report 企業管治報告

The directors acknowledge the need to continue to develop and refresh their knowledge and skills for making contributions to the Company. The participation by individual directors in the continuous professional development programme with appropriate emphasis on the roles, functions and duties of a director of a listed company in 2018 is set out in the table below.

董事確認需要持續發展並更新本身知識及技能方可為本公司作出貢獻。下表概列各董事於2018年就適切着重上市公司董事之角色、職能及職責之持續專業發展計劃之參與記錄。

		Reading regulatory updates 閱讀 監管規定 更新資料	Attending external seminars/ programmes 參與外界 機構舉辦 研討會／活動
<b>Non-executive directors</b>	<b>非執行董事</b>		
Dong Haoran	董浩然	✓	✓
Liu Jinmei	劉勁梅	✓	✓
<b>Executive directors</b>	<b>執行董事</b>		
Jiang Juncheng	姜軍成	✓	✓
Liu Hongzhou	劉紅洲	✓	✓
Ma Yuchuan*	馬玉川*		
<b>Independent non-executive directors</b>	<b>獨立非執行董事</b>		
Chan Kay Cheung	陳棋昌	✓	✓
Qiu Hongsheng	邱洪生	✓	✓
Chow Chan Lum	鄒燦林	✓	✓

\* Resigned in January 2018

\* 於2018年1月辭任

For the year ended 31 December 2018, the company secretary of the Company, Mr. Ng Kui Kwan, has taken no less than 15 hours of relevant training.

於截至2018年12月31日止年度，本公司公司秘書伍舉鈞先生已參加不少於15小時的相關培訓。

## Corporate Governance Report 企業管治報告

### THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate the directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year ended 31 December 2018.

### REMUNERATION AND NOMINATION COMMITTEE

As at 31 December 2018, the remuneration and nomination committee comprises three independent non-executive directors, namely Mr. Qiu Hongsheng, Mr. Chan Kay Cheung and Mr. Chow Chan Lum, and an executive director Mr. Jiang Juncheng. Mr. Qiu Hongsheng is the chairman of the remuneration and nomination committee. The terms of reference of the remuneration and nomination committee, which described its authority and duties, is available on the website of The Stock Exchange of Hong Kong Limited and the website of the Company.

The principal responsibilities of the remuneration and nomination committee include reviewing and recommending to the Board the remuneration policy and the remuneration of the directors and the senior management, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management, to make recommendations to the Board on the remuneration of non-executive directors, responsible for identification and recommendation to the Board of possible appointees as directors, making recommendations to the Board on matters relating to appointment or re-appointment of directors, succession planning for directors and assessing the independence of the independent non-executive directors.

### 上市發行人董事進行證券交易的標準守則 （「標準守則」）

本公司已採納上市規則附錄10所載的標準守則，以規管董事進行的證券交易。經本公司作出具體查詢後，所有董事均已確認，於截至2018年12月31日止年度內，彼等均已全面遵守標準守則。

### 薪酬及提名委員會

於2018年12月31日，薪酬及提名委員會由三名獨立非執行董事，分別為邱洪生先生、陳棋昌先生及鄒燦林先生，和一名執行董事姜軍成先生組成。邱洪生先生為薪酬及提名委員會主席。薪酬及提名委員會職權範圍書（說明其職權和責任）已刊載於香港聯合交易所有限公司網站及本公司網站內。

薪酬及提名委員會的主要職責包括檢討董事及高級管理人員的薪酬政策及薪酬並就該等事項向董事會提出建議、因應董事會所訂企業方針及目標而檢討及批准管理層的薪酬建議、獲董事會轉授責任、釐定個別執行董事及高級管理人員之薪酬待遇、就非執行董事之薪酬向董事會提出建議、負責為董事會物色及推薦董事人選、並就委任或重新委任董事、董事繼任人安排向董事會提出建議、及評估獨立非執行董事之獨立性。

## Corporate Governance Report 企業管治報告

In January 2019, the Board approved and adopted the Company's nomination policy (the "Nomination Policy") which sets out the criteria and procedures to be adopted when considering candidates to be appointed or re-appointed as director of the Company. A summary of the nomination criteria of the Nomination Policy is set out below:

- (1) ability to contribute to the effective carrying out by the Board of its responsibilities;
- (2) effect on the Board's composition and diversity in all its aspects, which includes but is not limited to gender, age, cultural and educational background, and professional experience;
- (3) independence of the candidate; and
- (4) commitment to devote sufficient time.

The Board will review the Nomination Policy on a regular basis to ensure its continued effectiveness.

In making recommendations to the Board in respect of the composition of the Board, the appointment, re-appointment or removal of directors, the remuneration and nomination committee will give due regard to nomination criteria as set out in the Nomination Policy.

During the year, the remuneration and nomination committee held four meetings. The attendance record of the committee members at these meetings are set out on page 28 of this annual report. The work performed by the remuneration and nomination committee during the year included reviewing the remuneration policy and the remuneration of the directors and the senior management, assessing performance of the executive directors, determining the remuneration of the executive directors, reviewing the policy for the nomination of directors, making recommendation to the Board on the appointment or re-appointment of directors, and assessing the independence of the independent non-executive directors.

於2019年1月，董事會批准並採納本公司的提名政策（「提名政策」），當中載列於考慮本公司董事候選人的委任或重新委任時須採納的準則及程序。提名政策的提名準則概要載列如下：

- (1) 能協助董事會有效履行其責任；
- (2) 對董事會的組成及成員多元化之影響，包括但不限於性別、年齡、文化及教育背景、以及專業經驗；
- (3) 董事候選人的獨立性；及
- (4) 投入充足的時間的承諾。

董事會將定期檢討提名政策以確保其行之有效。

在對董事會的組成及董事的委任、重新委任或罷免向董事會提出建議時，薪酬及提名委員會將充分考慮提名政策所載的提名準則。

年內，薪酬及提名委員會曾舉行4次會議。各委員於該等會議之出席記錄已載列於本年報第28頁內。薪酬及提名委員會於年內之工作包括檢討董事及高級管理人員之薪酬政策及薪酬、評估執行董事之表現、釐定執行董事之薪酬、檢討提名董事的政策、就委任或重新委任董事向董事會作出建議、及評估獨立非執行董事之獨立性。

# Corporate Governance Report

## 企業管治報告

For the year ended 31 December 2018, the number of senior management (excluding directors) whose remuneration fell within the band from HK\$nil up to HK\$1,000,000, and from HK\$1,000,001 up to HK\$1,500,000 were two and two respectively. Details of the remuneration of the directors for the year ended 31 December 2018 are set out on pages 181 to 182 of this annual report.

### AUDIT COMMITTEE

The audit committee comprises three independent non-executive directors, namely Mr. Chan Kay Cheung, Mr. Qiu Hongsheng and Mr. Chow Chan Lum. Mr. Chan Kay Cheung is the chairman of the audit committee. The members have extensive experience in financial matters. The terms of reference of the audit committee, which described its authority and duties, is available on the website of The Stock Exchange of Hong Kong Limited and the website of the Company.

The audit committee provides an independent review and supervision of financial reporting, and oversees and conducts an annual review of the effectiveness of the risk management and internal control systems of the Group and ensures the external auditor are independent and the effectiveness of the audit process. The audit committee examines all matters relating to the accounting principles and policies adopted by the Group, auditing functions, internal controls, risk management and financial reporting. External auditor and the directors are invited to attend the committee meetings as and when necessary. The audit committee meets at least twice a year with the external auditor. The audit committee also serves as a channel of communication between the Board and the external auditor.

During the year, the audit committee held two meetings. The attendance record of the committee members at these meetings are set out on page 28 of this annual report. The work performed by the audit committee during the year included reviewing the audited consolidated financial statements of the Group for the year ended 31 December 2017 and the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2018. The audit committee has also reviewed the audit plan and approach of the external auditor and monitored the progress and results of the audit regularly. The audit committee has reviewed the effectiveness of the risk management and internal control systems of the Group.

截至2018年12月31日止年度，獲支付薪酬介乎零至1,000,000港元、及1,000,001港元至1,500,000港元範圍之高級管理人員(不包括董事)之人數分別為2人及2人。截至2018年12月31日止年度董事薪酬的詳情載於本年報第181頁至第182頁。

### 審核委員會

審核委員會由三名獨立非執行董事，分別為陳棋昌先生、邱洪生先生及鄧燦林先生組成。陳棋昌先生為審核委員會主席。各委員在財經事務範疇皆擁有豐富經驗。審核委員會職權範圍書(說明其職權和責任)已刊載於香港聯合交易所有限公司網站及本公司網站內。

審核委員會負責對財務匯報進行獨立檢討及監察，並對本集團風險管理及內部監控系統之效能進行監察及年度檢討，以及確保外聘核數師保持獨立和審核程序的有效性。審核委員會檢視所有關於本集團採納的會計原則和政策的事宜、審核功能、內部監控、風險管理及財務匯報的事宜。在需要時，外聘核數師及董事可被邀請出席委員會會議。審核委員會每年與外聘核數師舉行至少兩次會議。審核委員會也擔當董事會與外聘核數師之間溝通的橋樑。

年內，審核委員會曾舉行兩次會議。各委員於該等會議之出席記錄已載列於本年報第28頁內。審核委員會於年內之工作包括審閱本集團截至2017年12月31日止年度之經審核綜合財務報表及截至2018年6月30日止六個月之未經審核綜合中期財務報表。審核委員會亦已審閱外聘核數師的審核計劃及方法，並定期監察審核工作的進展及結果。審核委員會已檢討本集團風險管理及內部監控系統之效能。

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### INTERNAL AUDIT

The Company's internal audit department is responsible for carrying out analysis and independent appraisal on the adequacy and effectiveness of the Group's risk management and internal control systems. The tasks of the department include:

- reviewing all aspects of the Group's activities and internal controls;
- comprehensive audits of the practices, procedures, expenditure and internal controls of all business and support units and subsidiaries on a regular basis; and
- special reviews of areas of concern identified by the management or the audit committee.

The internal audit department reports directly to the audit committee and has direct access to the Board through the chairman of the audit committee. The internal audit department may directly report to the audit committee without consulting the management.

The internal audit department issued reports to senior management covering various operational and financial units of the Group. The internal audit department also conducted reviews of major projects and contracts as well as areas of concern, if any, identified by the management.

Concerns which have been reported by the internal audit department were monitored regularly by the management and by the audit committee until corrective measures have been implemented.

### 內部審核

本公司內部審核部負責對本集團的風險管理及內部監控系統的足夠性和效能作出分析及獨立評估，其職責包括：

- 檢討本集團所有業務及內部監控；
- 定期詳細審核所有業務單位、支援部門和附屬公司的常規、程序、開支和內部監控；及
- 對管理層或審核委員會關注的範疇進行特別檢討。

內部審核部直接向審核委員會匯報，及其意見可透過審核委員會主席直達董事會。內部審核部有權無需諮詢管理層而向審核委員會匯報。

內部審核部就本集團各營運及財務單位向高級管理人員發表報告。內部審核部並就重大項目和合約，以及管理層關注的事項(如有)進行檢討。

管理層及審核委員會定期跟進內部審核部報告的事項，直至落實糾正措施為止。

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### EXTERNAL AUDITOR

For the year ended 31 December 2018, the fees payable to the Company's external auditor in respect of audit and non-audit services provided to the Company and its subsidiaries are set out below:

### 外聘核數師

於截至2018年12月31日止年度，就本公司及其附屬公司獲提供的審核及非審核服務向本公司外聘核數師應付的費用載列如下：

		<b>2018</b> <b>2018年</b> <b>HK\$'000</b> <b>千港元</b>
Audit services	審核服務	<b>2,573</b>
Non-audit services (included tax matters, review and other reporting services)	非審核服務(包括稅務事項、審閱及其他申報服務)	<b>437</b>
		<b>3,010</b>

### ACCOUNTABILITY AND AUDIT

The Board is responsible for overseeing the preparation of financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flow during the reporting period. A statement from the auditor about its responsibilities for the audit of the consolidated financial statements is set out on pages 79 to 85 of this annual report. In preparing the financial statements for the year ended 31 December 2018, the Board had selected suitable accounting policies and applied them consistently, had made prudent and reasonable judgments and estimates and prepared the financial statements on a going concern basis.

The Board is overall responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems, including reviewing their effectiveness annually. The audit committee is delegated by the Board with the responsibility to oversee independently the Group's financial, risk management and internal control systems and reports to the Board on the effectiveness of the Group's risk management and internal control systems annually.

### 問責和審核

董事會負責監察財務報表的編製，確保賬目真實兼公平地反映本集團的財務狀況及於呈報期間的業績和現金流量。核數師就其審核綜合財務報表之責任所發出的聲明載於本年報第79頁至第85頁。編製截至2018年12月31日止年度的財務報表時，董事會已選擇適當的會計政策並貫徹運用該等政策，並作出審慎合理的判斷和估計及按持續經營基準編製財務報表。

董事會負責整體評估及釐定為達到本集團戰略目標所願承擔的風險性質及程度，以及維持適當及有效的風險管理及內部監控系統(包括每年檢討其效能)。審核委員會獲董事會授權，負責獨立監察本集團財務、風險管理及內部監控系統，以及每年向董事會匯報本集團風險管理及內部監控系統之效能。

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Appropriate policies and controls have been designed and established for safeguarding assets against unauthorised use or disposition, maintaining proper financial and accounting records, ensuring compliance with applicable laws and regulations, and identifying and managing the key risks that may impact on the Group's performance. As the risk management and internal control systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives, they can only be expected to provide reasonable and not absolute assurance against material misstatement or loss.

The management is responsible for the design, implementation and monitoring of the risk management and internal control systems, while the audit committee oversees the actions of the management and review the effectiveness of the systems that have been put in place. Systems and procedures are in place in the Group to identify, control and report on major types of risk the Group encounters. Operational units are responsible for identifying the potential risks, and analysing and evaluating the significance of such risks. Operational units also assess the adequacy of existing controls and implement treatment plans to mitigate such risks and report the view of risks and proposal for the enhancement of the existing systems and procedures regularly to the audit committee, and ultimately to the Board on major findings. The audit committee reviews the existing risk management and internal control systems on an ongoing basis and makes appropriate enhancement when necessary, with a view to improve the effectiveness of such systems.

The Company has engaged Tricor Services Limited, an independent advisory firm, to conduct an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2018. The scope of review included the internal control systems of the Group at the entity level, as well as key business processes of its principal subsidiary, Huada Electronics, covering key controls such as financial, operational and compliance controls of the Group. The review results have been reported to the audit committee and the Board. The Board is satisfied that these systems were effective and adequate throughout the year ended 31 December 2018. In this regard, to enhance the effectiveness of the Group's risk management and internal control systems, the Group has begun to implement the recommendations put forward by Tricor Services Limited.

適當的政策及監控經已訂立及制定，以保障資產不會在未經授權下被挪用或出售、保持正確的財務及會計記錄、確保遵守適用的法律及法規，以及識別及管理可能影響本集團表現的主要風險。由於訂立風險管理及內部監控系統旨在管理，而非消除未能達到業務目標的風險，此等系統預期只能提供合理而非絕對保證不會有重大錯誤陳述或損失的發生。

管理層負責風險管理及內部監控系統的設計、實施和監察，而審核委員會則監察管理層之行動及檢討已實行系統之效能。本集團亦透過現行之系統及程序，以識別、監控及匯報本集團面對之主要風險類別。營運單位負責識別潛在風險，以及分析及評價該等風險的重要性。營運單位亦評估現行監控是否足夠及實施減低該等風險的處理計劃，以及定期向審核委員會匯報有關風險意見及現行系統及程序的改善建議，並最終把主要調查結果匯報董事會。審核委員會持續檢討現行風險管理及內部監控系統，並在有需要時作出適當的改善，藉此提高該等系統之效能。

本公司已委聘卓佳專業商務有限公司（一家獨立諮詢公司）對本集團於截至2018年12月31日止年度風險管理及內部監控系統之效能進行年度審閱。審閱範圍包括公司層面的本集團內部監控系統，及本集團主要附屬公司華大電子的主要業務流程，涵蓋本集團關鍵監控如財務、營運和合規監控。審閱結果已向審核委員會及董事會匯報。董事會認為於截至2018年12月31日止年度內該等系統有效及足夠。就此而言，為提高本集團風險管理及內部監控系統之效能，本集團已開始實施由卓佳專業商務有限公司提出的建議。



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The audit committee has also held discussion with the Group's external auditor, to ensure that a sound internal control system is maintained and operated by the management in compliance with the agreed procedures and standards.

The Board has reviewed and ensured the adequacy of resources, staff qualifications and experience, training programmes and the budget of the Company's accounting, internal audit and financial reporting functions.

The Board is responsible for the handling and dissemination of inside information. The Company has established and implemented procedures for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. These procedures and their effectiveness are subject to review on a regular basis with reference to the Listing Rules, the Securities and Futures Ordinance and in accordance with established procedures.

### SHAREHOLDERS' RIGHTS

#### Procedures for shareholders to convene a special general meeting

Pursuant to the Company's bye-laws and the Companies Act 1981 of Bermuda (as amended), registered shareholders holding at the date of deposit of the requisition not less than one-tenth (10%) of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board or the company secretary of the Company to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such special general meeting shall be held within two months from the date of deposit of such requisition.

審核委員會已與本集團的外聘核數師進行討論確保管理層已維持及管理一個運作良好的內部監控系統，符合所約定的程序及標準。

董事會已檢討及確保本公司在會計、內部審核及財務匯報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算是足夠的。

董事會負責處理及發佈內幕消息。本公司已制定及實施處理及發佈內幕消息之程序，以便所有權益持有人能及時知悉本集團之最新情況。該等程序及其效能將參考上市規則，證券及期貨條例和根據已制定程序進行定期檢討。

### 股東權利

#### 股東召開股東特別大會之程序

根據本公司公司章程細則及百慕達1981年公司法（經修訂），任何於呈遞要求日期持有有權在本公司股東大會投票之本公司實繳股本不少於十分之一（10%）之登記股東，有權隨時致函本公司註冊辦事處，地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda，向董事會或本公司秘書發出書面要求，要求董事會召開股東特別大會以處理該要求內指定之任何事務，而該股東特別大會須於有關呈遞要求日期起兩個月內舉行。

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The written requisition must be signed by the registered shareholders concerned and may consist of several documents in like form, each signed by one or more of these shareholders. The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the company secretary of the Company will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory and regulatory requirements to all the registered shareholders. On the contrary, if the written requisition has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

If within twenty one days from the date of deposit of the requisition the Board fails to proceed to convene a special general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any special general meeting so convened shall be held within three months from the date of deposit of such requisition.

### Procedures for shareholders to put forward proposals at a general meeting

Pursuant to the Companies Act 1981 of Bermuda (as amended), either any number of the registered shareholders holding not less than one-twentieth (5%) of the paid up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 registered shareholders, can request the Company in writing to (a) give to shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

書面要求必須經有關登記股東簽署，並可由數份同樣格式及附有一名或多於一名有關股東簽署之文件組成。書面要求將由公司股份登記處核實，在確定為適當及符合程序後，本公司公司秘書將要求董事會召開股東特別大會，並根據法定及監管規定給予所有登記股東充分的通知期。反之，若書面要求經核實為不符合程序，有關股東將獲知會結果，而股東特別大會亦不會按要求召開。

如董事會未能於呈遞要求日期起二十一日內開展召開股東特別大會，則呈請人（或其中代表全體呈請人總表決權半數以上之任何人士）可自行召開股東特別大會，惟按此方式召開之任何股東特別大會須於呈遞要求日期起三個月內舉行。

### 股東於股東大會上提呈議案之程序

根據百慕達1981年公司法（經修訂），持有有權在本公司股東大會投票之本公司實繳股本不少於二十分之一（5%）之登記股東，或不少於100名登記股東，可向本公司提交書面要求：(a)向有權獲發送下一屆股東大會通告之股東發出通知，以告知於該大會上任何可能正式動議及擬動議之決議案；及(b)向有權獲發送任何股東大會通告之股東傳閱任何不超過1,000字之陳述書，以告知於該大會上提呈之決議案所述事宜或將處理之事項。

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The written requisition and a sum of money reasonably sufficient to meet the Company's expenses for serving the notice of the resolution and circulating the statement submitted by the registered shareholders concerned in accordance with the statutory and regulatory requirements to all the registered shareholders must be deposited at the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the company secretary of the Company not less than six weeks before the meeting in case of a requisition requiring notice of a resolution; and not less than one week before the meeting in the case of any other requisition; and where an annual general meeting is called for a date six weeks or less after the requisition requiring notice of a resolution has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for such purpose.

The written requisition must be signed by the registered shareholders concerned and may consist of several documents in like form, each signed by one or more of these shareholders. The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the company secretary of the Company will ask the Board to include the resolution in the agenda for the general meeting, and serving the notice of the resolution and circulating the statement submitted by the registered shareholders concerned in accordance with the statutory and regulatory requirements to all the registered shareholders. On the contrary, if the written requisition has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the general meeting.

書面要求連同繳存合理及足夠款項用以支付公司根據法定及監管規定向所有登記股東發出決議案通知及傳閱有關登記股東呈交之陳述書所產生之開支必須送達本公司註冊辦事處，地址為 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda，註明本公司公司秘書收啟。如屬於須發出決議案通知之情況，該要求須於會議舉行前不少於六週送達；如屬於任何其他情況，則須於會議舉行前不少於一週送達。惟倘在送達須發出決議案通知要求後六週或較短期間內之某一日召開股東週年大會，則該要求雖未有在規定時間內送達，就此而言亦將被視為已妥善送達。

書面要求必須經有關登記股東簽署，並可由數份同樣格式及附有一名或多於一名有關股東簽署之文件組成。書面要求將由公司股份登記處核實，在確定為適當及符合程序後，本公司公司秘書將要求董事會將有關決議案納入股東大會之議程，並按照法定及監管規定向所有登記股東發出決議案通知及傳閱有關登記股東呈交之陳述書。反之，若書面要求經核實為不符合程序，有關股東將獲知會結果，而提呈之決議案將不獲納入股東大會之議程內。

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### Procedures for shareholders to propose a person for election as a director

Pursuant to the Company's bye-laws, a registered shareholder duly qualified to attend and vote at the general meeting wishes to propose a person other than a director of the Company for election as a director at the general meeting must validly serve (1) his/her written notice of intention to propose a candidate for election as a director at the general meeting; (2) a written notice signed by the nominated candidate of the candidate's willingness to be elected; (3) the nominated candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules; and (4) the nominated candidate's written consent to the publication of his/her personal data, either to the Company's principal place of business in Hong Kong at Room 3403, 34th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong; or to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no earlier than the day after the dispatch of notice of the general meeting appointed for such election and no later than seven days prior to the date of such general meeting.

### Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries to the Board in writing through the company secretary of the Company whose contact details are as follows:

Room 3403, 34th Floor, China Resources Building  
26 Harbour Road, Wanchai, Hong Kong  
Facsimile: (852) 2598 9018  
Email: investor@cecht.com.hk

Shareholders may also make enquiries with the Board at the general meetings of the Company.

## CONSTITUTIONAL DOCUMENTS

A copy of the constitutional documents of the Company is available on the website of The Stock Exchange of Hong Kong Limited and the website of the Company. There was no significant change to the Company's constitutional documents during the year.

### 股東提名人選參選董事之程序

根據本公司章程細則，合資格出席股東大會並於會上投票之登記股東欲提名一名並非本公司董事之人士於股東大會上參選為董事，則該股東必須在就該選舉而召開之股東大會通告發出翌日起及不遲於該股東大會舉行日期至少七天前，將(1)其有意於股東大會上提名人選參選董事之書面通知、(2)被提名人已簽署之書面通知，證明其願意參選、(3)根據上市規則第13.51(2)條規定需予披露之被提名人的資料、及(4)被提名人同意其個人資料被披露之書面同意書妥善地提交本公司於香港主要營業地點，地址為香港灣仔港灣道26號華潤大廈34樓3403室；或本公司於香港之股份過戶登記分處卓佳雅柏勤有限公司，地址為香港皇后大道東183號合和中心22樓。

### 股東向董事會作出查詢之程序

股東可隨時透過本公司秘書以書面形式將其查詢遞交董事會。本公司秘書之聯絡詳情如下：

香港灣仔港灣道26號  
華潤大廈34樓3403室  
傳真：(852) 2598 9018  
電郵：investor@cecht.com.hk

股東亦可在本公司之股東大會上向董事會作出查詢。

## 憲章文件

本公司的憲章文件已刊載於香港聯合交易所有限公司網站及本公司網站內。年內本公司的憲章文件並無任何重大變動。

# Corporate Governance Report

## 企業管治報告

### ATTENDANCE RECORD AT MEETINGS

Details of the director's attendance at general meetings, Board and Board committee meetings held in 2018 are set out in the table below:

### 會議出席記錄

下表載列各董事於2018年內出席股東大會、董事會及董事委員會會議之詳情：

		Meetings attended/held 出席次數／會議次數		Remuneration and nomination committee 薪酬及 提名 委員會		General meetings 股東大會	
		Audit committee 審核 委員會	Board** 董事會**				
		Note 附註					
<b>Non-executive directors</b>		<b>非執行董事</b>					
Dong Haoran	董浩然		6/6*			2/2*	
Liu Jinmei	劉勁梅		5/5			0/2	
<b>Executive directors</b>		<b>執行董事</b>					
Jiang Juncheng	姜軍成		5/5	3/3		2/2	
Liu Hongzhou	劉紅洲		5/5			2/2	
Ma Yuchuan	馬玉川	1	0/1	0/1		0/0	
<b>Independent non-executive directors</b>		<b>獨立非執行董事</b>					
Chan Kay Cheung	陳棋昌		6/6	2/2*	4/4	2/2	
Qiu Hongsheng	邱洪生		6/6	2/2	4/4*	2/2	
Chow Chan Lum	鄒燦林		6/6	2/2	4/4	2/2	

\* Chairman

\* 主席

\*\* Included a Board meeting where the chairman of the Board met with non-executive directors (including independent non-executive directors) without executive directors and management present.

\*\* 其中一次董事會會議是由董事會主席在沒有執行董事和管理層在場的情況下會見了非執行董事(包括獨立非執行董事)。

Note:

附註:

1. Resigned in January 2018

1. 於2018年1月辭任

# Corporate Social Responsibility Report

## 企業社會責任報告

### 1. CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

#### 1.1 Corporate social responsibility philosophy

The Group has all along been insisting on the development of information industry and safeguarding of information safety as its own responsibility. By adhering to the “be innovative in electronics of China, lead the information in the future” responsibility philosophy, and incorporating it into the Group’s strategic and operational practice, the Group strives to maximise the comprehensive benefits of economy, environment and society, and has always been a good corporate citizen.

The Company has complied with the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules for the year ended 31 December 2018.

#### 1.2 Participation of stakeholders and analysis of material issues

The communication with and the participation of stakeholders are essential components of the sustainable development of enterprises. The Group operates principally in the PRC. The key stakeholders of the Group are its shareholders, customers, employees, government and regulatory authorities, business partners, communities and the public as well as the ecological environment. Through communication with its stakeholders, the Group understands their expectations and advices, so as to provide guidelines for the Group’s operational decision-making and make more positive contributions to sustain the industrial and social development.

### 1. 企業社會責任管理

#### 1.1 企業社會責任理念

本集團始終堅持以發展信息產業及維護信息安全為己任，秉承「創新中國電子，引領信息未來」的責任理念，並將其融入本集團戰略及營運實踐，努力追求經濟、環境、社會綜合效益最大化，並時刻擔當良好企業公民。

本公司已於截至2018年12月31日止年度遵守上市規則附錄27所載環境、社會及管治報告指引所載的「不遵守就解釋」條文。

#### 1.2 利益相關方參與及重要議題的分析

與利益相關方的溝通及其參與是企業可持續發展的重要組成部分。本集團主要經營地點在中國。本集團的關鍵利益相關方包括股東、顧客、員工、政府及監管機構、合作夥伴、社區及公眾及生態環境。通過與利益相關方的溝通，瞭解各方期望及建議，為本集團營運決策提供指引，為產業及社會可持續發展做出更積極的貢獻。

# Corporate Social Responsibility Report

## 企業社會責任報告

In 2018, the Group analysed the materiality of various environmental, social and governance (“ESG”) issues with reference to peer practice and expert opinions, in accordance with the Group’s actual operations circumstances, and gave detailed response to these material issues in this report.

2018年，本集團採取同業對標及專家意見相結合的方式，結合本集團營運實際的情況，分析各項環境、社會及管治(「ESG」)議題的重要性，並在本報告中對該等重要議題進行重點回應。

ESG issues ESG議題		Materiality analysis 重要性分析	Corresponding section 對應章節
<b>Emissions</b> 排放物	Exhaust and greenhouse gas emissions 廢氣及溫室氣體的排放	The Group is principally engaged in the business of design of security smart card chips and does not involve in manufacturing. Apart from greenhouse gases and non-hazardous wastes (such as waste paper) produced in offices, the Group does not produce significant exhaust emissions, water and land pollutions and hazardous wastes during its operation. 本集團的主營業務為智能卡及安全芯片之設計，在業務過程中不涉及生產。除溫室氣體以及辦公環節產生的無害廢棄物(如廢紙等)外，本集團於營運期間並無產生顯著廢氣的排放、向水及土地的排污以及有害廢棄物的排放。	5.1 Green operations 5.1 綠色營運
	Water and land pollutions 向水及土地的排污		5.1 Green operations 5.1 綠色營運
	Hazardous and non-hazardous waste generation 有害及無害廢棄物的排放		5.1 Green operations 5.1 綠色營運
<b>Use of resources</b> 資源使用	Use of energy 能源使用	The Group consumes energy (including electricity, natural gas, fuel consumed by vehicles for office use), water resources and packaging materials used in finished products during its operation. Managing the use of resources can help to reduce the Group’s operating costs as well as the Group’s impact on the environment. 本集團營運過程會消耗能源(包括電力、天然氣、辦公用車的耗油)、水資源以及製成品使用的包裝材料。資源使用管理有助於降低本集團的營運成本，同時也有助於減少本集團對環境的影響。	5.1 Green operations 5.1 綠色營運
	Use of water resources 水資源使用		5.1 Green operations 5.1 綠色營運
	Use of packaging materials 包裝材料使用		5.1 Green operations 5.1 綠色營運
<b>Environment and natural resources</b> 環境及天然資源		In the process of chip manufacturing, suppliers who work with the Group will exert impacts on the environment and natural resources. 在芯片製造過程中與本集團合作的供應商會對環境及天然資源產生影響。	5.2 Green products 5.2 綠色產品

# Corporate Social Responsibility Report

## 企業社會責任報告

ESG issues ESG議題		Materiality analysis 重要性分析	Corresponding section 對應章節
<b>Employment and labour practices</b> 僱傭及勞工常規	Employment 僱傭	Employees are an asset to the Group and a driving force for the Group to innovate persistently. Therefore, the rights and benefits, health and safety, training and development of employees are all key areas of work of the Group regarding corporate social responsibility. 員工被視為本集團的資產，同時為本集團提供不斷創新的原動力。因此，員工的權益及福利、健康及安全，培訓及發展為本集團於企業社會責任方面的重要工作。	3.1 Employment and employee benefits 3.1 僱傭及員工福利
	Health and safety 健康及安全		3.3 Occupational health and safety 3.3 職業健康及安全
	Training and development 培訓及發展		3.2 Training and development 3.2 培訓及發展
	Labour standards 勞工準則		3.1 Employment and employee benefits 3.1 僱傭及員工福利
<b>Supply chain management</b> 供應鏈管理	Management of environmental and social risks of the supply chain 供應鏈環境及社會風險管理	The management of supply chain not only can help the Group to avoid environmental and social risks, but is also crucial to the Group's product quality. 供應鏈的管理不僅能幫助規避本集團在環境及社會方面的風險，也對本集團的產品質量至關重要。	4.1 Supply chain management 4.1 供應鏈管理



# Corporate Social Responsibility Report

## 企業社會責任報告

ESG issues ESG議題		Materiality analysis 重要性分析	Corresponding section 對應章節
<b>Product responsibility</b> 產品責任	Quality and safety of products and services 產品及服務的質量及安全	Given the type of business the Group operates, information safety protection, effective quality management and customer service are the foundation for achieving sustainable operation of the Group. 基於本集團的業務類型，保障信息安全、有效的質量管理及顧客服務為本集團實現可持續經營的基礎。	2.1 Information safety 2.1 信息安全 2.2 Quality management 2.2 質量管理 2.4 Customer service 2.4 顧客服務
	Intellectual property management 知識產權管理	The daily operation of the Group involves the use of intellectual properties owned by customers, suppliers or the Group. Therefore, to protect the intellectual properties of the Group and business partners, and to avoid infringement of others' intellectual properties are all key areas of work of the Group regarding corporate social responsibility. 本集團的日常營運中會涉及到使用顧客、供應商或本集團自身擁有的知識產權。因此，保護自身及合作夥伴的知識產權，同時防止侵犯他人的知識產權為本集團於企業社會責任方面的重要工作。	2.3 Intellectual property protection 2.3 知識產權保護
	Information safety and privacy protection of customers 顧客信息安全及隱私保護	The daily operation of the Group involves confidential information of some of its customers and business partners. 本集團的日常營運中會涉及到部分顧客及合作夥伴的機密信息。	2.4 Customer service 2.4 顧客服務
<b>Anti-corruption</b> 反貪污	Anti-corruption practices 反貪污常規	Anti-corruption is a key safeguard for the healthy and sustainable development of the Group. 反貪污是本集團業務健康、可持續發展的重要保障。	4.2 Anti-corruption 4.2 反貪污
<b>Community investment</b> 社區投資	Community welfare 社區公益	The Group mainly operates in the Mainland China. Servicing the needs and development of the local communities have considerable impacts on the Group's development. 本集團主要營運地點在中國內地，營運當地社區的需要及發展對本集團的發展有一定影響。	6. Community investment 6. 社區投資

# Corporate Social Responsibility Report

## 企業社會責任報告

### 2. PRODUCTS AND SERVICES

The Group reviews regularly the management systems regarding the safety, advertisement, labels and privacies of its products and services by adhering to the “make innovations through reform and cherish integrity towards the world” operation philosophy, and with reference to local laws and regulations relevant to our products and services such as the Standardisation Law of the People’s Republic of China, the Intellectual Property Law of the People’s Republic of China, the Product Quality Law of the People’s Republic of China, and the Advertising Law of the People’s Republic of China as well as the industrial policies, and continues to enhance the corresponding information safety management system, product quality control system, intellectual property management system and customer service system. In 2018, there was no litigation against the Group or violation of laws and regulations by the Group in relation to the safety, advertisement, labels and privacies of its products and services.

#### 2.1 Information safety

As the practitioner and facilitator of the smart card chips design industry in the PRC, the Group strives for the maintenance of information safety as its own responsibility, concerns with the laws and regulations regarding information safety management such as the Requirements for the Management of Safety Production of Electronic Information Industry, the Safety Protection of Computer Information System Regulation of the People’s Republic of China, the Network Security Law of the People’s Republic of China, the Regulations for the Management of Commercial Cryptographic, etc., focuses on independent research and development of security smart card chips while building a safe operating environment, strives to be the cornerstone of China’s information technology modernisation and information safety.

The Group established an information safety management system by adhering to the Group’s information safety policy of “catering for safety demand through system protection; striving for sustainable development through the involvement of all staff”, with reference to the requirements such as the Information Technology – Security Technology – Information Safety Management System – Requirements (ISO/IEC 27001), the Information Technology – Security Technology – Practical Rules for Information Safety Management (ISO/IEC 27002), etc.

### 2. 產品及服務

本集團秉承「知變圖新、誠達天下」的經營理念，參考《中華人民共和國標準化法》、《中華人民共和國知識產權法》、《中華人民共和國產品質量法》、《中華人民共和國廣告法》及行業政策，對本集團產品及服務的安全、廣告、標籤及隱私等方面的管理制度定期進行檢討，並持續完善相應信息安全管理体系、產品質量管理体系、知識產權管理体系及顧客服務體系。本集團於2018年在產品及服務的安全、廣告、標籤及隱私方面未發生訴訟及違法違規事件。

#### 2.1 信息安全

本集團作為中國智能卡芯片設計行業的實踐者及推動者，以維護信息安全為己任，關注《電子信息產業安全生產管理規定》、《中華人民共和國計算機信息系統安全保護條例》、《中華人民共和國網絡安全法》及《商用密碼管理條例》等信息安全管理相關的法律法規，研發自主可控的智能卡及安全芯片，同時打造安全的營運環境，為中國信息技術現代化以及信息安全提供基石。

本集團秉承「系統防範，滿足安全需求；全員參與，追求持續發展」的信息安全方針，參考ISO/IEC 27001《信息技術—安全技術—信息安全管理體系—要求》、ISO/IEC 27002《信息技術—安全技術—信息安全管理實用規則》等標準要求，建立信息安全管理体系。

# Corporate Social Responsibility Report

## 企業社會責任報告

### • *Development of security chip*

The Group focuses on the business of design of security smart card chips. As the practitioner and facilitator of the smart card chips technology in the PRC, the Group owns the globally advanced and domestic leading security attack and defense technology, covering the protection technology at levels such as the system level, algorithm level, circuit level and layout level, with technologies such as side channel attack, malfunction-injection attack and physical attack technologies, and forming a set of comprehensive safety management system.

A number of high-end security control chips of the Group was accredited with security certification such as the domestic EAL4+ Certificate, international CCEAL5+ Certificate (the highest security certification level that can be achieved currently for domestic smart card products), EMVCo Certificate, etc., which lead the domestic security chip technology, attain international level, and demonstrate China's "Smart Card Chips" capability.

In 2018, various products of the Group were certified, including the UnionPay Chip Security Certification, the Certificate of the Commercial Password Products, the IT Product Information Security Certification, etc. In addition, Huada Electronics has won the "2017 China's most influential IoT security enterprise award of the China IoT Industry Application Alliance".

### • *Safe operating environment*

While focusing on the development of smart card chips with high security and high reliability, the Group also pays attention to physical environment security, that is, protecting computer network equipment and facilities from being destroyed by accidents such as earthquakes, floods, as well as human acts. The Group established a series of physical security management system, such as the Procedures for the Physical Security Control, the Measures for the Management of Security Facilities, the Control Code for Central Control Room, the Measures for the Management of Security Officer, etc., for protecting the design and development of security smart card chips.

### • *安全芯片開發*

本集團專注於智能卡及安全芯片設計業務。作為中國智能卡芯片技術的實踐者及推動者，本集團擁有世界先進、國內領先的安全攻防技術，覆蓋系統級、算法級、電路級及版圖級等防護技術，具備側信道攻擊、故障注入攻擊及物理攻擊等技術，形成了完整的安全管理體系。

本集團多款高端安全控制芯片獲得中國EAL4+、國際CCEAL5+（目前國內智能卡產品所能達到的最高安全保證級）及EMVCo等安全資質認證，引領國內安全芯片技術、達致國際水平，展現中國「芯」實力。

2018年本集團獲得多款產品認證，包括銀聯卡芯片產品安全認證、商用密碼產品型號證書，以及IT產品信息安全認證等。此外，華大電子於2018年獲得由中國物聯網產業應用聯盟頒發的「2017中國最有影響力物聯網安全企業獎」。

### • *安全營運環境*

在專注於高安全性、高可靠性智能卡芯片開發的同時，本集團注重物理環境安全，即保護計算機網絡設備及設施免遭地震、水災等事故以及人為行為導致的破壞。本集團制定有《物理安全控制程序》、《安防設施管理辦法》、《中控室控制規範》、《保安員管理辦法》等一系列物理安全管理制度，為智能卡及安全芯片設計及開發提供保障。

## Corporate Social Responsibility Report 企業社會責任報告

In 2018, in order to further consolidate and improve information safety performance, maintain the effective operation of the information safety management system, Huada Electronics established the information safety target or surveillance measurement project index and the ancillary management requirements; coordinated external suppliers with a view to optimising information safety management, and launched information safety publicity activities among all employees to promote their awareness on information safety.

- *Development of chips with independent intellectual property rights*

As the core of electronic information industry, integrated circuit is playing an increasingly important role in aspects such as promoting economic development and social progress, protecting information safety, etc. With information safety rising gradually to become a national strategy, the Group will continue to follow the pace of national development, adhere to the mission of safeguarding national information safety, focus on the development of electronic information industry, continue to launch domestic-made smart card chips with independent intellectual property rights, and keep on accumulating its core technologies.

While strengthening its internal management, the Group develops diversified products so as to provide better professional smart cards and embedded security chips and related solutions. At the same time, the Group also promotes its domestic-made smart card chips which are widely used in sectors such as financial payment, social security, resident health, public transportation, telecommunication and mobile payment, network authentication, identity authentication, Internet of Things, etc.

2018年，為進一步鞏固、提高信息安全績效，保持信息安全管理體系運行的有效性，華大電子建立信息安全目標或監視測量項目指標及配套管理要求；協調外部供應商完善信息安全管理工作，並開展針對全體員工的信息安全意識宣傳活動，提升全員信息安全意識。

- *自主知識產權芯片開發*

集成電路作為電子信息產業的核心，在推動經濟發展、社會進步及保障信息安全等方面正日益發揮重要作用。隨著信息安全逐步上升為國家戰略，本集團專注於電子信息產業發展，繼續推出自主知識產權的國產智能卡芯片，不斷積累核心技術。

本集團在加強內部管理的基礎上，開發多樣化產品，以更好的提供專業智能卡及嵌入式安全芯片及相關解決方案。同時致力於推廣國產芯片，廣泛應用於金融支付、社會保障、居民健康、公共交通、電信與移動支付、網絡認證、身份識別及物聯網等領域。

## Corporate Social Responsibility Report 企業社會責任報告

- *Promoting the application of cloud-based smart locks and securing information safety of IoT*

In recent years, as the smart door lock market in China continues to develop, to resolve a number of safety requirements including IoT door lock information reporting, and near and remote unlocking are the core of promoting the application of cloud-based smart locks.

In 2018, Huada Electronics participated in the whole process of development of the safety smart door lock solution with Zhejiang Telecommunication NB (one of the two IoT door lock solutions prominently prevailing in the market). Leverage on its experience in security application in multiple industries accumulated over the years, Huada Electronics has injected new safety philosophy and ideas to the integrated smart door lock solutions which greatly safeguard the information safety between smart door lock and cloud as well as the operational safety of near and remote unlocking.

In addition, Huada Electronics was invited to participate in the second working meeting of Building and Residential Community Digitalisation Technology Application in Smart Door Lock Safety (Guidelines) held by National Technical Committee on Standardisation of Digitalisation of Intelligent Building and Residential Community in Shenzhen and was a core party in compiling such Guidelines to jointly explore the smart door lock safety technology and take forward the regularisation of smart door lock industry, enhance the safety and convenience of the smart door lock.

- *推動智能雲鎖應用及保障物聯網信息安全*

近年來，隨著中國智能門鎖市場的不斷發展，解決智能聯網門鎖信息上報、近程及遠程開鎖等多種安全需求，是推廣智能雲鎖應用的核心。

2018年，華大電子全程參與浙江電信NB（當前市面主流的兩種智能聯網門鎖解決方案之一）安全智能門鎖解決方案的開發，憑藉其在多個行業多年的安全應用技術積累，為智能門鎖的一體化方案注入了新的安全理念及創意，對保障智能門鎖及雲端之間的信息安全以及近程及遠程開鎖的操作安全有很大幫助。

此外，華大電子應邀參與全國智能建築及居住區數碼化標準化技術委員會在深圳召開的《建築及居住區數碼化技術應用智能門鎖安全》（導則）第二次工作會議，並成為該導則的核心參與編制單位，共同探討智能門鎖的安全技術、推動智能門鎖行業邁向規範化，提高智能門鎖的安全性及便利性。

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## 企業社會責任報告

### 2.2 Quality management

- *Quality management system*

The integrated circuits design operation of the Group comprises the design of smart card chips and the development of application system. The Group is not directly involved in aspects such as manufacturing, assembling, transportation, etc., albeit adhering to the tenet of "zero defect" in provision of products and services to customers as well as the quality policy of "catering for customers demand through continuous innovation; striving for customers' satisfaction through the involvement of all staff". The Group advocates comprehensive quality management with the involvement of all staffs, striving to control and improve continuously the entire aspects of production of its products.

The Group established a product quality management system covering aspects such as product research and development, outsourcing of production and processing and quality inspection, in accordance with the requirements of ISO9001 Quality Management System, so as to meet the customers' demands for diversification, personalisation and refinement through systematic management. In 2018, Huada Electronics was accredited with the upgrade version of ISO9001 (2015) certification.

In 2018, Huada Electronics strengthened its quality control on various fronts, including research and development projects quality assurance, online quality monitoring of outsourcing of production and processing, product quality inspection, two-party audit of supplier quality management system, key product quality assurance onsite audit, etc. It also established the QMS Risk Management and Control Procedures, enhanced quality risk control on aspects such as outsourcing of production and processing, research and development, etc.; and integrated the launching of the training for employees focusing on the standards and requirements of quality management system with the activities of the "Quality Month", of which the participation rate reached 70%.

### 2.2 質量管理

- 質量管理體系

本集團的集成電路設計業務涵蓋智能卡芯片設計及應用系統開發，不直接涉及生產、封裝及運輸等環節，但秉承著向顧客提供「零缺陷」產品及服務的宗旨，「持續創新，滿足顧客需求，全員參與，追求顧客滿意」的質量方針。本集團倡導全員參與的全面質量管理，致力於對產品實現全過程控制及持續改進。

本集團按照 ISO9001質量管理體系要求，建立了覆蓋產品研發、委外生產加工及質量檢驗等環節的產品質量管理體系，通過體系化管理滿足顧客多樣化、個性化、精細化等訴求。華大電子於2018年完成了ISO9001(2015版)換版認證。

2018年，華大電子在研發項目質量保證、委外生產加工在線質量監控、產品質量檢驗、供應商質量管理體系二方審核及重點產品質量保障現場審核等各方面加強質量管理；制定了《QMS風險管理控制程序》，加強委外生產加工、研發等環節的風險管理；並結合「質量月」活動開展針對質量管理體系標準及要求的員工培訓，員工參與覆蓋率達70%。

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As to the management of quality risks of suppliers, the Group required key suppliers to carry out failure mode and effects analysis management on manufacturing and processing procedures of the related products and equipments to identify risks and implement risk treatment measures, so as to further ensure the quality of the products provided by the suppliers. In 2018, Huada Electronics carried out the two-party audit on the quality management system of its two key suppliers to ensure the upgrade of these two suppliers' ISO9001 certificate to the new standard (2015 version), and onsite audit on them to monitor the quality of the production and processing of key products.

For sub-standard products found during operation, the Group will deal with the sub-standard products in accordance with the requirements of the Sub-standard Product Control Procedures, while arrangements will be made for the responsible departments to analyse the reason for the generation of sub-standard products, formulate rectification and preventive measures, and be responsible to follow up on their implementation and the effectiveness of these measures. In 2018, there was no occurrence of any recall of the Group's products sold or delivered due to safety and health concerns.

For the management of product labels, the Group established labelling requirements for information such as product model number, product lot number, product quantity, time of processing, product origin, etc. with respect to the packaging specifications for various products such as IC card, smart card, etc.

- *Quality inspection procedures*

The Group conducted quality inspection on products such as wafers, modules, cards, circuits, etc, that are developed independently with procurement and processing outsourced in accordance with the requirements in respect of the quality inspection operational process imposed by its product quality control system. Inspections are performed by professional inspectors in accordance with the inspection specifications and practice guidelines, and by using professional inspection equipment, so as to avoid the delivery of sub-standard products. In addition, the professional high-precision instruments used for quality inspection are calibrated regularly to ensure the accuracy of the inspection result.

在對供應商的質量風險的管理方面，本集團要求關鍵供應商對相關產品生產及加工流程以及設備開展故障模式影響分析管理，識別風險並實施風險處置措施，從而進一步保障了供應商所提供產品的質量。華大電子於2018年對兩家關鍵供應商開展質量管理體系二方審核，確保該兩家供應商ISO9001證書升級到新版標準(2015版)，並對他們開展現場審核，監控重點產品生產加工的質量。

針對在營運過程中發現的不合格品，本集團按照《不合格品控制程序》的要求進行處置，同時安排責任部門組織不合格品產生原因的分析、糾正及預防措施制定，以及負責跟進實施情況及措施有效性。於2018年，本集團並未發生因安全及健康理由而須對已售或已運送產品進行回收的事件。

在產品標籤的管理方面，本集團制定了針對IC卡、智能卡卡片等產品包裝規範，明確規定對產品型號、產品批號、產品數量、加工時間、產地等信息的標籤要求。

- *質量檢測流程*

本集團按照其產品質量管理體系對質量檢測流程的操作要求，針對其自主研發並委外採購及加工的圓片、模塊、卡片、電路等產品進行質量檢驗。質量檢驗由具備專業技能的檢驗人員，依據檢驗規範及作業指導書，使用專業的檢驗設備進行檢驗，防止不合格產品交付。此外，檢驗人員通過定期對於質量檢測的專業高精度儀器進行校準，以保證檢驗結果的準確性。

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### 2.3 Intellectual property protection

The Group respects intellectual properties and regulates the usage of intellectual properties from customers and third parties. It also keeps all its business partners' product's technical information strictly confidential. Moreover, the Group concerns about the protection of its own intellectual properties, and issued the Measures for the Management of Intellectual Properties for the first time in 2003 and continues to improve and amend it.

The Measures for the Management of Intellectual Properties explicitly defines the responsibilities and working procedures for all departments and personnel, and states the detail requirements regarding the evaluation, searching, retrieval and analysis of relevant intellectual properties during the technology research and development process, contract filing management, intellectual properties ownership, protection and application of intellectual properties, training and incentive. The Measures for the Management of Intellectual Properties facilitates the formation of innovation mechanism, and creates a regulated sound environment with rules and precedents to follow for the developing of intellectual properties.

In 2018, the Group further elaborated the details of internal application for intellectual properties, clearly set out ways through the information system for the employees to submit to the Group their applications for intellectual properties, while beefing up the contents with intellectual property information enquiries and intellectual property data sharing, etc.

The Group attaches importance to original innovation and collective innovative capabilities, scientific discovery and technology invention, and through incentive measures encourage employees to actively apply for intellectual properties and publish academic papers, etc. As at 31 December 2018, the Group has obtained 471 patents.

### 2.3 知識產權保護

本集團尊重知識產權，規範使用顧客、第三方機構知識產權，亦對所有合作夥伴的產品技術信息進行嚴格保密。此外，本集團關注對自身知識產權的保護，於2003年首次發佈《知識產權管理辦法》，並持續完善修訂。

《知識產權管理辦法》明確了各部門及人員的職責及工作程序，對包括技術研發過程中對相關的知識產權的評估、查新、檢索、分析、合同檔案管理、知識產權歸屬、知識產權的保護、知識產權的申請、培訓及獎勵等都進行了詳細的規定，促進了創新機制的形成，營造了知識產權工作有法可依、有章可循的良好環境。

於2018年，本集團對內部知識產權申請做了更細緻的說明，明確規定了員工通過信息系統向本集團提交知識產權的申請途徑，增加了知識產權信息查詢及知識產權資料共享等內容。

本集團重視原始創新、集成創新能力，重視科學發現及技術發明，亦通過獎勵措施鼓勵員工積極進行知識產權申請、論文發表等。截至2018年12月31日，本集團獲授權專利471項。



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### 2.4 Customer service

- *Customer service system*

The Group adheres to the “users first and customers foremost” philosophy and builds the global customer service system to provide more convenient and better quality service to customers. In addition, the Group has site engineer teams with strong technical knowledge to provide immediate professional technical services to customers to solve their technical problems before, during and after a purchase.

Customer Complaint Procedures are established by the Group to assist customers to solve any issues encountered after products are sold and during usage, and any feedback from customers will be used for on-going enhancement of service and product quality. In addition, depending on the issue raised by the customer, the Group will organise respective specialists from the failure analysis team, product development and design team, production and processing professional technical team, sales service team, technical support team and project management team to work together to analyse and identify the fundamental causes of the issue, formulate rectifying and precautionary measures, ensure the effectiveness of such measures, and keep track of the customer’s subsequent usage in the long run.

As for customer information safety and privacy protection, the Group established the Measures for the Management of Technology Confidentiality Agreement and the Requirements for the Management of Confidentiality, and employees are required to keep trade secrets of the Group and customers in strict confidence, so as to ensure information confidentiality for both sides during business interaction between the Group and customers.

### 2.4 顧客服務

- *顧客服務體系*

本集團秉承「用戶第一、顧客至上」的理念，打造覆蓋全球的顧客服務體系，為顧客提供更便捷、優質的服務。此外，本集團擁有技術實力雄厚的現場工程師團隊，為顧客即時提供售前、售中、售後的專業技術服務，解決技術難題。

本集團制定《顧客抱怨處理程序》，幫助解決在產品銷售後、顧客使用中遇到的問題，並同時通過顧客反饋的問題持續提升服務質量及產品質量。此外，本集團根據不同問題，組織失效分析團隊、產品研發設計團隊、生產加工專業技術團隊、銷售服務團隊、技術支撐團隊、項目管理團隊中相關的專業人員，共同完成整個問題的分析處理工作，挖掘問題發生的根本原因，制定糾正及預防措施，保證其措施的有效性，並長期跟蹤顧客的後續使用情況。

在顧客信息安全及隱私保護方面，為確保本集團與顧客業務交往中雙方的信息保密，本集團制定了《技術保密協議管理辦法》以及《保密管理規定》，並要求員工需嚴格保守本集團及顧客的商業秘密。

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- Customer satisfaction survey

The Group attaches importance to customer satisfaction survey and through the survey identifies key factors affecting the satisfaction of customers so as to enhance the quality of its services and products. The Group sends out customer satisfaction questionnaires to customers each year to understand customer's satisfaction, opinion and suggestions on its products' or projects' design quality, service quality, and pace and capability in handling issues arose, and Customer Satisfaction Surveillances and Measurements Evaluation Report will be prepared summarising feedbacks from customers and passed to respective departments for on-going improvement of service standards.

- 顧客滿意度調查

本集團重視顧客滿意度調查，通過調查挖掘影響顧客滿意度的關鍵因素，從而改善服務及產品質量。本集團每年定期向顧客發放顧客滿意度調查表，全面瞭解顧客對產品或項目的設計質量、服務質量、問題處理速度及能力等方面的滿意程度，收集相關意見及建議，並編製《顧客滿意度監視及測量評價報告》，將結果反饋給相應部門，持續提升服務水平。

### Statistics on product and customer service key performance indicators

#### 產品及顧客服務相關關鍵績效指標統計

Indicators	指標	2018 2018年度	2017 2017年度
Number of customer complaints received	顧客投訴事件	132	112
Percentage of customer complaints dealt with (%)	顧客投訴處理率(%)	100	100
Customer satisfaction (%)	顧客滿意度(%)	94.74	95.95

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### 3. EMPLOYEES

The Group reviews and enhances regularly on the management systems regarding its employees' rights, remuneration and benefits, recruitment and promotion, training and development, working environment and occupational health, child labour and forced labour by adhering to the "responsibility orientated, attaches importance to competent and rewards linked with performance" talent philosophy, and with reference to the industrial policies as well as operational location's laws and regulations relevant to employment such as the Labor Law of the People's Republic of China, the Work Safety Law of the People's Republic of China, the Women's Rights and Interests Protection Law of the People's Republic of China and the Regulations on Paid Annual Leave for Employees. In 2018, there was no litigation against the Group or violation of laws and regulations by the Group in relation to employment, occupational health and safety, child labour and forced labour.

#### 3.1 Employment and employee benefits

- *Employment and employees' rights*

The Group attaches importance to attracting and fostering of talents, provides protection to the equal rights of its employees on aspects such as terms of employment, training, promotion and remuneration, and ensures no discrimination against any person on grounds such as gender, marital status, disability, age, race, family conditions, nationality and religion. In addition, the Group resolutely prohibits child labour and all forced labour, so as to comply with the relevant laws and regulations.

The Group established the Administrative Management Systems, which clearly set out, among others, the related management work for the recruitment and dismissal of employees. The Group also established the Code for Employees, which covers area such as the standards of daily behaviour, attendance management, management of sick leave and other leave, performance management, remuneration and benefits, employee training, etc.

### 3. 員工

秉承「盡責是才、重能酬績」的人才理念，參考《中華人民共和國勞動法》、《中華人民共和國安全生產法》、《中華人民共和國婦女權益保障法》及《職工帶薪年休假條例》等與僱傭相關的營運地法律法規及行業政策，本集團對員工權益、薪酬及福利、招聘及晉陞、培訓及發展、工作環境及職業健康、童工及強制勞工等方面的管理制度定期進行檢討及完善。本集團於2018年在僱傭、職業健康及安全、童工及強制勞工方面未發生訴訟及違法違規事件。

#### 3.1 僱傭及員工福利

- *僱傭及員工權益*

本集團注重人才的引進及培養，在員工的僱傭條件、培訓、晉陞、薪酬等方面提供平等權利，確保沒有因性別、婚姻狀況、殘疾、年齡、種族、家庭狀況、國籍、宗教等因素而遭受歧視。另外，本集團堅決杜絕僱用童工及一切強制勞工的行為，以確保符合相關法律法規。

本集團制定了《行政管理制度》，其中明確規定了在員工招聘及解僱方面的相關管理工作。本集團亦制定了《員工守則》，包含員工日常行為準則，考勤管理，病、事假管理，績效管理、薪酬福利及員工培訓等的內容。

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The Group encourages employees to introduce talents with competitiveness, and incorporates the respective incentive system in the Employee Handbook. Employees introduce talents according to the demands announced by the Group periodically, so as to assist the Group in identifying talents who will benefit its development, enhance the strength of the Group and enlarge its talent pool.

本集團鼓勵員工推薦有競爭力的人才，將相關獎勵制度涵蓋於《員工手冊》。通過定期發佈人才需求，員工根據需求推薦人才，從而為本集團尋找契合發展的人才，增強本集團實力、擴大人才隊伍。

Overview of the Employment and Employee's Rights System 僱傭及員工權益制度概覽		
Recruitment and dismissal	Work hours and leave system	Remuneration and benefits
招聘及解聘	工時及休假	薪酬及福利
<p>✓ <b>Recruitment:</b> New employees are recruited under the principle of "openness, equality, competition and on the basis of merit".</p> <p>✓ <b>招聘：</b>按照「公開、平等、競爭、擇優」的原則招聘錄用新員工。</p>	<p>✓ <b>Work hours:</b> Work hours in compliance with operational location's laws and regulations.</p> <p>✓ <b>工時：</b>工作時間符合營運地法律法規的要求。</p>	<p>✓ <b>Remuneration:</b> The salary of each position is determined with reference to market wage level and such amount will be adjusted accordingly after considering the position value and contribution.</p> <p>✓ <b>薪酬：</b>參考市場水平定義崗位工資，同時考慮崗位價值及貢獻對薪酬進行合理的調整。</p>
<p>✓ <b>Dismissal:</b> Employees are dismissed in accordance with the related requirements in the Code for Employees and in compliance with operational location's laws and regulations.</p> <p>✓ <b>解聘：</b>按照《員工守則》相關規定開展，並符合營運地法律法規的要求。</p>	<p>✓ <b>Overtime work:</b> Employees are entitled to pay for overtime work or time-off in lieu. Overtime work compensation is in compliance with operational location's laws and regulations.</p> <p>✓ <b>加班：</b>員工享有加班費或加班調休權利，加班補償符合營運地法律法規的要求。</p>	<p>✓ <b>Social insurance:</b> Various social insurances are purchased for all employees in accordance with operational location's laws and regulations.</p> <p>✓ <b>社會保險：</b>按照營運地法律法規為全體員工繳納各項社會保險。</p>
	<p>✓ <b>Leave system:</b> Paid annual leave, marriage leave, bereavement leave, maternity leave, sick leave, etc., are provided pursuant to operational location's laws and regulations.</p> <p>✓ <b>休假：</b>帶薪年休假、婚假、喪假、生育假、病假等按營運地法律法規提供。</p>	<p>✓ <b>Benefits:</b> Employees are provided with various benefits such as annual body checks, supplementary medical insurance, etc. in accordance with the actual situation of the Group.</p> <p>✓ <b>福利：</b>結合本集團實際情況為員工提供多項福利，如年度體檢及補充醫療保險等。</p>

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### Statistics on employment key performance indicators 僱傭相關關鍵績效指標統計

Indicators		指標		2018 2018年度	2017 2017年度
Number of employees		員工人數		368	365
By gender:	Male	按性別：	男性	225	224
	Female		女性	143	141
By type of employment:	Permanent	按僱傭類型：	勞動合同制	358	349
	Secondment		勞務派遣制	10	16
By age group:	> 50	按年齡組別：	50歲以上	19	18
	30 to 50		30至50歲	294	286
	< 30		30歲以下	55	61
By geographical region:	Mainland China	按地區：	中國內地員工	365	360
	Overseas <sup>1</sup>		海外員工 <sup>1</sup>	3	5
Employee turnover rate (%)		員工流失率 (%)		15	31
By gender:	Male	按性別：	男性	16	34
	Female		女性	13	25
By age group:	> 50	按年齡組別：	50歲以上	5	14
	30 to 50		30至50歲	15	29
	< 30		30歲以下	23	42
By geographical region:	Mainland China	按地區：	中國內地員工	15	31
	Overseas <sup>1</sup>		海外員工 <sup>1</sup>	25	0

Note:

1. Including Hong Kong, Macau and Taiwan.

#### • Employee communication and caring

An effective employee communication is important to the decision-making and enterprise development. The Group strives to establish an open working culture, and strengthen the communication between employees and management. It also sets up various communication channels to understand employees' opinions, so as to create a frank and an open communication atmosphere.

附註：

1. 含香港、澳門及台灣。

#### • 員工溝通及關懷

有效的員工溝通對決策制定、企業發展至關重要。本集團致力建設開放的工作文化，並加強員工與管理層的溝通，亦設立了多樣溝通渠道以瞭解員工的意見，營造坦誠開放的溝通氛圍。

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The Group cares and supports every employee who is in need. Through proactively carrying out multi-level and multi-channel employee caring activities, the Group ensures paying visit for those employees suffered from injuries and sickness, attending employees' wedding ceremony and funeral ceremony and helping employees who are in difficulties. In addition, the Group carries out consolatory activities on public holiday strictly in accordance with the relevant requirement of the China Federation of Trade Unions. Huada Electronics established the Measures for the Management of Trade Union Expenditure, stating the detail requirements on expenditure such as consolation money and support for employees who are in difficulties. As for the caring for female employees, Huada Electronics has set up nursing rooms, and subsidised the vaccination for female employees in 2018.

### Summary of employee activities in 2018

- ✧ "Science City, Blooming Youth" – A theme-based photography competition
- ✧ "Brisk Walking at Olympic Forest Park" – A brisk walking activities for employees
- ✧ "Working hand in hand, heart to heart" – 2018 Huada Electronics family day activities
- ✧ Huada Electronics participated in the table tennis competition for enterprises in Beijing organised by China Electronics Corporation Limited ("CEC")
- ✧ An employee flower arrangement activities organised by Shanghai Huahong Integrated Circuit Co., Ltd.

本集團關心及支持每一位需要幫助的員工，通過積極開展多層次、多渠道的員工關愛活動，做到傷病必訪、婚喪必訪、幫助困難員工，同時嚴格按照中國總工會的有關規定，開展法定節假日慰問活動。華大電子制定了《工會經費管理辦法》，對員工慰問、困難員工幫扶等的經費支出做了詳細規定。在女員工關愛方面，華大電子設置了母嬰室，並於2018年為女員工接種疫苗提供補助。

### 2018年度員工活動概覽

- ✧ 「科學城•正青春」主題攝影大賽
- ✧ 「健走奧森」員工健走活動
- ✧ 「攜手同『芯』」—2018年華大電子家庭開放日活動
- ✧ 華大電子參加中國電子信息產業集團有限公司「中國電子集團」在京企業乒乓球比賽
- ✧ 上海華虹集成電路有限責任公司組織了員工插花活動

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### 3.2 Training and development

- *Employee training*

Facilitating employees' growth provides impetus for corporate development. The Group's employee training divided into three levels, corporate level, departmental level and individual level. The corporate level trainings focus mainly on cross-departmental and internal all-purpose training, such as new employee training, quality and safety requirements training. Departmental level trainings focus mainly on enhancing knowledge and skills in specific departmental professional areas. Trainings for individuals act as a useful supplement to the above two.

Upon completion of a 12 months services, every employee is entitled to an individual training allowance of up to RMB3,000 per person per year starting from the 13th month onwards. Such allowance can be used for trainings as designated by the Group, or can be used in relation to employee's job-related trainings at his/her own choice subject to prior approval by the Group.

Huada Electronics established the Training System, which covers area such as types of training and effectiveness assessment, training implementation, internal training instructors, etc., as well as defines the four major categories, namely system, and rules and regulations, experience exchanges, knowledge and skills, and cultural awareness to be covered in the annual training programme.

In 2018, the Group launched the State-owned Assets Supervision and Administration Commission of the State Council rule of law training activities, which involves legal risk management in public capital and social capital cooperation business, compliance management seminars, etc. The Group also arranged employees to participate in training activities such as CEC young cadre training class (management class), etc. Huada Electronics promoted training activities by launching the "working hand in hand, heart to heart" training activities for all its employees as well as launching legal related training for staff of the sale centres, the production centres and other department with such needs.

### 3.2 培訓及發展

- *員工培訓*

促進員工的成長是企業發展的動力源泉。本集團員工培訓分為公司級、部門級及個人三級。公司級培訓側重於跨部門、通用性培訓，如新員工培訓、質量及安全要求培訓等，部門級側重於知識技能類培訓，在部門專業方向上實施，個人培訓作為前兩者的有益補充。

員工自入職第13個月起享有個人培訓津貼，每年每人最高限額人民幣3,000元，可以由本集團指定的培訓時使用，或由員工自主選擇與本職位相關的培訓，在經過申請同意後參加使用。

華大電子制定了《培訓制度》，包含培訓類型以及效果評估、培訓實施、內部培訓講師等的相關內容，並制定了涵蓋體系及規章制度、經驗交流、知識技能、文化意識四大類的年度培訓計劃。

2018年，本集團開展了國務院國有資產監督管理委員會法治培訓活動，涉及政府及社會資本合作業務法律風險管理、合規管理等內容，並組織員工參與中國電子集團中青年幹部培訓班（管理班）等培訓活動。華大電子開展「攜手同芯」全員培訓活動，並對銷售中心、生產中心及其他有需求的部門人員開展法律相關的培訓。

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### Statistics on employees' training key performance indicators 員工培訓相關關鍵績效指標統計

Indicators	指標	2018 2018年度	2017 2017年度
Employees' training coverage rate (%)	員工培訓覆蓋率 (%)	96	81
By gender: Male	按性別： 男性	95	80
Female	女性	97	83
By grade: Senior management	按級別： 高級管理層	100	91
Middle-management	中級管理層	100	76
General	普通	95	82
Employees' average number of hours of training per person per year	員工每年人均接受培訓的小時數	23	11
By gender: Male	按性別： 男性	26	10
Female	女性	21	11
By grade: Senior management	按級別： 高級管理層	21	–
Middle-management	中級管理層	32	–
General	普通	22	–

#### • Occupational development

The Group implements a qualification management system and establishes an occupational development channel to provide an important basis for employee's promotion and salary increment. The Group implements dual channel development path for the technicians that accounts over 60% of the Group's total headcount. The technicians are divided into six grades, those who have reached grade four can select either the management line or the technical line. In the technical line, they can become technical expert, system engineer, etc., and in the management line, they can enter into the administrative management or project management field.

#### • 職業發展

本集團實施任職資格管理制度，建立職業發展通道，為員工晉陞、提薪提供重要依據。對於佔本集團60%以上的技術族員工實行雙通道發展路徑，技術族分為六級，到四級後可選擇管理線或技術線，技術線發展到技術專家、系統工程師等，管理線則可進入行政管理或項目管理範疇。



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### 3.3 Occupational health and safety

- Production safety management

The Group has all along been insisting on the “safety first, focus on prevention and manage comprehensively” safety philosophy. The Group managed its production safety with reference to the principle of the Production Safety Law of the People’s Republic of China, and by focusing on tackling the potential security risks, and aiming at preventing and avoiding the occurrence of material safety incidents.

In 2018, under the supervision and guidance of the production safety management team in strict adherence to the Work Safety Law of the People’s Republic of China, and the Requirements for the Management of Safety Production of Electronic Information Industry, Huada Electronics focused on tackling safety risks and launched activities such as the “production safety month” activities, monthly and important public holiday extensive production safety inspections, elevators emergency escape drill, monthly safety publicity, etc., so as to strengthen production safety ground works.

### 3.3 職業健康及安全

- 安全生產管理

本集團始終堅持「安全第一、預防為主、綜合治理」的安全理念，以《中華人民共和國安全生產法》為原則，以治理安全隱患為重點，以防範及遏制重大安全事故發生為目標落實安全生產管理工作。

2018年，華大電子在安全生產管理小組的監督指導下，以貫徹執行《中華人民共和國安全生產法》及《電子信息產業安全生產管理規定》為主線，以治理安全隱患為重點，開展了「安全生產月」活動、月度及重大節假日安全生產大檢查、電梯逃生應急演練及月度安全宣傳等活動，強化了安全生產基礎工作。

#### Statistics on employees’ occupational health and safety key performance indicators 員工職業健康及安全相關關鍵績效指標統計

Indicators	指標	2018 2018年度	2017 2017年度
Number of work-related fatalities	因工作關係而死亡的人數	0	0
Number of work-related injuries	工傷事故發生次數	0	1

Note: The work-related injury was classified as the lowest degree of disability in accordance with the relevant standard.

註：工傷事故鑒定等級為相關標準最低傷殘級別。

- Quality working environment

Quality working environment has a direct impact on the physical and mental health and efficiency of employees. Based on the “people-orientated” philosophy, the Group is committed to provide and maintain a warm, comfortable, healthy and safe working environment for its employees. Huada Electronics has set up a nursery room, a library and a recreation area in its office, so as to create a quality office arena. The Company has equipped safety packs in its offices, clearly set out the requirements for safe use of electrical appliances, installed new ventilation system for new office in response to the air quality conditions in Beijing, etc. In addition, the Group purchased traffic safety insurance for its employees (such as insurance for employee travelling on planes, cars, etc.) to provide coverage for safe travel.

- 優質工作環境

優質的工作環境對員工的身心健康及工作效率具有直接影響。本集團基於「以人為本」的理念，致力為員工提供及維持溫馨、舒適、健康而安全的工作環境。華大電子在其辦公區域內設置了圖書室及休閒區，打造優質辦公空間。本公司在辦公室內配備安全包，明確規定安全使用電器的要求；並針對北京地區的空氣質量狀況，在新辦公室安裝新風系統等。此外，本集團為員工購買差旅交通安全保險（例如員工乘坐飛機、汽車等的保險），為安全差旅提供保障。

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### 4. COMPLIANCE OPERATION

The Group considers the compliance with laws and regulations is the cornerstone of an enterprise. The Group reviews and enhances regularly the management systems regarding its supply chain management, risk management and anti-commercial bribery with reference to the operational location's, laws and regulations relevant to the compliance operation such as the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, as well as the industrial policies. In 2018, there were no occurrence of any confirmed corruption incident related to the Group or its employees, nor were there any public legal proceedings against the Group or its employees.

#### 4.1 Supply chain management

- *Management and control procedures on suppliers*

The Group is principally engaged in the business of design of integrated circuit chips, our major suppliers are integrated circuit chips manufacturers. The effective management on suppliers during the course of the Group's development can help the Group to reduce its costs and cooperation risk, improve the quality of its products and services, and build up a quality brand. As such, the Group establishes the Management and Control Procedures on Suppliers setting out the requirement for the selection, evaluation and management for production suppliers. In particular, it sets out the detail guiding principles for aspects such as selection of suppliers, approval, daily management, subsequent evaluation, etc., so as to ensure the long-term and stable provision of reliable products and services by the suppliers.

### 4. 合規營運

本集團認為遵守法律及法規乃企業之基石，參考《中華人民共和國公司法》、《中華人民共和國合同法》、《中華人民共和國反不正當競爭法》等與合規營運相關的營運地法律法規及行業政策，對本集團供應鏈管理、風險管理、反商業賄賂等方面的管理制度定期進行檢討及完善。本集團於2018年並未發生與其或其員工有關的已確認的貪污事件及訴訟。

#### 4.1 供應鏈管理

- *供應商管控程序*

本集團以集成電路芯片設計為主營業務，主要供應商為集成電路芯片製造商。對供應商的有效管理可以幫助本集團在發展過程中降低成本、降低合作風險，提高產品及服務質量，建立良好品牌。本集團為此制定《供方管理控制程序》，規定了對生產類供應商的選擇、評價及管理的要求，其中詳細規定了供應商選擇，審批，日常管理，以及再評價等方面工作的指導原則，以確保供應商能夠長期、穩定的提供質量可靠的產品及服務。

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In addition, the Group establishes the Procurement and Outsourcing Control Procedures, setting out the requirements for the procedures and rules for managing the production procurement and the outsourcing. The procedures provide the definitions and corresponding operational requirements for aspects such as requirement planning, order formation and approval, procurement implementation, quality control, in-stock settlement, etc., so as to ensure the materials and products procured and outsourced comply with the requirements. The Group requires the suppliers to provide true and valid, and compliance with the requirements of laws and regulations qualification documents, and upon the request of the customers requires certain suppliers to provide RoHS report.

- *Periodic review on suppliers*

The Group chooses to cooperate with suppliers which comply with the requirements of the PRC laws and regulations in aspects such as environmental and social assessment. These suppliers also comply with the Group's Key Factors of Inspection for Supplier Assessment Form regarding information safety management system and quality management system. In addition, the Group may require suppliers to provide relevant certificates during supplier admission stage such as environmental management system certifications, production permits, discharge permits, etc. upon the request of the customers.

The Group carries out regular review on its approved suppliers each year. The review on the approved suppliers is based on criteria such as the availability of the supply of goods in previous year, the requirement planning for the coming year, etc. Based on the results of the review, the Group will adjust the eligibility and grading of its suppliers accordingly and compile a revised list of approved suppliers for the next year, while ad hoc two-party audits will also be conducted on suppliers during daily management. In the event that an approved supplier has no business dealing with the Group for the past 3 consecutive years, the Group will cancel the qualification of such supplier. In 2018, the Group conducted assessment on 32 suppliers, with a passing rate of 100%.

此外，本集團制定有《採購與外包控制程序》，規定了生產類採購及外包管理流程及規則。該程序對需求計劃，訂單形成及審批，採購實施，質量控制，以及入庫結算等環節做了定義及相應操作規定，以確保採購及外包的材料及產品符合規定的要求。本集團要求供應商提供真實有效，且符合法律法規規定的資質文件，並根據顧客需要，要求相關供應商提供RoHS報告。

- *供應商定期評審*

本集團選擇合作的供應商在環境及社會考核方面均符合中國法律法規的要求，並且符合本集團《供方評估檢查要素表》中的信息安全管理體系及質量管理體系的規定。同時，本集團依照顧客要求，在供應商准入環節要求供應商提供相關的環境管理體系認證、生產許可證、排污許可證等認證證書。

本集團每年定期對合格供應商進行評審。本集團根據上一年度供貨情況、以及未來一年度需求計劃等，對合格供應商進行評審。根據評審結果，對供應商資格、等級進行調整，形成新一年的合格供應商名單，日常管理中還會對供應商進行不定期的二方審核。如果合格供應商連續3年與本集團沒有業務往來，其合格供應商資格將會被取消。2018年，本集團對32家供應商進行考核，供應商考核通過率100%。

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### Statistics on supply chain management key performance indicators 供應鏈管理相關關鍵績效指標統計

Indicators	指標	2018 2018年度	2017 2017年度
Total number of suppliers	供應商總數 (家)	65	59
By geographical region	按地區		
Mainland China	中國內地	62	57
Overseas <sup>1</sup>	海外 <sup>1</sup>	3	2

Note:

1. Including Hong Kong, Macau and Taiwan.

附註：

1. 含香港、澳門及台灣。

## 4.2 Anti-corruption

### • Anti-corruption management system

The Group adheres to the “law abiding and establishing creditability, advocating honesty and nurturing people” integrity philosophy, adheres to the policy of “treating both symptoms and root causes, applying punishment and prevention for impeachments and putting focuses on precautions” and consolidated the building of clean party code of conduct and governance. The party committee of the Group signed the Obligation Certificate for Comprehensive and Strict Administration of the Party and Integrity with its subordinate party branches, clarifying that its party branches are to assume the bulk of the responsibility in the building of the party’s code of conduct and integrity.

In order to regulate the gift accepting arrangement during business interactions on behalf of the Group, eradicate the possibility of violating laws and disciplines, and strengthen self-restraint and awareness of preventing corruption, the Group announced and implemented the Requirements on Handing Over of Gifts Collected (Provisional) in 2016, and issued the Implementation Measures for “significant issue, key official appointment and removal, significant project investment and large value fund utilisation” Decision-making System in 2018, and strengthen the education on anti-corruption among employees pursuant to the requirements of the government authorities.

## 4.2 反貪污

### • 反貪污管理制度

本集團秉承「奉法立信、興廉樹人」的廉潔理念，堅持「標本兼治、懲防並舉、預防為主」的方針，落實黨風廉政建設。本集團黨委與下屬黨支部簽訂《全面從嚴治黨與廉潔從業責任書》，明確各黨支部對黨風建設及廉潔從業工作負主體責任。

為了規範本集團業務交往中的饋贈行為、杜絕可能發生的違法違紀事件，增強員工的自我約束、防止腐敗的意識，本集團於2016年發佈並執行了《禮品上繳規定(試行)》。並於2018年頒佈《「三重一大」決策制度實施辦法》及按照政府部門的有關要求，加強對員工開展反貪污教育。

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- Complaint and whistle blowing management

In order to regulate the management of complaints and whistle blowing reporting, the Group establishes the Measures for the Management of Complaints and Whistle Blowing. Employees of the Group and outsider can report, in anonymity, corporate or individual improprieties matters relating to corruption, including bribery, extortion, fraud and money laundering, during the course of operation to either the internal audit department or the audit committee of the Company through letter, telephone, internet and facsimile.

- 投訴及舉報管理

為了規範投訴及舉報管理工作，本集團制定《投訴及舉報管理辦法》。本集團內部員工、外部人員均可匿名通過信件、電話、互聯網、傳真等渠道向內部審核部門或審核委員會反映企業或個人經營過程中有關貪污，包括賄賂、勒索、欺詐及洗黑錢的不當事宜。



## 5. ENVIRONMENT

The Group is committed to reducing the possible adverse impact of our operations on the environment. The Group reviews regularly on the environmental protection management measures with reference to operational location's laws and regulations relevant to environment such as the Environmental Protection Law of the People's Republic of China and the industrial policies, and encourages employees to take responsible actions on the environment and regularly provides employees with relevant training. In 2018, there was no occurrence of any environmental pollution incident, nor was there any litigation against the Group or violation of laws and regulations by the Group in relation to environmental protection that was material to the Group.

## 5. 環境

本集團致力減低營運可能對環境造成的不利影響，參考《中華人民共和國環境保護法》等與環境相關的營運地法律法規及行業政策，對環保管理措施進行定期檢討，鼓勵員工對環境採取負責的行為，定期向員工提供相關培訓。本集團於2018年並未發生任何環境污染事件，亦沒有與環境保護相關並對本集團有重大影響的訴訟及違法違規事件。

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### 5.1 Green operations

The Group has identified the major areas of environmental impacts that may arise in the course of operations and formulated relevant management measures.

- *Use of resources and emission management*

For daily operation, the Group incorporated the resources-conservation behaviors such as saving water and saving energy by employees into the Code on the Daily Conduct of Employees, requiring them to turn off the lights when leaving work, turn off the water tap readily, have the computer under standby mode temporarily when not in use, turn off the monitor readily, turn off the electric power supply when leaving the office, etc. At the same time, the Group took the initiative to convey the basic philosophy of saving water to its employees by posting gentle reminders. The water taps will be repaired in a timely manner if it is found damaged, so as to reduce water resource wastage. As the Group's consumption of water resource mainly arises from the operation of its offices, and currently the Group's water source is municipal water supply, it is not facing any problem and risk in accessing sufficient water source. In 2018, Huada Electronics arranged cleaning and insulation pipe inspection for the variable refrigerant volume ("VRV") air conditioners in its office building, enhancing their work efficiencies while reducing energy consumption.

The Group also establishes the OA system to implement paperless office. Through the OA system, the receiving and sending of official documents, circulation of documents, and sharing of departmental documents are all carried out internally, so as to achieve paperless operation of office process. On the premise of protecting printing privacy, the Group implements double-sided printing, so as to reuse waste paper. In addition, the Group advocates bring-your-own-cup at internal meetings, so as to reduce the use of disposable paper cups.

Product packaging materials of the Group consists of cartons, black boxes, iron rings, stainless steel racks, etc. The Group re-uses these black boxes, iron rings and stainless steel racks to the extent that the hygiene of such item is guaranteed, so as to reduce resources wastage.

### 5.1 綠色營運

本集團對營運過程中可能造成的環境影響的主要方面進行識別，並制定了相應的管理措施。

- *資源利用及排放物管理*

在日常營運方面，本集團將員工節水節能等資源節約行為列入《員工日常行為規範》，要求員工做到人走燈滅，隨手關水龍頭，電腦暫時不用即進入待機狀態、隨手關閉顯示器、下班離開辦公室關閉電源等。同時，本集團通過張貼溫馨提示向全體員工倡導節約用水的基本理念，如發現水龍頭損害及時修理，減少水資源浪費。本集團對水資源的消耗主要來自於辦公營運，目前本集團取水來源為市政供水，不面臨求取適用水源方面的問題及風險。2018年，華大電子對辦公大樓內的VRV(變製冷劑流量多聯式)空調進行清洗，保溫管排查等，加強其工作效率，降低能耗。

本集團亦建立OA系統推行無紙化辦公，在內部建立對於公文收發、文件流轉、部門文件共享等方面均通過OA系統實現辦公流程無紙化操作；推行雙面打印紙張，在保障打印隱私的前提下重複利用廢棄紙張。此外，本集團內部會議提倡自帶水杯，減少一次性紙杯的使用。

本集團的產品包裝物主要包括紙箱、黑盒、鐵環及不銹鋼繃架等。其中，對於黑盒、鐵環及不銹鋼繃架，本集團在保障其清潔的情況下，進行循環使用，減少資源浪費。

# Corporate Social Responsibility Report

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Apart from greenhouse gases and non-hazardous wastes produced in the office (such as waste paper), the Group did not generate significant exhaust gas emissions, water and land pollutions, hazardous waste emissions and other environmental impacts in the course of operations. The Group reduces greenhouse gas emissions through saving electricity. The greenhouse gas emissions per square meter of floor area remained the same as 2017. Non-hazardous wastes are processed by property management companies. The Group is unable to quantify its production and reduces paper use and waste paper produced through building a paperless office.

- *Incorporating environmental protection awareness*

Through launching environmental protection education activities, the Group incorporates environmental protection awareness into the minds of employees, thus facilitating their practising of environmental protection philosophy during daily work and life. Earth Hour is a global energy saving activity of World Wide Fund for Nature in response to the global climate change. In 2018, the trade union of Huada Electronics organised the "Earth Hour 2018: Activate my 60+ life" environmental protection thematic activities. Activities included environmental protection knowledge training, environmental protection commitments, tasting of environmentally-friendly organic products, etc., which publicised environmental protection among employees and helped them understand the lifestyle of 60+ and live a green life.

除溫室氣體以及辦公環節產生的無害廢棄物(如廢紙等)外,本集團於營運期間並無產生顯著的廢氣排放、向水及土地的排污、有害廢棄物的排放以及其他環境影響。本集團通過節電減少溫室氣體排放,每平方米樓面面積溫室氣體排放量與2017年持平。無害廢棄物均交由物業管理公司處理,本集團無法統計其產生量,通過開展無紙化辦公減少用紙以及廢紙產生。

- *環保意識融入*

本集團通過開展環保教育活動,將環保意識融入員工心中,促進員工在日常工作及生活中踐行環保理念。地球一小時是世界自然基金會應對全球氣候變化所發起的一項全球性節能活動。2018年,華大電子工會舉辦了「2018年地球一小時:開啟我的60+生活」環保主題活動,活動包括環保知識學習,環保承諾,品嚐環保有機產品等環節,向員工宣傳了環保理念,幫助員工瞭解60+生活方式,踐行環保生活。

**Statistics on environment key performance indicators**  
環境相關關鍵績效指標統計

Indicators	指標	Units 單位	2018 2018年度	2017 2017年度
Total greenhouse gas emissions <sup>1</sup>	總溫室氣體排放量 <sup>1</sup>	ton of CO <sub>2</sub> equivalent 噸 CO <sub>2</sub> 當量	1,528.75	1,307.85
• Scope 1 greenhouse gas emission	• 範圍1溫室氣體排放量	ton of CO <sub>2</sub> equivalent 噸 CO <sub>2</sub> 當量	29.89	49.24
• Scope 2 greenhouse gas emission	• 範圍2溫室氣體排放量	ton of CO <sub>2</sub> equivalent 噸 CO <sub>2</sub> 當量	1,498.86	1,258.61
Greenhouse gas emissions per square meter of floor area	每平方米樓面面積的溫室氣體排放量	ton of CO <sub>2</sub> equivalent/m <sup>2</sup> 噸 CO <sub>2</sub> 當量/平方米	0.05	0.05
Total electricity consumption	總耗電量	Mwh 兆瓦時	1,868.55	1,550.85
Electricity consumption per square meter of floor area	每平方米樓面面積的耗電量	Kwh/m <sup>2</sup> 千瓦時/平方米	65.12	54.46
Total water consumption	總耗水量	m <sup>3</sup> 立方米	13,813	25,487
Water consumption per square meter of floor area	每平方米樓面面積的耗水量	m <sup>3</sup> /m <sup>2</sup> 立方米/平方米	0.47	0.89
Total fuel consumption <sup>2</sup>	總耗油量 <sup>2</sup>	Litre 升	11,042.34	18,185.74
Volume of paper used in offices	辦公用紙量	ton 噸	3.20	3.80
Volume of packaging material used for finished goods	製成品使用的包裝材料量	ton 噸	16	16

# Corporate Social Responsibility Report

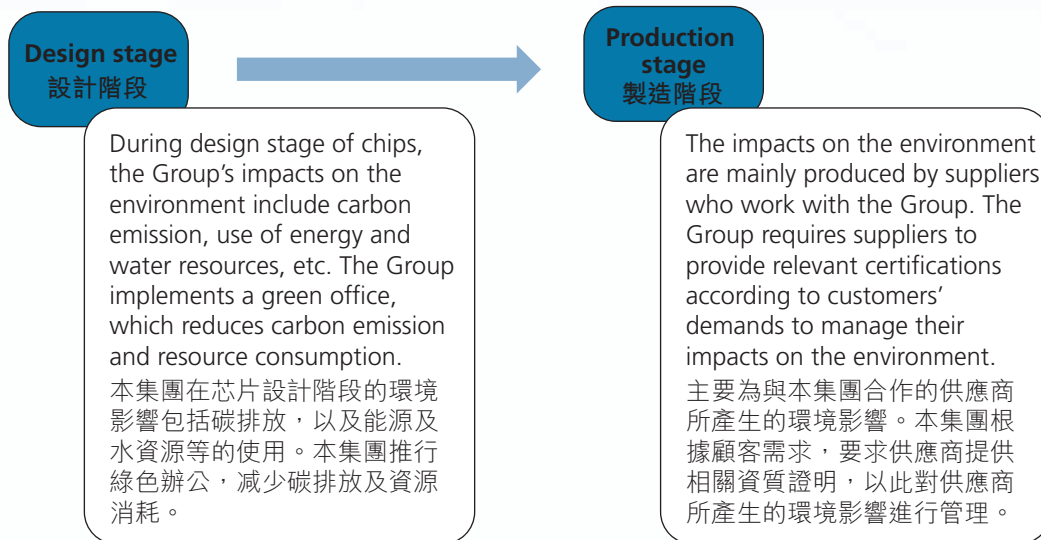
## 企業社會責任報告

### Notes:

1. The total greenhouse gas emission was the sum of Scope 1 and Scope 2 greenhouse gas emissions. The Scope 1 and Scope 2 greenhouse gas emissions were calculated according to the automobile fuel consumption data and electricity consumption data respectively, together with the relevant emission factors.
2. Total fuel consumption represents the fuel consumption of the Group's vehicles for office use.

## 5.2 Green products

The Group is principally engaged in the business of design of security smart card chips. Overall speaking, despite the chips only account for a relatively small portion of the technological products, chips are the core to drive the operation of products, and good design can effectively reduce the impacts on the environment during the whole product life cycle.



The Group's products include smart card chips, modules, circuits and cards. All products meet the requirements of Restricting the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Directive ("RoHS"). In particular, the smart card chips, modules and circuits also meet the requirements of Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH") standards.

### 附註：

1. 總溫室氣體排放量為範圍1、2溫室氣體排放量之和。範圍1、2溫室氣體排放量分別根據汽車耗油數據，耗電量數據及相關排放係數進行計算。
2. 總耗油量為本集團辦公用車的耗油量。

## 5.2 綠色產品

本集團的主營業務為智能卡及安全芯片之設計。芯片在科技產品整體來說佔比較小，但芯片是驅動產品運作的核心，良好的設計有利於減少產品整個生命週期對環境的影響。

本集團產品形態包括芯片、模塊、電路、卡片。所有產品均滿足《關於限制在電子電器設備中使用某些有害成分的指令》(「RoHS」)要求，其中芯片、模塊、電路同時滿足《化學品的註冊、評估、授權和限制》(「REACH」)標準要求。



# Corporate Social Responsibility Report

## 企業社會責任報告

### 6. COMMUNITY INVESTMENT

The Group cares about community development, and currently focuses on three areas: poverty alleviation, care for children with special needs and voluntary services.

In 2018, the Group drove poverty regions economic development by purchasing agricultural products from relevant poverty regions through CEC, such as the purchase of fruits from the impoverished county Langzhong, Sichuan as mid-autumn treats for employees.

Huada Electronics has been paying attention to the development of Beijing Guangai School since 2009. It insists on participating in charitable fund raising events and provides donations for Beijing Guangai School. Over the years, Huada Electronics' employees have been providing the needed cash and material voluntarily, so as to extend their care to Beijing Guangai School. Every year, Huada Electronics' employees visit Beijing Guangai School to care for the children voluntarily and interact with them. The objectives of Beijing Guangai School is to save the orphans, help homeless children to return home and go to school, and provide psychosocial support for the left-behind children, help them to establish a correct concept of values and outlook on life, and keep a positive and progressive spirit to contribute to the society in the future. In 2018, according to the school's feedback on its actual needs and difficulties, Huada Electronics sent consolatory supplies such as drugs, cleaning and disinfecting supplies, learning tools, tableware, etc. to the school, and used clothing donation activities was also organised, through which employees donated large quantity of clothing for children aged 3 to 12 to Beijing Guangai School.

The Group also actively encourages employees to participate in volunteering services. In 2018, Huada Electronics launched the forest conservation activities themed "conserve ecology, share blue sky, embrace forest", which aimed at improving the awareness on ecology culture among employees through painting tree trunks white and cofferdam maintenance work at Hanshiqiao Wetland Nature Reserve.

### 6. 社區投資

本集團關注社區建設，目前工作集中於三個主要範疇：扶貧、關愛特殊兒童以及志願服務。

本集團於2018年通過開展向中國電子集團負責的扶貧地區採購農產品的工作，如向四川省貧困縣閬中市採購水果作為中秋節職工慰問品等，推動貧困地區的經濟發展。

華大電子自2009年至今，長期關注北京光愛學校的發展，堅持為光愛學校進行公益募捐及捐贈。多年來，員工自發進行捐款捐物，為光愛學校送溫暖及關懷，亦每年自願前往光愛學校進行慰問，並與孩子們進行愛心互動。北京光愛學校旨在救助孤兒，幫助流浪兒童返鄉入學，並對留守兒童、流動兒童進行心理健康輔導，建立正確的價值觀、人生觀，保持積極向上的精神風貌，將來為社會作出貢獻。2018年，華大電子根據校方反饋的實際需求及困難，為學校送上了藥物、洗滌消毒用品、學習用品、餐具等慰問物資，並組織員工舊衣捐獻活動，為北京光愛學校捐獻大量適合3-12歲兒童穿著的衣物。

本集團亦積極鼓勵員工開展志願服務活動。華大電子於2018年開展了主題為「養護生態、共享藍天、擁抱森林」的林木養護活動，旨在通過對漢石橋濕地自然保護區的樹木進行塗白、圍堰養護工作，提高員工生態文明意識。

#### Statistics on community investment key performance indicator 社區投資相關關鍵績效指標統計

Indicator	指標	2018 2018年度	2017 2017年度
Number of employees participated in voluntary services	員工志願活動參與人數	9	10

# Corporate Social Responsibility Report

## 企業社會責任報告

### 7. ABOUT THIS REPORT

This report is the corporate social responsibility report issued by the Company. It addresses the actions taken and the achievement made by the Group in respect of sustainable development regarding economic, environment, and social issues. This report has been prepared with reference to the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited.

#### 7.1 Scope of the report

Organisational scope: this report covers China Electronics Huada Technology Company Limited (the "Company"), and its subsidiaries, CEC Huada Electronic Design Co., Ltd ("Huada Electronics") and Shanghai Huahong Integrated Circuit Co., Ltd, (collectively, the "Group"). The scope of this report has not changed since the last reporting period.

Reporting period: from 1 January 2018 to 31 December 2018.

#### 7.2 Data

Data disclosed in this report were extracted from the Group's original records in day-to-day operation or financial reports.

#### 7.3 Reliability assurance

The board of director of the Company guarantees the contents of this report do not contain any false information, misleading statement or material omission.

### 7. 關於本報告

本報告是本公司發佈的企業社會責任報告，披露本集團在經濟、環境及社會的可持續發展方面採取的行動及達到的成效。本報告以香港聯合交易所有限公司刊發的《環境、社會及管治報告指引》為參考依據編製。

#### 7.1 報告範圍

組織範圍：本報告涵蓋的公司包括中國電子華大科技有限公司（「本公司」），以及其附屬公司北京中電華大電子設計有限責任公司（「華大電子」）及上海華虹集成電路有限責任公司（統稱「本集團」）。本報告的報告範圍與上一年沒有變化。

時間期間：2018年1月1日至2018年12月31日。

#### 7.2 數據說明

報告中的數據來自本集團實際運行的原始記錄或財務報告。

#### 7.3 可靠性保證

本公司董事會對報告的內容進行保證，不存在虛假記載、誤導性陳述或重大遺漏。

## Biographies of Directors and Senior Management

### 董事及高級管理人員簡歷

#### NON-EXECUTIVE DIRECTORS

**Mr. Dong Haoran**, aged 54, is the Chairman of the Board. Mr. Dong graduated from Tsinghua University with a Bachelor's degree in Semiconductor Devices and Physics, and is a professor level senior engineer. Mr. Dong is the deputy chairman and the general manager of Huada Semiconductor Co., Ltd ("Huada Semiconductor"), a controlling shareholder of the Company, the chairman of GTA Semiconductor Co., Ltd, the chairman of Shanghai Belling Corp., Ltd ("Shanghai Belling") (a company with its shares listing on the Shanghai Stock Exchange), and an executive director of Advanced Semiconductor Manufacturing Corporation Limited. Mr. Dong joined CEC Huada Electronic Design Co., Ltd ("Huada Electronics") in 1988 and was the executive director of Huada Electronics. Mr. Dong possesses extensive knowledge and experience in the integrated circuit design industry. Mr. Dong was appointed director of the Company in February 2015.

**Ms. Liu Jinmei**, aged 49. Ms. Liu graduated from Jilin University and holds a Bachelor's degree in Chinese Language and obtained a Master's degree of Business Administration from Beijing Institute of Technology. Ms. Liu is the assistant general manageress of Huada Semiconductor, a director of Shanghai Belling (a company with its shares listing on the Shanghai Stock Exchange), the chairperson of Solantro Semiconductor Corp. and a director of GTA Semiconductor Co., Ltd. Ms. Liu was the marketing strategy manageress of BOE Technology Group Co., Ltd and the marketing manageress of China Huaxu Golden Card Co., Ltd. Ms. Liu joined Huada Electronics in 2005 and was the marketing manageress of Huada Electronics. Ms. Liu was appointed director of the Company in January 2018.

#### 非執行董事

**董浩然先生**，54歲，董事會主席。董先生畢業於清華大學半導體器件與物理專業並取得學士學位，並為教授級高級工程師。董先生現任本公司之控股股東華大半導體有限公司（「華大半導體」）副董事長及總經理，上海積塔半導體有限公司董事長，上海貝嶺股份有限公司（「上海貝嶺」）（該公司股份於上海證券交易所公開上市）董事長，及上海先進半導體製造股份有限公司執行董事。董先生於1988年加入北京中電華大電子設計有限責任公司（「華大電子」）並曾出任華大電子執行董事，董先生在集成電路設計行業具廣泛知識和豐富經驗。董先生於2015年2月獲委任為本公司董事。

**劉勁梅女士**，49歲。劉女士畢業於吉林大學中文系並取得學士學位，亦於北京理工大學取得工商管理碩士學位。劉女士現任華大半導體助理總經理、上海貝嶺（該公司股份於上海證券交易所公開上市）董事、Solantro Semiconductor Corp. 主席及上海積塔半導體有限公司董事。劉女士曾任京東方科技集團股份有限公司市場策劃部經理及北京華旭金卡有限責任公司市場部經理。劉女士於2005年加入華大電子並曾出任華大電子市場部經理。劉女士於2018年1月獲委任為本公司董事。

## Biographies of Directors and Senior Management

### 董事及高級管理人員簡歷

#### EXECUTIVE DIRECTORS

**Mr. Yu Jian**, aged 43, is the Deputy Chairman of the Board. Mr. Yu holds a Bachelor's degree in Economics and a Master's degree of Business Administration from East China Normal University. Mr. Yu is a Certified Public Accountant in the PRC. Mr. Yu is the chief accountant of Huada Semiconductor, a member of the supervisory committee of GTA Semiconductor Co., Ltd, and a member of the supervisory committee of Advanced Semiconductor Manufacturing Corporation Limited. Mr. Yu was the assistant financial controller of Shanghai Guojia Industrial Co., Ltd, the assistant general manager and the financial controller of Shanghai Datang Mobile Communications Equipment Co., Ltd, and the financial controller and the deputy general manager of Shanghai Pudong Software Park Co., Ltd. Mr. Yu was appointed director of the Company in March 2019.

**Mr. Liu Hongzhou**, aged 56, is the Managing Director of the Company. Mr. Liu graduated from the School of International Business of Nanjing University and holds a Postgraduate degree in Business and Administration, and is a senior engineer. Mr. Liu, having spent much of his career in CEC, was a divisional deputy director of the Asset Management Department of CEC, an executive director and the deputy general manager of Winfair Development Limited, a divisional director of the Treasury Division of the Investment Banking Department of CEC, the deputy general manager of China Electronics Technology Development Corporation, the deputy general manager of the Asset Management Department of CEC, the deputy general manager of the Company, a director of the General Office of CEC, a director of Shenzhen SED Industry Co., Ltd (a company with its shares listing on the Shenzhen Stock Exchange), and the managing director of Shenzhen SED Electronics Group Co., Ltd. Mr. Liu was appointed director of the Company in October 2013.

#### 執行董事

**虞儉先生**，43歲，董事會副主席。虞先生畢業於華東師範大學並取得經濟學學士學位及工商管理碩士學位。虞先生為中國註冊會計師。虞先生現任華大半導體總會會計師，上海積塔半導體有限公司監事，及上海先進半導體製造股份有限公司監事。虞先生曾任上海國嘉實業股份有限公司財務總監助理，上海大唐移動通信設備有限公司總經理助理及財務總監，和上海浦東軟件園股份有限公司財務總監及副總經理。虞先生於2019年3月獲委任為本公司董事。

**劉紅洲先生**，56歲，本公司董事總經理。劉先生於南京大學國際商學院工商管理碩士研究生畢業，並為高級工程師。劉先生長期於中國電子集團工作，曾任中國電子集團資產部副處長、金溢發展有限公司執行董事及副總經理、中國電子集團投資銀行部資金處處長、中國電子科技開發公司副總經理、中國電子集團資產部副總經理、本公司副總經理、中國電子集團辦公廳主任、深圳市桑達實業股份有限公司(該公司股份於深圳證券交易所公開上市)董事及深圳桑達電子集團有限公司董事總經理。劉先生於2013年10月獲委任為本公司董事。

## Biographies of Directors and Senior Management

### 董事及高級管理人員簡歷

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Chan Kay Cheung**, aged 72. Mr. Chan is the vice chairman of The Bank of East Asia (China) Limited. Mr. Chan was an executive director and the deputy chief executive of The Bank of East Asia, Limited. Mr. Chan joined The Bank of East Asia, Limited in 1965 and possesses extensive knowledge and experience in the banking industry. Mr. Chan is a fellow member of the Hong Kong Institute of Bankers, a member of the Committee of Overseers of Lee Woo Sing College, The Chinese University of Hong Kong, a member of The China Unionpay International Advisory Group and an international senior economic consultant of The People's Government of Shaanxi Province. Mr. Chan is also an independent non-executive director of Chu Kong Shipping Enterprises (Group) Company Limited, Dah Chong Hong Holdings Limited, Hong Kong Food Investment Holdings Limited and SOCAM Development Limited (all being companies with their shares listing on the Hong Kong Stock Exchange). Mr. Chan was appointed director of the Company in May 1997.

**Mr. Qiu Hongsheng**, aged 54. Mr. Qiu graduated from the School of Management of Harbin Institute of Technology and holds a Postgraduate degree in Management Science and Engineering; and is a Certified Public Valuer in the PRC, an International Certified Senior Enterprise Risk Manager, a Certified M&A Dealmaker in the PRC, a senior economist and a fund management intermediary. Mr. Qiu is an executive director and the general manager of China Consultants of Advisory and Finance Management Co., Ltd and a visiting professor of Tianjin University of Finance and Economics. Mr. Qiu worked in 710 Research Institute of the Ministry of Aerospace Industry of China as an economic analyst for a number of years. Mr. Qiu joined China Consultants of Advisory and Finance Management Co., Ltd, a company directly managed by the Ministry of Finance of the PRC, in 1994 and focuses on management consulting and corporation restructuring transactions. Mr. Qiu possesses a wealth of professional knowledge and practical experiences in corporate finance, mergers and acquisitions, strategic integration, meticulous management, etc. Mr. Qiu is also an independent director of China National Software & Service Co., Ltd, AVIC Heavy Machinery Co., Ltd, GRINM Advanced Materials Co., Ltd (all being companies with their shares listing on the Shanghai Stock Exchange), and Henan Kedi Dairy Co., Ltd (a company with its shares listing on the Shenzhen Stock Exchange). Mr. Qiu was appointed director of the Company in November 2012.

#### 獨立非執行董事

**陳棋昌先生**，72歲。陳先生現任東亞銀行(中國)有限公司副董事長。陳先生曾任東亞銀行有限公司執行董事兼副行政總裁。陳先生於1965年加入東亞銀行有限公司，在銀行界具廣泛知識和豐富經驗。陳先生為香港銀行學會資深會士，香港中文大學和聲書院院監會成員、中國銀聯國際業務專家委員會委員及陝西省人民政府國際高級經濟顧問。陳先生亦為珠江船務企業(股份)有限公司、大昌行集團有限公司、香港食品投資控股有限公司及瑞安建業有限公司(均為公司股份於香港聯交所公開上市)獨立非執行董事。陳先生於1997年5月獲委任為本公司董事。

**邱洪生先生**，54歲。邱先生於哈爾濱工業大學管理學院管理科學與工程系碩士研究生畢業，並為中國註冊資產評估師、國際註冊高級企業風險管理師、中國註冊併購交易師、高級經濟師及擁有基金從業資格。邱先生現任中華財務諮詢有限公司執行董事及總經理，和天津財經大學客座教授。邱先生曾於中國航天工業部710所從事經濟分析工作多年，並於1994年加入中國財政部直接管理之中華財務諮詢有限公司從事管理諮詢及企業重組工作。邱先生在企業財務、購併定價、戰略整合及精細化管理等方面，具有豐富的專業知識和實踐經驗。邱先生現亦為中國軟件與技術服務股份有限公司、中航重機股份有限公司、有研新材股份有限公司(均為公司股份於上海證券交易所公開上市)，及河南科迪乳業股份有限公司(該公司股份於深圳證券交易所公開上市)獨立董事。邱先生於2012年11月獲委任為本公司董事。

## Biographies of Directors and Senior Management

### 董事及高級管理人員簡歷

**Mr. Chow Chan Lum**, aged 68. Mr. Chow graduated from The Chinese University of Hong Kong with a Bachelor of Business Administration degree in 1974, received a Postgraduate Diploma in Accountancy from the University of Strathclyde in Glasgow, United Kingdom in 1975 and was awarded a Postgraduate Diploma in China Law by the University of Macau in 1987. Mr. Chow has been a member of the Institute of Chartered Accountants of Scotland since 1979 and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chow is the precedent partner of Wong Brothers & Co, Certified Public Accountants, and a member of the Foreign Experts Consultative Committee on China Independent Auditing Standards of the PRC Ministry of Finance. Mr. Chow served on a number of committees of the Hong Kong Institute of Certified Public Accountants, including as the deputy chairman of the Auditing & Assurance Standards Committee, and a member of the Investigation Panel and the Professional Standards Monitoring Committee, and as president of The Taxation Institute of Hong Kong. Mr. Chow serves as an honorary advisor and committee member of various social bodies, and has been a member of the Chinese People's Political Consultative Conference of Guangdong Province, the PRC from 1997 to 2012. Mr. Chow is also an independent non-executive director of Maoye International Holdings Limited, and has been an independent non-executive director of China Aerospace International Holdings Limited from 2002 to 2012 and Pak Tak International Limited from 2002 to 2014 (all being Hong Kong Main Board listed companies). Mr. Chow was awarded the Medal of Honor by the Government of the Hong Kong Special Administrative Region of the PRC in 2013 and the Honorary Fellowship of the Hong Kong Academy for Performing Arts in October 2017. Mr. Chow was appointed director of the Company in June 2015.

鄒燦林先生，68歲。鄒先生於1974年畢業於香港中文大學並取得工商管理學士學位，於1975年取得英國斯特拉斯克萊德大學的會計學深造文憑及於1987年獲澳門大學授予中國法律深造文憑。鄒先生於1979年成為蘇格蘭特許會計師公會會員及為香港會計師公會會員。鄒先生為民信會計師事務所之首席合夥人及中國財政部獨立審計準則外方專家諮詢組委員。鄒先生曾出任香港會計師公會多個委員會委員（包括核數及核證專業標準委員會副主席、調查委員會及專業水平監察委員會委員），以及香港稅務學會會長。鄒先生現任多個社會團體的名譽顧問及委員，並於1997年至2012年間擔任中國廣東省中國人民政治協商會議成員。鄒先生現亦為茂業國際控股有限公司獨立非執行董事，及曾於2002年至2012年間及2002年至2014年間分別擔任中國航天國際控股有限公司及百德國際有限公司（均為香港主板上市公司）獨立非執行董事。鄒先生於2013年榮獲中華人民共和國香港特別行政區政府頒發榮譽勳章及於2017年10月榮獲香港演藝學院頒發榮譽院士。鄒先生於2015年6月獲委任為本公司董事。

## Biographies of Directors and Senior Management

### 董事及高級管理人員簡歷

#### SENIOR MANAGEMENT

**Ms. Wang Qiuju**, aged 52, is the financial controller of the Company. Ms. Wang graduated from the School of Economics of Xiamen University and holds a Postgraduate degree in Finance and is a senior accountant. Ms. Wang is a director of CEOVU (a company with its shares listing on the Hong Kong Stock Exchange). Ms. Wang was head of the Finance Department of Shenzhen SED Electronics Corp., head of the Finance Department, financial controller and chief accountant of Shenzhen SED Electronics Group Co., Ltd and the general manager of the Finance Department of China Electronics International Information Service Co., Ltd. Ms. Wang joined the Company in March 2015.

**Mr. Zhou Jiansuo**, aged 45, is the executive deputy general manager of the Company. Mr. Zhou graduated from Harbin Institute of Technology and holds a Bachelor's degree in Automatic Control, received a Master's degree in Navigation Guidance and Control and a Doctorate degree in Control Theory and Control Engineering, and is a professor level senior engineer. Mr. Zhou was a Postdoctoral Fellow at Bern University of Applied Sciences on Mircoelectronics. Mr. Zhou joined Huada Electronics in 2002, was the deputy general manager of Huada Electronics and was in charge of research and development of technology, project management, major projects, etc. Mr. Zhou possesses extensive theoretical knowledge and practical experiences in the integrated circuit design industry and password application area. Mr. Zhou was appointed executive deputy general manager of the Company in March 2018.

**Mr. Ng Kui Kwan**, aged 57, is the company secretary of the Company. Mr. Ng holds a Bachelor of Arts degree in Accounting from the University of Liverpool, United Kingdom. Mr. Ng is a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. Mr. Ng has many years of experience in auditing, finance and administration. Mr. Ng joined the Company in November 2008.

#### 高級管理人員

**王秋菊女士**，52歲，本公司財務總監。王女士於廈門大學經濟學院金融系碩士研究生畢業，並為高級會計師。王女士現任中電光谷（該公司股份於香港聯交所公開上市）董事。王女士曾任深圳桑達電子總公司財務部部長，深圳桑達電子集團有限公司財務部部長、財務總監及總會計師和中國中電國際信息服務有限公司財務部總經理。王女士於2015年3月加入本公司。

**周建鎖先生**，45歲，本公司常務副總經理。周先生畢業於哈爾濱工業大學並取得自動控制專業工學學士學位，導航制導與控制專業工學碩士學位，及控制理論與控制工程專業工學博士學位，並為教授級高級工程師。周先生曾在瑞士伯爾尼應用科學大學微電子實驗室從事博士後研究。周先生於2002年加入華大電子，曾任華大電子副總經理，主管技術研發、項目管理、重大工程等工作。周先生在集成電路設計行業和密碼應用領域具豐富的理論知識和實踐經驗。周先生於2018年3月獲委任為本公司常務副總經理。

**伍舉鈞先生**，57歲，本公司公司秘書。伍先生持有英國利物浦大學會計學士學位。伍先生為英格蘭及威爾斯特許會計師公會及香港會計師公會會員。伍先生在審計、財務及行政方面積累多年經驗。伍先生於2008年11月加入本公司。

## Report of the Directors

### 董事會報告

The directors submit their report together with the audited financial statements for the year ended 31 December 2018.

#### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group is the design and sale of integrated circuit chips. The activities of the principal subsidiaries are set out in Note 34 to the financial statements.

#### RESULTS AND DISTRIBUTION

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 86 of this annual report.

The Board recommends the payment of a dividend of HK2.0 cents per share for the year ended 31 December 2018 (2017: HK3.0 cents), amounting to a total dividend of HK\$40,597,000. The dividend is subject to approval at the forthcoming annual general meeting of the Company.

#### PROPERTY, PLANT AND EQUIPMENT

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

#### SHARE CAPITAL

At 31 December 2018, the issued share capital of the Company consisted of 2,029,872,000 shares of HK\$0.01 each. Details of movements in the share capital of the Company during the year are set out in Note 24 to the financial statements.

#### RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 90 of this annual report and Note 33 to the financial statements, respectively.

董事會同寅謹此呈交截至2018年12月31日止年度的董事會報告及經審核的財務報表。

#### 主要業務

本公司為一家投資控股公司。本集團之主要業務是集成電路芯片之設計及銷售。主要附屬公司之業務詳情載於財務報表附註34。

#### 業績及分派

本集團本年度之業績載於本年報第86頁之綜合損益表內。

董事會建議就截至2018年12月31日止年度派付每股2.0港仙（2017年：3.0港仙）股息，總計為40,597,000港元。股息需於本公司應屆股東週年大會上獲批准後，方可作實。

#### 物業、廠房及設備

本集團之物業、廠房及設備於本年度內之變動詳情載於財務報表附註13。

#### 股本

於2018年12月31日，本公司已發行股本為2,029,872,000股每股面值0.01港元之股份。本公司之股本於本年度內之變動詳情載於財務報表附註24。

#### 儲備

本集團及本公司之儲備於本年度內之變動詳情分別載於本年報第90頁之綜合權益變動表及財務報表附註33。



# Report of the Directors

## 董事會報告

### DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2018 amounted to HK\$413,259,000 (2017: HK\$405,464,000).

### DIVIDEND POLICY

The Company implements a dividend policy which aims to provide stable dividends to shareholders. The Company will take into account, among others, the following factors when forming the proposals for dividend distribution:

- (a) the financial performance of the Group; and
- (b) the future funding requirements of the Group.

### FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, the assets and liabilities of the Group for the last five financial years is set out on page 184 of this annual report.

### BUSINESS REVIEW

The Company's business review and the discussion and analysis of the Group's performance for the year and the outlook of its businesses are set out in the section headed "Management Discussion and Analysis" and "Chairman's Statement" on pages 8 to 13 and on pages 4 to 7 of this annual report, respectively. Such discussions constitute an integral part of this report.

The performance and results of the Group's businesses are subject to various important factors, including the relationship with its employees, customers and suppliers. The Board believes that the employees are one of the Group's most important assets. The Company will strive to ensure that the remuneration level of employees is in line with industry practices and prevailing market conditions, and remuneration of employees will be determined based on their performance. Being people-oriented, the Group ensures all staff are reasonable remunerated and also continues to improve and regularly review and update its policies on remuneration and benefits, training, and occupational health and safety.

### 可供分派儲備

於2018年12月31日，本公司之可供分派儲備為413,259,000港元（2017年：405,464,000港元）。

### 股息政策

本公司實行旨在提供穩定股息予股東的股息政策。本公司將參考（其中包括）下列因素制定股息分配方案：

- (a) 本集團的財務表現；及
- (b) 本集團未來的融資需求。

### 五年財務資料摘要

本集團過去五個財政年度之業績、資產及負債之摘要載於本年報第184頁。

### 業務回顧

本公司之業務回顧及本集團之年度表現及業務之前景之討論及分析分別載於本年報第8頁至第13頁及第4頁至第7頁之「管理層討論及分析」以及「主席報告」。有關討論構成本報告之重要組成部分。

本集團業務之表現及業績受制於多項重要因素，包括與其僱員、客戶及供應商之關係。董事會認為，僱員為本集團的最重要資產之一。本公司將努力確保僱員之薪酬水平與業內慣例及現行市況相符，而僱員之薪酬將根據其表現而釐定。本集團堅持以人為本，確保所有員工均可獲得合理薪酬，亦繼續改進及定期檢討並更新其於薪酬及福利、培訓、以及職業健康及安全方面之政策。

## Report of the Directors

### 董事會報告

In addition, the Board places great emphasis on a long-term and stable relationship with the Group's customers and suppliers for the continuous success and growth of the Group's businesses. The Group has an extensive sales network across the PRC and to manage such network requires a close working relationship with our customers directly and through distributors, agents and other business partners. The Group will continue to strengthen its customer service to provide superior quality service to the users, and strive to achieve the fastest response times and highest customer satisfaction levels in the industry. The Group's continuous effort to build trust and strengthen mutually beneficial cooperation with its customers and suppliers has facilitated to foster long-term cooperation relationships with them.

### RISKS AND UNCERTAINTIES FACTORS

As nearly all of the Group's revenue is attributable to the market in the PRC, the results and performance of the Group's businesses depend on the growth of the information technology sector in the PRC, particularly the electronic information technology sector. Although the information technology sector is demonstrating a growing trend in the past which is in part supported by favourable government policies, any negative trend in the information technology sector or other restrictive policies may materially and adversely affect the business, financial condition and results of operation of the Group.

The PRC integrated circuit market is highly competitive with relatively short product cycles, and is subject to policies of the government. The Group's results of operation substantially depend on the successful execution of its business strategy and development plan to maintain its leading position in the design of integrated circuit chips sector in the PRC. The Group may face challenges in implementing its business strategies, and its ability to achieve its goals may be adversely affected by various factors, some of which are beyond its control. If the Group is not able to execute its business strategy and development plan, its businesses, financial condition and results of operation may be materially and adversely affected.

此外，為達致本集團業務之持續成功及增長，董事會高度重視與本集團之客戶及供應商之長期穩定關係。本集團擁有遍及中國之廣泛銷售網絡，而管理有關網絡需要與本集團之客戶建立直接及透過分銷商、代理及其他業務夥伴建立緊密合作關係。本集團將繼續增強其客戶服務以向用戶提供更優質服務，並努力於業內達致最快反應時間及最高客戶滿意水平。本集團持續努力與其客戶及供應商構建信任及強化互利合作有助與彼等建立長期合作關係。

### 風險及不確定因素

鑒於本集團之收入主要來自於中國市場，本集團業務之業績及表現乃取決於中國之信息技術產業之增長，尤其是電子信息技術產業。儘管部份受有利政府政策所支持過往信息技術產業展示了增長趨勢，信息技術產業之任何負面趨勢或其他限制性政策可能對本集團之業務、財務狀況及經營業績造成重大及不利影響。

中國集成電路市場競爭激烈，產品週期較短，並受制於政府政策。本集團之經營業績主要取決於成功執行其業務策略及發展計劃以維持其於中國集成電路芯片設計業界領先地位。本集團可能於實施其業務策略時面臨挑戰，而其達到目標之能力可能因多項因素影響嚴重受阻，其中部份乃無法控制。倘本集團無法執行其業務策略及發展計劃，則本集團之業務、財務狀況及經營業績可能受重大及不利影響。

## Report of the Directors 董事會報告

### ENVIRONMENTAL PROTECTION POLICY

As one of the industrial leaders in the design of integrated circuit chips sector in the PRC, the Company is committed to operating its business in an environmentally-friendly manner. Although most of the Group's businesses are not subject to any environmental protection rules and restrictions, the Board believes that operating the Group's businesses in an environmentally-friendly manner is crucial to fulfilling its corporate social responsibilities.

In order to maintain a high standard of staff awareness of the relevant rules and requirements, the Group offers periodical trainings to its key personnel. As a result of the Group's commitment to environmental protection and through the implementation of advanced technologies, the Group has achieved safe and environmentally-friendly operation during the year ended 31 December 2018.

The Company has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 to the Listing Rules for the year ended 31 December 2018. The Company has prepared an environmental, social and governance report with reference to the Environmental, Social and Governance Reporting Guide, and is set out in the section headed "Corporate Social Responsibility Report" on pages 29 to 57 of this annual report.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Board believes that compliance with laws and regulations is the cornerstone of a business and attaches considerable importance to it. Furthermore, as the shares of the Company are listed on The Stock Exchange of Hong Kong Limited, the Company is also subject to the rules and requirements under the Listing Rules and the Securities and Futures Ordinance (the "SFO"). To the best knowledge of the Board, during the year ended 31 December 2018, the Group has complied with the relevant laws and regulations that have a significant impact on the Group.

### 環保政策

作為中國集成電路芯片設計業界先驅之一，本公司致力以環保方式經營其業務。儘管本集團絕大多數之業務毋須受相關環保規則及限制所規限，惟董事會認為，以環保方式經營本集團之業務對履行企業社會責任至關重要。

為維持員工對相關規則及法規之高水準認識，本集團定期向主要人員提供培訓。由於本集團對環保之承擔且採用先進科技，故本集團於截至2018年12月31日止年度達致安全及環保經營。

本公司於截至2018年12月31日止年度已遵守上市規則附錄27所載之環境、社會及管治報告指引中的「不遵守就解釋」條文。本公司參考該環境、社會及管治報告指引編製其環境、社會及管治報告，並載於本年報第29頁至第57頁之「企業社會責任報告」。

### 遵守法律及法規

董事會認為遵守法律及法規乃企業之基石，故十分關注其重要性。此外，由於本公司股份於香港聯合交易所有限公司上市，本公司亦須遵守上市規則及證券及期貨條例（「證券及期貨條例」）項下之規則及規定。據董事會所深知，於截至2018年12月31日止年度，本集團均已遵守對本集團具重大影響力之相關法律及法規。

## Report of the Directors 董事會報告

### DIRECTORS

The directors who held office during the year and up to the date of this report were:

#### Non-executive Directors

Dong Haoran (*Chairman*)

Liu Jinmei

(appointed on 15 January 2018)

#### Executive Directors

Yu Jian (*Deputy Chairman*)

(appointed as director and Deputy Chairman on 5 March 2019)

Liu Hongzhou (*Managing Director*)

Ma Yuchuan

(resigned on 15 January 2018)

Jiang Juncheng

(resigned on 5 March 2019)

#### Independent Non-executive Directors

Chan Kay Cheung

Qiu Hongsheng

Chow Chan Lum

Mr. Yu Jian was appointed as director by the Board on 5 March 2019. Pursuant to bye-law 86(2) of the bye-laws of the Company, Mr. Yu Jian will hold office only until the forthcoming annual general meeting and, being eligible, will offer himself for re-election.

In accordance with bye-law 87 of the bye-laws of the Company, Mr. Qiu Hongsheng and Mr. Liu Hongzhou will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has entered into a service contract with each of the directors of the Company containing terms relating to, among other things, compliance with relevant laws and regulations, and observation of the bye-laws of the Company. The directors of the Company will be subject to retirement by rotation and re-election in accordance with the bye-laws of the Company and the Listing Rules.

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

### 董事

於本年度內及截至本報告日止在任之董事如下：

#### 非執行董事

董浩然 (*主席*)

劉勁梅

(於2018年1月15日獲委任)

#### 執行董事

虞儉 (*副主席*)

(於2019年3月5日獲委任為董事及副主席)

劉紅洲 (*董事總經理*)

馬玉川

(於2018年1月15日辭任)

姜軍成

(於2019年3月5日辭任)

#### 獨立非執行董事

陳棋昌

邱洪生

鄒燦林

虞儉先生於2019年3月5日由董事會委任為董事，根據本公司之公司章程細則第86(2)條，虞儉先生任期直至應屆股東週年大會為止，惟虞先生合資格並願意膺選連任。

根據本公司之公司章程細則第87條，邱洪生先生及劉紅洲先生須於應屆股東週年大會輪值告退，惟彼等均合資格並願意膺選連任。

本公司已與本公司各董事訂立服務合約，包括有關(其中包括)遵守相關法律及法規、以及遵從本公司之公司章程細則之條款。本公司董事將根據本公司之公司章程細則及上市規則輪值告退及膺選連任。

擬於應屆股東週年大會上膺選連任之董事並無與本公司或其任何附屬公司訂立僱主在一年內不可在不予賠償(法定賠償除外)情況下終止之服務合約。

## Report of the Directors

### 董事會報告

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 December 2018, Mr. Dong Haoran, a non-executive director of the Company and the Chairman of the Board, had personal interest (long position) in 4,672,420 shares of the Company (representing 0.23% of the issued share capital of the Company), Mr. Jiang Juncheng, an executive director of the Company and the Deputy Chairman of the Board, had personal interest (long position) in 1,139,420 shares of the Company (representing 0.06% of the issued share capital of the Company) and Ms. Liu Jinmei, a non-executive director of the Company, had personal interest (long position) in 197,250 shares of the Company (representing 0.01% of the issued share capital of the Company). Save as disclosed herein, none of the directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company or their respective close associates (as defined under the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

本公司已接獲各獨立非執行董事就彼等根據上市規則第3.13條發出的年度獨立性確認書，並認為彼等為獨立。

### 董事及最高行政人員於股份、相關股份及債券之權益及淡倉

於2018年12月31日，董浩然先生（本公司非執行董事及董事會主席）個人持有4,672,420股本公司股份好倉權益（佔本公司已發行股本0.23%之股份），姜軍成先生（本公司執行董事及董事會副主席）個人持有1,139,420股本公司股份好倉權益（佔本公司已發行股本0.06%之股份），及劉勁梅女士（本公司非執行董事）個人持有197,250股本公司股份好倉權益（佔本公司已發行股本0.01%之股份）。除本文所披露者外，概無本公司董事及最高行政人員於本公司或本公司任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債券中持有任何須記錄於本公司根據證券及期貨條例第352條備存之登記冊內之權益或淡倉，或根據上市規則附錄10所載之上市發行人董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司之權益或淡倉。

### 董事購買股份或債券之權利

於本年度內之任何時間，本公司、其控股公司或其任何附屬公司或同系附屬公司並無訂立任何使本公司董事或彼等各自之緊密聯繫人（定義見上市規則）可藉著購入本公司或任何其他法人團體之股份或債券而獲益之安排。

## Report of the Directors 董事會報告

### DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT AND CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### CONTRACT OF SIGNIFICANCE

Save as disclosed in this annual report, at no time during the year had the Company or any of its subsidiaries entered into any contract of significance with any controlling shareholder or any of its subsidiaries, nor had any contract of significance been entered into for the services provided by any controlling shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

### SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

On 9 January 2019, the agreement for the purchase of Block C of China Electronics Information Security Technology Research and Development Foundation in the southern area of Future and Science Technology City, Beiqijia, Changping District, Beijing, the PRC (the "Property") by Huada Electronics from China Information Security Research Institute Co., Ltd. ("CIS Research Institute") and its supplemental agreement were terminated in accordance with its terms and conditions. Huada Electronics received a refund of RMB258,407,601 on 16 January 2019 from CIS Research Institute and relinquished its right to use the Property and its right to earn a profit from the Property to CIS Research Institute.

### 董事於重大交易、安排及合約之權益

本公司之董事並無於本公司、其控股公司或其任何附屬公司或同系附屬公司所訂立並於年結日或本年度內任何時間仍然有效之重大交易、安排或合約中，直接或間接擁有重大權益。

### 重大合約

除本年報所披露者外，於本年度內之任何時間，本公司或其任何附屬公司概無與任何控股股東或其任何附屬公司訂立任何重大合約，亦無就由任何控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務而訂立之任何重大合約。

### 財政年度後重大事項

於2019年1月9日，華大電子向中國信息安全研究院有限公司（「中國信息安全研究院」）購買中國北京市昌平區北七家未來科技城南區中國電子網絡安全和信息化產業基地C棟樓（「該物業」）的協議及其補充協議已根據其條款及條件而被終止。華大電子於2019年1月16日收取中國信息安全研究院人民幣258,407,601元退款並放棄該物業之使用權及收益權。

# Report of the Directors

## 董事會報告

### CONTINUING CONNECTED TRANSACTIONS

Certain of the related party transactions as disclosed in Note 31 to the consolidated financial statements also fall under the definition of “continuing connected transactions” within the meaning of the Listing Rules. These transactions have complied with the requirements as set out in Chapter 14A of the Listing Rules. Details of certain of these transactions which are subject to the reporting and annual review requirements under the Listing Rules are summarised as follows:

### 持續關連交易

根據上市規則的定義，綜合財務報表附註31所披露的若干關聯人士交易亦屬於持續關連交易。該等交易均已遵守上市規則第14A章所載之規定。若干該等交易須遵守上市規則的申報及年度審閱規定，有關詳情概述如下：

Type of transaction	交易類別	Note 附註	Transaction amount in 2018 於2018年 交易金額 HK\$'000 千港元
Sale of products to the CEC Group	向中國電子集團成員公司銷售產品	ii(a)	167,559
Purchase of raw materials and modules from the CEC Group, provision of products processing, testing and assembling services by the CEC Group	向中國電子集團成員公司採購原材料及模組，及中國電子集團成員公司提供產品加工、成品測試及封裝服務	ii(b)	590,804
Property management fee paid to the CEC Group	向中國電子集團成員公司支付物業管理費	iii	8,605
Rental received from the CEC Group	向中國電子集團成員公司收取租金	iv	2,531
Rental paid to the CEC Group	向中國電子集團成員公司支付租金	v	2,360
Fees and commissions for financial services paid to the CEC Group	向中國電子集團成員公司支付財務服務之手續費及佣金		–

Notes:

- (i) China Electronics Corporation Limited (“CEC”, together with its subsidiaries, the “CEC Group”), is a connected person of the Company by virtue of being the controlling shareholder of the Company under the Listing Rules.
- (ii) On 26 June 2015, the Company entered into a business services agreement (the “2015-2018 Business Services Agreement”) with CEC to regulate the terms of the proposed continuing connected transactions and their respective proposed caps of the transactions thereunder for the period commencing from 5 February 2016 to 30 June 2018. Pursuant to the 2015-2018 Business Services Agreement, the CEC Group provides products processing, testing and assembling services to the Group, while the Group purchases raw materials, modules, software and equipment from the CEC Group and sells products to the CEC Group.

The 2015-2018 Business Services Agreement and the related caps were approved by the independent shareholders of the Company at the special general meeting held on 19 November 2015, details of which are set out in the circular dated 27 October 2015.

附註：

- (i) 中國電子信息產業集團有限公司（「中國電子集團」，連同其附屬公司「中國電子集團成員公司」）為本公司之控股股東，亦根據上市規則為本公司之關連人士。
- (ii) 於2015年6月26日，本公司與中國電子集團訂立綜合服務協議（「2015-2018綜合服務協議」），以規管2016年2月5日至2018年6月30日止期間之建議持續關連交易之條款，及其各自項下交易建議上限。根據2015-2018綜合服務協議，中國電子集團成員公司向本集團提供產品加工、成品測試及封裝服務，而本集團向中國電子集團成員公司採購原材料、模組、軟件及設備和向中國電子集團成員公司銷售產品。

2015-2018綜合服務協議及相關交易上限已獲得本公司獨立股東於2015年11月19日舉行的股東特別大會上批准，有關詳情已載於日期為2015年10月27日之通函內。

## Report of the Directors

### 董事會報告

On 25 April 2018, in order to continue the existing continuing connected transactions contemplated under the 2015-2018 Business Services Agreement and to facilitate the Group's operation upon the expiration of the 2015-2018 Business Services Agreement on 30 June 2018, the Company entered into a business services agreement (the "2018 Business Services Agreement") with CEC to regulate the terms of the proposed continuing connected transactions and their respective proposed caps of the transactions thereunder for the period commencing from 1 July 2018 to 30 June 2021. Pursuant to the 2018 Business Services Agreement, the CEC Group provides products processing, testing and assembling services to the Group, while the Group purchases raw materials, modules, software and equipment from the CEC Group and sells products to the CEC Group.

The 2018 Business Services Agreement and the related caps were approved by the independent shareholders of the Company at the special general meeting held on 28 June 2018, details of which are set out in the circular dated 8 June 2018.

- (a) Sale of products including integrated circuit cards and smart cards modules and chips to the CEC Group.
  - (b) Raw materials, modules, software and equipment purchased from the CEC Group are for the Group's research and development of integrated circuit cards, smart cards and chips. The CEC Group also provides products processing, testing and assembling services to the Group.
- (iii) On 19 December 2017, the Company and CEC Rida Property Management Co., Ltd ("CEC Rida"), a subsidiary of CEC, entered into a master property management agreement (the "2018 Master Property Management Agreement") pursuant to which CEC Rida and its subsidiaries shall from time to time provide property management services to the Group for a term of three years commencing from 1 January 2018 and ending on 31 December 2020. The transactions contemplated under the 2018 Master Property Management Agreement constitute continuing connected transactions of the Company. Details of the 2018 Master Property Management Agreement and the related caps are set out in the announcement dated 19 December 2017.
- (iv) On 19 December 2017, the Company and CEC entered into a master lease agreement (the "2018 First Master Lease Agreement") pursuant to which the Group shall from time to time lease properties located within the PRC and owned by the Group to the CEC Group for a term of three years commencing from 1 January 2018 and ending on 31 December 2020. The transactions contemplated under the 2018 First Master Lease Agreement constitute continuing connected transactions of the Company. Details of the 2018 First Master Lease Agreement and the related caps are set out in the announcement dated 19 December 2017.

於2018年4月25日，為了繼續根據2015-2018綜合服務協議項下擬進行之持續關連交易，以及促進本集團在2015-2018綜合服務協議於2018年6月30日屆滿後的經營，本公司與中國電子集團訂立綜合服務協議（「2018綜合服務協議」），以規管2018年7月1日至2021年6月30日止期間之建議持續關連交易之條款，及其各自項下交易建議上限。根據2018綜合服務協議，中國電子集團成員公司向本集團提供產品加工、成品測試及封裝服務，而本集團向中國電子集團成員公司採購原材料、模組、軟件及設備和向中國電子集團成員公司銷售產品。

2018綜合服務協議及相關交易上限已獲得本公司獨立股東於2018年6月28日舉行的股東特別大會上批准，有關詳情已載於日期為2018年6月8日之通函內。

- (a) 向中國電子集團成員公司銷售產品包括集成電路卡及智能卡模組和芯片。
  - (b) 向中國電子集團成員公司採購之原材料，模組，軟件及設備乃供本集團研發集成電路卡、智能卡及芯片之用。中國電子集團成員公司亦向本集團提供產品加工、成品測試及封裝服務。
- (iii) 於2017年12月19日，本公司與中國電子集團附屬公司北京中電瑞達物業有限公司（「中電瑞達」）訂立總物業管理服務協議（「2018年總物業管理服務協議」）。據此，中電瑞達及其附屬公司將由2018年1月1日起至2020年12月31日止為期三年不時向本集團提供物業管理服務。2018年總物業管理服務協議項下擬進行之交易構成本公司之持續關連交易。2018年總物業管理服務協議及相關交易上限詳情載於日期為2017年12月19日之公告內。
- (iv) 於2017年12月19日，本公司與中國電子集團訂立總租賃協議（「2018年首份總租賃協議」）。據此，本集團將由2018年1月1日起至2020年12月31日止為期三年不時向中國電子集團成員公司出租位於中國及由本集團擁有之物業。2018年首份總租賃協議項下擬進行之交易構成本公司之持續關連交易。2018年首份總租賃協議及相關交易上限詳情載於日期為2017年12月19日之公告內。



## Report of the Directors

### 董事會報告

(v) On 19 December 2017, the Company and CEC entered into a master lease agreement (the "2018 Second Master Lease Agreement") pursuant to which the Group shall from time to time rent properties located within the PRC and owned by the CEC Group from the CEC Group for a term of three years commencing from 1 January 2018 and ending on 31 December 2020. The transactions contemplated under the 2018 Second Master Lease Agreement constitute continuing connected transactions of the Company. Details of the 2018 Second Master Lease Agreement and the annual cap for the year ended 31 December 2018 are set out in the announcement dated 19 December 2017.

On 26 June 2015, the Company entered into a financial services agreement (the "2015-2018 Financial Services Agreement") with China Electronics Financial Co., Ltd ("CEC Finance"), a subsidiary of CEC, to regulate the terms of the proposed continuing connected transactions and their respective proposed caps of the transactions thereunder for the period commencing from 5 February 2016 to 30 June 2018.

The 2015-2018 Financial Services Agreement and the related caps were approved by the independent shareholders of the Company at the special general meeting held on 19 November 2015, details of which are set out in the circular dated 27 October 2015.

On 25 April 2018, in order to continue the existing continuing connected transactions contemplated under the 2015-2018 Financial Services Agreement, and to facilitate the Group's operation upon the expiration of the 2015-2018 Financial Services Agreement on 30 June 2018, the Company entered into a financial services agreement (the "2018 Financial Services Agreement") with CEC Finance to regulate the terms of the proposed continuing connected transactions and their respective proposed caps of the transactions thereunder for the period commencing from 1 July 2018 to 30 June 2021. Pursuant to the 2018 Financial Services Agreement, the financial services provided by CEC Finance to the Group includes deposit services, financial assistance and fee-based and commission-based financial services.

The 2018 Financial Services Agreement and the related caps were approved by the independent shareholders of the Company at the special general meeting held on 28 June 2018, details of which are set out in the circular dated 8 June 2018.

(v) 於2017年12月19日，本公司與中國電子集團訂立總租賃協議（「2018年第二份總租賃協議」）。據此，本集團將由2018年1月1日起至2020年12月31日止為期三年不時向中國電子集團成員公司租用位於中國及由中國電子集團成員公司擁有之物業。2018年第二份總租賃協議項下擬進行之交易構成本公司之持續關連交易。2018年第二份總租賃協議及截至2018年12月31日止年度上限詳情載於日期為2017年12月19日之公告內。

於2015年6月26日，本公司與中國電子集團之附屬公司中國電子財務有限責任公司（「中電財務」）訂立全面金融合作協議（「2015-2018全面金融合作協議」），以規管2016年2月5日至2018年6月30日止期間之建議持續關連交易之條款，及其各自項下交易建議上限。

2015-2018全面金融合作協議及相關交易上限已獲得本公司獨立股東於2015年11月19日舉行的股東特別大會上批准，有關詳情已載於日期為2015年10月27日之通函內。

於2018年4月25日，為了繼續根據2015-2018全面金融合作協議項下擬進行之持續關連交易，以及促進本集團在2015-2018全面金融合作協議於2018年6月30日屆滿後的經營，本公司與中電財務訂立全面金融合作協議（「2018全面金融合作協議」），以規管2018年7月1日至2021年6月30日止期間之建議持續關連交易之條款，及其各自項下交易建議上限。根據2018全面金融合作協議，中電財務向本集團提供之財務服務包括存款服務、財務資助及按手續費及佣金計算收費之財務服務。

2018全面金融合作協議及相關交易上限已獲得本公司獨立股東於2018年6月28日舉行的股東特別大會上批准，有關詳情已載於日期為2018年6月8日之通函內。

## Report of the Directors 董事會報告

Pursuant to the 2015-2018 Financial Services Agreement and the 2018 Financial Services Agreement, the maximum daily balance of deposits (together with the interests accrued thereon) maintained by the Group with CEC Finance shall not exceed RMB820 million and the Group's actual balance of deposits (together with the interests accrued thereon) with CEC Finance on any given day during the year ended 31 December 2018 had not exceeded such amount. For the provision of financial assistance, the maximum amount of financial assistance provided by CEC Finance to the Group shall not exceed RMB820 million on any given day and the actual balance of financial assistance provided by CEC Finance on any given day during the year ended 31 December 2018 had not exceeded such amount.

The above continuing connected transactions have been reviewed by the independent non-executive directors of the Company. In the opinion of the independent non-executive directors of the Company, the above continuing connected transactions were carried out in the ordinary and usual course of business of the Group, on normal commercial terms and were in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the results of the work performed on the above continuing connected transactions, the auditor of the Company has confirmed in its letter to the Board that nothing has come to their attention that causes them to believe that these continuing connected transactions:

- have not been approved by the Board;
- were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- have exceeded the cap as disclosed in the announcements.

根據2015-2018全面金融合作協議及2018全面金融合作協議，本集團存放於中電財務之存款之最高每日結餘(包括所產生之利息)不可超過人民幣820百萬元，而本集團於截至2018年12月31日止年度任何特定日期於中電財務存款(包括所產生之利息)的實際餘額並未超出此數額。關於提供財務資助，中電財務向本集團提供財務資助之最高金額於任何特定日期不可超過人民幣820百萬元，而中電財務於截至2018年12月31日止年度任何特定日期所提供財務資助的實際餘額並未超出此數額。

本公司獨立非執行董事已審閱上述持續關連交易。本公司獨立非執行董事認為，上述持續關連交易乃本集團於日常業務過程中按一般商務條款，以及規管該等交易之相關協議條款進行，而交易條款屬公平合理，並符合本公司股東之整體利益。

根據對上述持續關連交易執行的工作的結果，本公司核數師已於致董事會之函件中確認他們並無注意到任何事項可使他們認為該等持續關連交易：

- 並未獲董事會批准；
- 若交易涉及本集團提供貨品或服務，在所有重大方面沒有按照本集團之定價政策進行；
- 在所有重大方面沒有按照規管該等交易的相關協議進行；及
- 超逾公告披露的上限。

# Report of the Directors

## 董事會報告

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following directors of the Company are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group:

### 董事於競爭業務之權益

於本年度內及截至本報告日，下列本公司董事被視為持有與本集團業務直接或間接構成競爭或可能構成競爭之業務權益：

Name of director 董事姓名	Name of entity 實體名稱	Principal business of the entity 實體之主要業務	Nature of director's interest in the entity 董事於有關實體 之權益性質
Dong Haoran 董浩然	Huada Semiconductor (Note 1) 華大半導體 (附註1)	Design and manufacture of integrated circuits 集成電路設計及製造	Deputy chairman 副董事長
	CEC Chitsing Technology Co., Ltd (Note 1) 中電智行技術有限公司 (附註1)	Investment holdings 投資控股	Director 董事
	Shanghai Belling (Note 1) 上海貝嶺 (附註1)	Design and manufacture of integrated circuits 集成電路設計及製造	Chairman 董事長
Ma Yuchuan 馬玉川	Shanghai Belling (Note 1) 上海貝嶺 (附註1)	Design and manufacture of integrated circuits 集成電路設計及製造	Director 董事
	Nanjing Micro One Electronics Inc (Note 1) 南京微盟電子有限公司 (附註1)	Design and manufacture of integrated circuits 集成電路設計及製造	Chairman 董事長
	Chengdu Sino Microelectronics Technology Co., Ltd (Note 1) 成都華微電子科技有限公司 (附註1)	Design and manufacture of integrated circuits 集成電路設計及製造	Director 董事
Jiang Juncheng 姜軍成	Shanghai Belling (Note 1) 上海貝嶺 (附註1)	Design and manufacture of integrated circuits 集成電路設計及製造	Chairman of the supervisory committee 監事長
Liu Jinmei 劉勁梅	Shanghai Belling (Note 1) 上海貝嶺 (附註1)	Design and manufacture of integrated circuits 集成電路設計及製造	Director 董事

Note:

(1) CEC is the ultimate controlling shareholder of the Company. CEC is a state-owned nationwide electronics and information technology conglomerate. These companies are subsidiaries or associates of CEC and engaging in, or have subsidiaries or associates engaging in, integrated circuits related businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

附註：

(1) 中國電子集團為本公司之最終控股股東。中國電子集團為一家從事電子及信息科技行業之全國性國有骨幹企業。此等公司為中國電子集團之附屬公司或聯營公司而其或其附屬公司或聯營公司均有從事與本集團業務直接或間接構成競爭或可能構成競爭之集成電路相關業務。

## Report of the Directors

### 董事會報告

The above mentioned competing businesses are operated and managed by independent management and administration. The Board exercises independent judgment and is always acting for the interests of the Company and its shareholders as a whole. Accordingly, the Group is capable of carrying on its businesses independently of, and at arm's length from, the competing businesses mentioned above. Except where Mr. Dong Haoran changed from his position as director to deputy chairman of Huada Semiconductor, there has been no change in details in relation to directors' interests in competing business since the last reporting period.

### SHAREHOLDERS WITH NOTIFIABLE INTERESTS

At 31 December 2018, the register maintained by the Company pursuant to Section 336 of the SFO showed that the following persons (other than the directors or chief executive of the Company) had notified the Company that they had an interest of 5% or more in the issued share capital of the Company:

Name of interested party	持有權益者名稱	Number of shares held or attributable 持有或應佔 股份數目	Percentage of shareholding 持股百分比
China Electronics Corporation (BVI) Holdings Company Limited ("CEC (BVI)")	China Electronics Corporation (BVI) Holdings Company Limited (「CEC (BVI)」)	812,500,000	40.03%
Huada Semiconductor (Note 1)	華大半導體 (附註1)	1,206,180,000	59.42%
CEC (Note 2)	中國電子集團 (附註2)	1,206,180,000	59.42%

Notes:

- (1) Huada Semiconductor holds 100% equity interest in CEC (BVI). Pursuant to the SFO, Huada Semiconductor is deemed to be interested in the 812,500,000 shares of the Company held by CEC (BVI).
- (2) CEC holds 100% equity interest in Huada Semiconductor. Pursuant to the SFO, CEC is deemed to be interested in the shares of the Company held by Huada Semiconductor. The Board regards CEC, a state-owned enterprise established under the laws of the PRC, as being the ultimate holding company of the Company.

All the interests disclosed above represent long position in the shares of the Company.

Save as disclosed above, at 31 December 2018, the Company had not been notified of any other interest or short position in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under Section 336 of the SFO.

上述之競爭業務均由獨立管理層和行政人員營運及管理。董事會行使獨立判斷及以本公司及其股東之整體利益行事。因此，本集團得以按公平基準以獨立於上述競爭業務之方式經營本身業務。除董浩然先生於華大半導體的身份由董事改變為副董事長外，自上一報告期間以來董事於競爭業務的權益情況並沒有變動。

### 擁有須申報權益之股東

於2018年12月31日，根據證券及期貨條例第336條本公司須備存之登記冊所示，下列人士（本公司董事或最高行政人員除外）已知會本公司彼等持有本公司已發行股本5%或以上之權益：

附註：

- (1) 華大半導體持有CEC (BVI)之100%股權。根據證券及期貨條例，華大半導體被視為持有CEC (BVI)所持有之本公司812,500,000股股份之權益。
- (2) 中國電子集團持有華大半導體之100%股權。根據證券及期貨條例，中國電子集團被視為持有華大半導體所持有之本公司股份之權益。董事會視中國電子集團（根據中國法律成立之國有企業）為本公司之最終控股公司。

所有上述所披露之權益均為本公司股份之好倉。

除上文披露者外，於2018年12月31日，本公司並未獲知會有任何其他人士持有本公司股份或相關股份須記錄於根據證券及期貨條例第336條須備存之登記冊內之權益或淡倉。

## Report of the Directors 董事會報告

### SPECIFIC PERFORMANCE OBLIGATION ON CONTROLLING SHAREHOLDER

According to the terms and conditions of a revolving loan facility in an aggregate amount of up to RMB250 million (the "Facility"), CEC, a controlling shareholder of the Company, is required to maintain not less than 51% of the beneficial shareholding interest (direct or indirect) of the Company. Details of the Facility are set out in the announcement dated 11 December 2018.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws in Bermuda.

### PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares and the Company had not redeemed any of its shares during the year ended 31 December 2018.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2018, the aggregate sales attributable to the five largest customers of the Group accounted for 61% of the Group's sales for the year and sales attributable to the Group's largest customer accounted for 23% of the Group's sales for the year. For the year ended 31 December 2018, the aggregate purchases attributable to the five largest suppliers of the Group accounted for 86% of the Group's purchases for the year and purchases attributable to the Group's largest supplier accounted for 40% of the Group's purchases for the year.

To the best knowledge of the Board, CEC Group is not a beneficial owner of the five largest customers and is the beneficial owner of two of the five largest suppliers of the Group.

Save as disclosed above, none of the directors, their respective close associates or any shareholder (which to the best knowledge of the Board owns more than 5% of the Company's issued share capital) had any interest in any of the Group's five largest customers or suppliers.

### 控股股東之強制履行責任

根據一項總額上限為人民幣250百萬元循環貸款授信(「授信」)之條款及條件，中國電子集團(本公司控股股東)須維持擁有本公司不少於51%的實益股權權益(直接或間接)。授信詳情載於日期為2018年12月11日之公告內。

### 優先購買權

本公司之公司章程細則或百慕達法律均無有關優先購買權之條文。

### 購回、出售或贖回證券

於截至2018年12月31日止年度內，本公司或其任何附屬公司並無購回或出售任何本公司股份，且本公司亦無贖回其任何股份。

### 主要客戶及供應商

截至2018年12月31日止年度，本集團首五大客戶之總銷售額佔本集團本年度銷售額之61%，而本集團最大客戶之銷售額佔本集團本年度銷售額之23%。截至2018年12月31日止年度，本集團首五大供應商之總採購額佔本集團本年度採購額之86%，而本集團最大供應商之採購額佔本集團本年度採購額之40%。

據董事會所深知，中國電子集團成員公司並非本集團首五大客戶的實益擁有人及為本集團首五大供應商之其中兩位的實益擁有人。

除上文披露者外，概無董事、彼等各自的緊密聯繫人或任何股東(據董事會所深知持有本公司已發行股本5%以上者)持有本集團首五大客戶或供應商之任何權益。

## Report of the Directors 董事會報告

### EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Company during the year ended 31 December 2018 or subsisted at 31 December 2018.

### RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Group are set out in Notes 8 and 35 to the financial statements.

### PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2018 and up to the date of this report, the Company has undertaken and maintained a collective liability insurance policy covering, among others, all directors of the Company.

### MANAGEMENT CONTRACT

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Group's businesses were entered into or existed during the year ended 31 December 2018.

### 與股票掛鈎協議

於截至2018年12月31日止年度或於2018年12月31日，本公司並無訂立或存在任何與股票掛鈎協議。

### 退休及僱員福利計劃

本集團退休及僱員福利計劃之詳情載於財務報表附註8及35。

### 獲准許彌償條文

於截至2018年12月31日止年度及截至本報告日期，本公司已為（包括但不限於）本公司之所有董事購買及維持一項集體責任保險。

### 管理合約

於截至2018年12月31日止年度，概無訂立或存在任何有關本集團全部或任何絕大部分業務之管理及行政合約（僱員合約除外）。

# Report of the Directors

## 董事會報告

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Board, at the date of this report, at least 25% of the Company's total issued share capital are held by the public and fulfills the requirement under the Listing Rules.

### AUDIT COMMITTEE

The audit committee of the Board has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2018.

### AUDITOR

On 28 June 2018, the term of office of PricewaterhouseCoopers as auditor of the Company has expired. On the same day, the shareholders resolved to appoint Ernst & Young as auditor of the Company. Details of the change of auditor are set out in the announcement dated 26 March 2018.

The consolidated financial statements of the Group have been audited by Ernst & Young who will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**Dong Haoran**  
Chairman

Hong Kong, 29 March 2019

### 公眾持股量

於本報告日期，就可提供本公司之公開資料及就董事會所深知，本公司已發行股本總額至少有25%由公眾人士持有並符合上市規則之要求。

### 審核委員會

董事會轄下的審核委員會已審閱本集團截至2018年12月31日止年度的經審核綜合財務報表。

### 核數師

於2018年6月28日，本公司核數師羅兵咸永道會計師事務所任期屆滿。同日，股東決議委任安永會計師事務所為本公司核數師。更換核數師詳情載於日期為2018年3月26日之公告內。

本集團綜合財務報表已由安永會計師事務所審核。安永會計師事務所將於應屆股東週年大會上任滿告退，惟彼等合資格並願意膺選連任。

承董事會命

主席  
董浩然

香港，2019年3月29日

## Independent Auditor's Report 獨立核數師報告



**TO THE SHAREHOLDERS OF CHINA ELECTRONICS  
HUADA TECHNOLOGY COMPANY LIMITED**  
*(incorporated in Cayman Islands and continued in  
Bermuda with limited liability)*

### OPINION

We have audited the consolidated financial statements of China Electronics Huada Technology Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 183, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

致中國電子華大科技有限公司全體股東

*(於開曼群島註冊成立及於百慕達繼續經營之有限公司)*

### 意見

本核數師(以下簡稱「我們」)已審計列載於第86至183頁的中國華大電子科技有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一八年十二月三十一日的綜合財務狀況表，及截至該日止年度的綜合全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒布之《香港財務報告準則》真實而中肯地反映貴集團於2018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綜合現金流量，並已遵照香港《公司條例》的披露規定妥為編制。



# Independent Auditor's Report

## 獨立核數師報告

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the 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.

### 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### 意見基礎

我們已根據香港會計師公會頒布之《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒布之《專業會計師道德守則》（「守則」），我們獨立於貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得之審計憑證足以充份和適當地為我們的審計意見提供基礎。

### 關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。就下文各事項而言，我們的審計如何處理關鍵審計事項的描述於該項內容中提供。

我們已經履行了本報告《核數師就審計綜合財務報表須承擔的責任》部分闡述的責任，包括與這些關鍵審計事項相關的責任。相應地，我們的審計工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審計程序。我們執行審計程序的結果，包括應對下述關鍵審計事項所執行的程序，為綜合財務報表整體發表審計意見提供了基礎。

# Independent Auditor's Report

## 獨立核數師報告

### Key audit matter 關鍵審計事項

#### **Revenue Recognition** 收入確認

Revenue from the sale of integrated circuit products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. Some of the sales contract terms, including quality inspection period and warranty provision, generate complexity and judgment in determining the timing of revenue recognition.

銷售集成電路產品的收入於資產控制權轉移予客戶的時間點確認，一般於交付產品時發生。在釐定收入確認時間時，部分銷售合約條款（包括質量檢查期及保養條款）涉及複雜性及判斷。

The Group's disclosures about revenue recognition are included in note 2, 4 and 5 to the financial statements.

貴集團有關收入確認的披露載於財務報表附註2、4及5。

#### **Provision for expected credit losses (ECL) on trade receivables** 貿易應收款項的預期信貸虧損（預期信貸虧損）撥備

The gross balance of trade receivables as at 31 December 2018 amounted to HK\$655,426,000, against which allowance for expected credit losses amounting to HK\$65,402,000 was made. The collectability of trade receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management.

於2018年12月31日，貿易應收款項總結餘為655,426,000港元，就此作出的預期信貸虧損撥備為65,402,000港元。貿易應收款項的可收回性是貴集團營運資金管理的重要元素，按由管理層持續管理。

### How our audit addressed the key audit matter

#### 該關鍵審計事項在審計中是如何應對的

We performed walkthroughs to understand the design of the revenue recognition process. We tested the controls which the management has established in recording sales and revenue recognition.

我們已走查了解怎樣設計收入確認的過程。我們已測試管理層在記錄銷售及收入確認時制定的監控措施。

We have, on a sample basis, reviewed sales contracts to ensure that the revenue recognition policy applied by the Group follows the HKFRS requirements. More specifically we reviewed how the quality inspection period were considered within the revenue recognition process. We also reviewed the amounts of goods returned during the year.

我們已抽樣審閱銷售合約，確保貴集團所用的收入確認政策遵從香港財務報告準則的規定。更具體地，我們已審閱在收入確認過程中怎樣考慮質量檢查期。我們亦審閱年內退還貨物的款項。

Our other audit procedures included, amongst others, obtaining confirmations, performing sales cutoff test, and testing revenue transactions around the year.

我們的其他審計程序包括（其中包括）獲得確認、進行銷售截賬測試及對整個年度內的收入交易進行測試。

We tested the Group's processes and controls relating to the monitoring of trade receivables and review of credit risks of customers.

我們已測試貴集團有關監察貿易應收款項及審閱客戶信貸風險的程序及監控措施。

We obtained the provision matrix and reviewed the Group's historical observed default rates through the analyses of ageing of receivables.

我們已獲得撥備矩陣，並透過分析應收款項的賬齡審閱貴集團的歷史觀察違約率。

## Independent Auditor's Report

### 獨立核數師報告

#### Key audit matter

##### 關鍵審計事項

The Group uses a provision matrix to calculate ECLs for trade receivables. The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs requires significant management judgment, which in turn impacts the recoverability of the Group's receivables. 貴集團使用撥備矩陣計算貿易應收款項的預期信貸虧損。對歷史觀察違約率、預測經濟狀況及預期信貸虧損間的關係進行的評估需要管理層行使重大判斷，繼而影響 貴集團應收款項的可收回性。

The Group's disclosures about provision for ECL are included in note 2, 4 and 20 to the financial statements, which specifically explain the key estimation the management used in the assessment. 貴集團有關預期信貸虧損撥備的披露載於財務報表附註 2、4及20，具體說明管理層於評估中所用的重要估計。

#### Other information included in the Annual Report

Other information consists of the information included in the Company's 2018 Annual Report other than the consolidated financial statements and our auditor's report thereon. We obtained draft Annual Report dated 22 March, prior to the date of our auditor's report, and we expect to obtain final version of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available 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 on the other information obtained prior to the date of the auditor's report, 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.

#### How our audit addressed the key audit matter

##### 該關鍵審計事項在審計中是如何應對的

We also evaluated management's assessments of forward-looking factors specific to the debtors and the economic environment with public available information.

我們亦評估管理層對債務人特定的前瞻性因素及經濟環境公開所得資料進行的評估。

#### 包括於年報內的其他資料

其他資料包括2018年報內的所有資料，但不包括綜合財務報表及我們的核數師報告。我們於本稽核報告日前獲得了3月22日的年報草稿，年報終稿預計於本稽核報告日後提供給我們。管理層須對其他資料負責。

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

在吾等審計綜合財務報表時，吾等的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或吾等在審計過程中所了解的情況有重大不一致，或者似乎有重大錯誤陳述。基於吾等已執行的工作，如果吾等認為其他資料有重大錯誤陳述，吾等需要報告該事實。在這方面，吾等沒有任何報告事項。

## Independent Auditor's Report 獨立核數師報告

### RESPONSIBILITIES OF DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process

### 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

### 董事就綜合財務報表須承擔之責任

貴公司董事須負責根據香港會計師公會頒布之《香港財務報告準則》及香港《公司條例》的披露規定編制真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編制不存在由於欺詐或錯誤而導致的重大錯誤陳述必需的內部控制負責。

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

審核委員會協助貴集團董事履行彼等監督 貴集團財務報告程序的責任。

### 核數師就審計綜合財務報表承擔之責任

我們的目標為合理確定此等綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有我們意見的核數師報告。本報告的製作，僅向閣下報告，除此以外不可作其他用途。我們概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理核證屬高層次的核證，惟根據香港審核準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，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的經濟決定時，則被視為重大錯誤陳述。

## Independent Auditor's Report

### 獨立核數師報告

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
  - 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.
- 在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：
- 識別和評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述之風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見之基礎。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的風險高於未能發現因錯誤而導致之重大錯誤陳述的風險。
  - 了解與審計相關的內部控制，以設計適當的審計程序，但該目的並非對 貴集團內部控制之有效性發表意見。
  - 評價董事所採用會計政策之恰當性及作出會計估計和相關披露之合理性。
  - 對董事採用持續經營會計基礎的恰當性作出結論。及根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露，或，假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
  - 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

## Independent Auditor's Report 獨立核數師報告

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

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

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

- 就 貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

我們還向審核委員會提交聲明，說明我們已遵守有關獨立性的相關道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項及作相關的防範措施（如適用）。

從與審核委員會溝通的事項中，我們確定某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。我們在核數師報告中描述這些事項，除非法律或法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成之不良後果超過公眾利益，我們決定不應在報告中溝通該事項。

The engagement partner on the audit resulting in this independent auditor's report is Shun Lung Wai.

出具本獨立核數師報告之審計項目合夥人是孫龍偉先生。

**Ernst & Young**  
Certified Public Accountants

22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

29 March 2019

**安永會計師事務所**  
執業會計師

香港中環  
添美道1號  
中信大廈22樓

二零一九年三月二十九日

## Consolidated Statement of Profit or Loss

### 綜合損益表

Year ended 31 December  
截至12月31日止年度

		Note	2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
		附註		
<b>Revenue</b>	收入	5	<b>1,686,996</b>	1,453,035
Cost of sales	銷售成本	7	<b>(1,156,265)</b>	(952,759)
<b>Gross profit</b>	毛利		<b>530,731</b>	500,276
Other income	其他收入	6	<b>32,855</b>	133,175
Selling and marketing costs	銷售及市場推廣成本	7	<b>(90,268)</b>	(97,641)
Administrative expenses	行政開支	7	<b>(343,646)</b>	(332,856)
Impairment losses on trade and other receivables	貿易及其他應收款項 減值虧損	20	<b>(20,240)</b>	(19,258)
<b>Operating profit</b>	經營溢利		<b>109,432</b>	183,696
Finance income	融資收入	9	<b>5,614</b>	8,731
Finance costs	融資成本	9	<b>(97,610)</b>	(101,777)
Finance costs – net	融資成本—淨額	9	<b>(91,996)</b>	(93,046)
Share of results of associates	應佔聯營公司業績	17	<b>126,651</b>	129,874
Share of result of a joint venture	應佔一間合營公司業績	18	<b>228</b>	(2,518)
<b>Profit before taxation</b>	除稅前溢利		<b>144,315</b>	218,006
Taxation	稅項	10	<b>(27,725)</b>	3,845
<b>Profit for the year</b>	本年度溢利		<b>116,590</b>	221,851
<b>Profit for the year attributable to:</b>	本年度溢利歸屬於：			
Owners of the Company	本公司權益持有者		<b>113,321</b>	220,097
Non-controlling interests	非控股權益		<b>3,269</b>	1,754
			<b>116,590</b>	221,851
<b>Dividend</b>	股息	11	<b>40,597</b>	60,896
			<b>HK cents</b>	HK cents
			港仙	港仙
<b>Basic earnings per share</b>	每股基本盈利	12	<b>5.58</b>	10.84

## Consolidated Statement of Comprehensive Income

### 綜合全面收益表

Year ended 31 December

截至12月31日止年度

2018

2017

2018年

2017年

HK\$'000

HK\$'000

千港元

千港元

<b>Profit for the year</b>	本年度溢利	<b>116,590</b>	221,851
<b>Other comprehensive income for the year, net of taxation:</b>	本年度扣除稅項後的其他全面收益：		
Items that will not be subsequently reclassified to profit or loss:	不會期後重分類至溢利或虧損的項目：		
Recognition of gain in fair value of owner-occupied properties upon transfer to investment properties	自用物業轉撥投資物業產生公允價值收益	-	17,602
Share of an associate's revaluation gains on properties	應佔一間聯營公司的物業重估收益	<b>5,853</b>	1,107
Items that may be subsequently reclassified to profit or loss:	期後可能重分類至溢利或虧損的項目：		
Exchange differences on translation of financial statements	換算財務報表的匯兌差額	<b>(162,274)</b>	181,597
<b>Total comprehensive income for the year</b>	本年度全面收益總額	<b>(39,831)</b>	422,157
<b>Total comprehensive income for the year attributable to:</b>	本年度全面收益總額歸屬於：		
Owners of the Company	本公司權益持有者	<b>(42,233)</b>	418,642
Non-controlling interests	非控股權益	<b>2,402</b>	3,515
		<b>(39,831)</b>	422,157



## Consolidated Statement of Financial Position

### 綜合財務狀況表

			<b>31 December 2018</b>	31 December 2017
		<i>Note</i>	<b>2018年12月31日</b>	2017年12月31日
		<i>附註</i>	<b>HK\$'000</b>	HK\$'000
			千港元	千港元
<b>ASSETS</b>	<b>資產</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備	13	<b>367,599</b>	420,352
Investment properties	投資物業	14	<b>48,847</b>	51,202
Land use rights	土地使用權	15	<b>11,302</b>	12,314
Intangible assets	無形資產	16	<b>2,059</b>	2,869
Investment in associates	於聯營公司投資	17	<b>2,665,777</b>	2,782,326
Investment in a joint venture	於一間合營公司投資	18	–	4,106
Deferred tax assets	遞延稅項資產	10	<b>38,024</b>	40,980
			<b>3,133,608</b>	3,314,149
<b>Current assets</b>	<b>流動資產</b>			
Inventories	存貨	19	<b>603,679</b>	406,085
Trade and other receivables	貿易及其他應收款項	20	<b>722,947</b>	767,270
Financial assets at fair value through profit or loss	按公允值計入損益金融資產	21	<b>42,029</b>	–
Available-for-sale financial assets	可供出售金融資產	21	–	202,485
Short-term deposits	短期存款	22	<b>91,303</b>	11,000
Cash and cash equivalents	現金及現金等價物	23	<b>375,525</b>	373,831
			<b>1,835,483</b>	1,760,671
<b>Total assets</b>	<b>資產總額</b>		<b>4,969,091</b>	5,074,820

## Consolidated Statement of Financial Position

### 綜合財務狀況表

		31 December 2018	31 December 2017
		2018年12月31日	2017年12月31日
		Note 附註	HK\$'000 千港元
		HK\$'000 千港元	HK\$'000 千港元
<b>EQUITY AND LIABILITIES</b>	<b>權益及負債</b>		
<b>Equity attributable to owners of the Company</b>	<b>本公司權益持有者應佔權益</b>		
Share capital and premium	股本及溢價	24	825,454
Reserves	儲備		(707,366)
Retained earnings	保留溢利		1,804,305
			<b>1,922,393</b>
<b>Non-controlling interests</b>	<b>非控股權益</b>		18,790
			2,025,522
<b>Total equity</b>	<b>權益總額</b>		<b>1,941,183</b>
<b>Liabilities</b>	<b>負債</b>		
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Deferred tax liabilities	遞延稅項負債	10	24,511
<b>Current liabilities</b>	<b>流動負債</b>		
Deferred government grants	遞延政府補助	25	44,083
Contract liabilities	合約負債		13,377
Advances from customers	客戶預付款項		-
Trade and other payables	貿易及其他應付款項	26	638,480
Bank and other borrowings	銀行及其他借貸	27	2,295,297
Income tax payable	應付所得稅款項		12,160
			<b>3,003,397</b>
<b>Total liabilities</b>	<b>負債總額</b>		<b>3,027,908</b>
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>		<b>4,969,091</b>

The financial statements on pages 86 to 183 were approved and authorised for issue by the board of directors on 29 March 2019 and are signed on its behalf by:

載於第86頁至第183頁之財務報表經董事會於2019年3月29日批准及授權刊發，並由下列人士代表簽署：

**Dong Haoran 董浩然**  
Director 董事

**Liu Hongzhou 劉紅洲**  
Director 董事

# Consolidated Statement of Changes in Equity

## 綜合權益變動表

Attributable to owners of the Company  
本公司權益持有者應佔

		Attributable to owners of the Company							Non-controlling interests	Total equity		
		Share capital	Share premium	Surplus reserve	Translation reserve	Property revaluation reserve	Merger reserve	Other reserve			Retained earnings	
		股本	股本溢價	盈餘儲備	匯兌儲備	物業重估儲備	合併儲備	其他儲備	保留溢利	總額	非控股權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(Note 24)	(Note 24)	(Note (a))								
		(附註24)	(附註24)	(附註(a))								
<b>At 1 January 2017</b>	<b>於2017年1月1日</b>	20,299	805,155	19,664	(45,421)	5,201	(743,127)	(4,715)	1,610,720	1,667,776	12,873	1,680,649
Total comprehensive income	全面收益總額	-	-	-	180,603	17,942	-	-	220,097	418,642	3,515	422,157
Appropriation to surplus reserve	提取盈餘儲備	-	-	18,041	-	-	-	-	(18,041)	-	-	-
Payment of dividend	派付股息	-	-	-	-	-	-	-	(60,896)	(60,896)	-	(60,896)
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>	20,299	805,155	37,705	135,182	23,143	(743,127)	(4,715)	1,751,880	2,025,522	16,388	2,041,910
<b>At 1 January 2018</b>	<b>於2018年1月1日</b>	20,299	805,155	37,705	135,182	23,143	(743,127)	(4,715)	1,751,880	2,025,522	16,388	2,041,910
Total comprehensive income	全面收益總額	-	-	-	(161,407)	5,853	-	-	113,321	(42,233)	2,402	(39,831)
Payment of dividend	派付股息	-	-	-	-	-	-	-	(60,896)	(60,896)	-	(60,896)
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>	20,299	805,155	37,705	(26,225)	28,996	(743,127)	(4,715)	1,804,305	1,922,393	18,790	1,941,183

(a) Pursuant to the relevant laws and regulations of the PRC, a portion of the profits of the Company's PRC subsidiaries has been transferred to the enterprise expansion fund and reserve fund (the "surplus reserve") which are restricted as to use.

(a) 根據有關中國法例及條例，本公司於中國之附屬公司的部份溢利已轉撥使用權受限的企業發展基金及儲備基金（「盈餘儲備」）內。

## Consolidated Statement of Cash Flows

### 綜合現金流量表

		Year ended 31 December	
		截至12月31日止年度	
		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
	Note		
	附註		
<b>Cash flows from operating activities</b>	<b>經營活動之現金流量</b>		
Cash flows generated from operations	經營產生之現金流量		
Interest paid	支付利息	28	
Income tax paid	支付所得稅		
Net cash flows (used in)/ generated from operating activities	經營活動(所用)/產生之現金流量淨額		
<b>Cash flows from investing activities</b>	<b>投資活動之現金流量</b>		
Interest received	收取利息		
Purchase of property, plant and equipment, and intangible assets	購買物業、廠房及設備、和無形資產		
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		
Payment for financial assets at fair value through profit or loss	支付按公允值計入損益金融資產款項		
Proceeds from disposal of financial assets at fair value through profit or loss	出售按公允值計入損益金融資產所得款項		
Payment for available-for-sale financial assets	支付可供出售金融資產款項		
Proceeds from disposal of available-for-sale financial assets	出售可供出售金融資產所得款項		
(Increase)/decrease in short-term deposits and cash in transit	短期存款及在途現金之(增加)/減少		
Dividends received	收取股息		
Proceeds from repayment of entrusted loans	償還委託貸款所得款項		
Proceeds from disposal of a business	出售一項業務所得款項		
Proceeds from disposal of a joint venture	出售一間合營公司所得款項		
Net cash flows generated from investing activities	投資活動產生之現金流量淨額		

## Consolidated Statement of Cash Flows

### 綜合現金流量表

Year ended 31 December

截至12月31日止年度

2018

2017

2018年

2017年

HK\$'000

HK\$'000

千港元

千港元

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
<b>Cash flows from financing activities</b>	<b>融資活動之現金流量</b>		
Proceeds from bank and other borrowings	銀行及其他借貸所得款項	<b>2,329,347</b>	4,307,145
Repayment of bank and other borrowings	償還銀行及其他借貸	<b>(2,239,025)</b>	(2,564,428)
Dividend paid	支付股息	<b>(60,896)</b>	(60,896)
Payment for business combination under common control	支付共同控制下的業務合併之款項	–	(221,082)
Redemption of unsecured corporate bonds	贖回無抵押企業債券	–	(3,117,767)
Net cash flows generated from/ (used in) financing activities	融資活動產生/(所用)之現金流量淨額	<b>29,426</b>	(1,657,028)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>現金及現金等價物增加/(減少)淨額</b>	<b>54,257</b>	(512,030)
Effect of exchange rate changes	匯率變動之影響	<b>(52,563)</b>	(26,056)
Cash and cash equivalents at beginning of the year	年初之現金及現金等價物	<b>373,831</b>	911,917
<b>Cash and cash equivalents at end of the year</b>	<b>年終之現金及現金等價物</b>	<b>375,525</b>	373,831

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 1. GENERAL INFORMATION

China Electronics Huada Technology Company Limited (the “Company”) was incorporated in the Cayman Islands and continued in Bermuda with limited liability. The Company has its shares listed on The Stock Exchange of Hong Kong Limited. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The ultimate holding company of the Company is China Electronics Corporation Limited (“CEC”), which is established in the People’s Republic of China (the “PRC”).

The principal activities of the Company and its subsidiaries (collectively the “Group”) are the design and sale of integrated circuit chips.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 1. 一般資料

中國電子華大科技有限公司(「本公司」)為一家於開曼群島註冊成立，並於百慕達繼續經營的有限責任公司。本公司股份在香港聯合交易所有限公司上市。本公司的註冊辦事處地址為 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司之最終控股公司為中國電子信息產業集團有限公司(「中國電子集團」)(一家於中華人民共和國(「中國」)成立之企業)。

本公司及其附屬公司(統稱「本集團」)的主要業務是集成電路芯片之設計及銷售。

除另有註明外，本綜合財務報表以港元列報。

### 2. 重大會計政策概要

編製本綜合財務報表所採用的主要會計政策載列如下。除另有註明外，此等政策一直貫徹應用於所有呈報之年度。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### 2.1 Basis of preparation

###### (a) Compliance with HKFRS and Listing Rules

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, certain financial assets at fair value through profit or loss and available-for-sale financial assets which are carried at fair value.

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

#### 2. 重大會計政策概要(續)

##### 2.1 編製基準

###### (a) 符合香港財務報告準則及上市規則

綜合財務報表乃根據香港會計師公會頒佈之所有適用的香港財務報告準則(「香港財務報告準則」)而編製。該等綜合財務報表亦遵守香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例所載之適用披露規定。綜合財務報表是按歷史成本常規法編製，並就投資物業，若干按公允值計入損益金融資產及可供出售金融資產的重估(按公允值列賬)而作出修訂。

編製符合香港財務報告準則的綜合財務報表須使用若干關鍵之會計估算。管理層在運用本集團的會計政策過程中亦須行使其判斷。對本綜合財務報表而言涉及高度判斷或複雜性的事項，或涉及重要範疇的假設及估算，在附註4中披露。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.1 Basis of preparation (Cont'd)

#### (b) New standards, amendments to standards and interpretations

During the year ended 31 December 2018, the Group had adopted the following new standards, amendments to standards and interpretations that are relevant to its operations and effective for the first time for the accounting period beginning on 1 January 2018:

HKFRS9	Financial instruments
HKFRS15	Revenue from contracts with customers
HKFRS15 (amendments)	Clarifications to HKFRS15 "Revenue from contracts with customers"
HKAS40 (amendments)	Transfers of investment property
HK(IFRIC)-Int22	Foreign currency transactions and advance consideration
Annual improvements 2014-2016 cycle	Amendments to HKFRS1 and HKAS28

Save as disclosed below, the application of the above new standards, amendments to standards and interpretations has no material impact on the consolidated financial statements.

#### HKFRS9 "Financial instruments"

The Group has adopted HKFRS9 on 1 January 2018. HKFRS9 introduces new requirements for recognition, classification and measurement of financial instruments.

## 2. 重大會計政策概要(續)

### 2.1 編製基準(續)

#### (b) 新訂準則、準則修訂及詮釋

於截至2018年12月31日止年度內，本集團已首次採納下列與其業務有關及於2018年1月1日開始之會計期間生效之新訂準則、準則修訂及詮釋：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	與客戶之間之合約產生之收入
香港財務報告準則第15號(修訂)	闡明香港財務報告準則第15號「與客戶之間之合約產生之收入」投資物業之轉撥
香港會計準則第40號(修訂)	投資物業之轉撥
香港(國際財務報告詮釋委員會)一詮釋第22號	外幣交易與預付代價
2014年至2016年週期之年度改進	香港財務報告準則第1號及香港會計準則第28號之修訂

除以下所披露外，採納上述新訂準則、準則修訂及詮釋並沒有對綜合財務報表產生重大影響。

#### 香港財務報告準則第9號「金融工具」

本集團已於2018年1月1日採納香港財務報告準則第9號。香港財務報告準則第9號引入對金融工具の確認、分類及計量的新要求。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.1 Basis of preparation (Cont'd)

(b) *New standards, amendments to standards and interpretations (Cont'd)*

##### HKFRS9 "Financial instruments" (Cont'd)

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

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition; and
- Financial assets at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics.

From 1 January 2018, the category of loans and receivables, including cash and cash equivalents, short-term deposits, trade receivables, and financial assets included in other receivables, were transferred to debt instruments at amortised cost under HKFRS9. Notes receivables were transferred to debt instruments at fair value through other comprehensive income under HKFRS9. Available-for-sale financial assets were transferred to financial assets at fair value through profit or loss under HKFRS9. No revaluation reserve is transferred from other reserves to retained earnings as there is nil revaluation reserve related to available-for-sale financial assets at 31 December 2017. Impairment of trade receivables, other receivables and short-term deposits are recorded based on the expected credit loss model. The Group applies the simplified approach under HKFRS9 and records lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. The Group applies the general approach under HKFRS9 to financial assets included in notes receivables, other receivables and short-term deposits. The adoption of the expected credit loss model requirement of HKFRS9 did not result in any change in impairment allowances of the Group's debt financial assets.

### 2. 重大會計政策概要 (續)

#### 2.1 編製基準 (續)

(b) *新訂準則、準則修訂及詮釋 (續)*

##### 香港財務報告準則第9號「金融工具」(續)

自2018年1月1日起，本集團按下列計量類別對其金融資產進行分類：

- 按攤銷成本計量債務工具；
- 於終止確認時收益或虧損結轉至損益的按公允值計入其他全面收益債務工具；及
- 按公允值計入損益金融資產。

分類取決於管理金融資產的主體的業務模式及該資產的合約現金流量特性。

於2018年1月1日，貸款及應收款項類別(包括現金及現金等價物、短期存款、貿易應收款項及包括在其他應收款項內的金融資產)已轉撥為香港財務報告準則第9號項下按攤銷成本計量債務工具。應收票據已轉撥為香港財務報告準則第9號項下按公允值計入其他全面收益債務工具。可供出售金融資產已轉撥為香港財務報告準則第9號項下按公允值計入損益金融資產。由於於2017年12月31日並無與可供出售金融資產相關之重估儲備，因此並無重估儲備由其他儲備轉撥入保留溢利。貿易應收款項、其他應收款項及短期存款的減值乃按預期信貸虧損模式入賬。本集團採納香港財務報告準則第9號項下簡化方法，並將根據於其所有貿易應收款項餘下年期內的所有現金短少的現值估計的年期預期虧損入賬。本集團採納香港財務報告準則第9號項下一般方法處理包括在應收票據、其他應收款項及短期存款內的金融資產。採納按香港財務報告準則第9號要求的預期信貸虧損模式並不導致本集團的債務金融資產的減值撥備有任何變動。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### 2.1 Basis of preparation (Cont'd)

(b) *New standards, amendments to standards and interpretations (Cont'd)*

##### *HKFRS9 "Financial instruments" (Cont'd)*

The comparative information of the consolidated financial statements continues to be reported under the accounting policies and disclosure requirements prevailing prior to 1 January 2018, with changes in presentation as explained below.

#### 2. 重大會計政策概要 (續)

##### 2.1 編製基準 (續)

(b) *新訂準則、準則修訂及詮釋 (續)*

##### *香港財務報告準則第9號「金融工具」(續)*

綜合財務報表的比較資料繼續根據於2018年1月1日前生效的會計政策及披露要求呈報，惟如下文所述的若干列報之變動除外。

		HKAS39 measurement amount 香港會計準則 第39號 計量金額 HK\$'000 千港元	Reclassification 重分類 HK\$'000 千港元	HKFRS9 measurement amount 香港財務報告 準則第9號 計量金額 HK\$'000 千港元
Financial assets measured and classified as Available-for-sale financial assets	按下列各項計量及分類的金融資產可供出售金融資產	202,485	(202,485)	-
Financial assets at fair value through profit or loss	按公允值計入損益金融資產	-	202,485	202,485

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### 2.1 Basis of preparation (Cont'd)

(b) *New standards, amendments to standards and interpretations (Cont'd)*

*HKFRS15 "Revenue from contracts with customers"*

The Group has adopted HKFRS15 on 1 January 2018. HKFRS15 establishes a comprehensive framework for recognising revenue arising from contracts with customers. Revenue of the Group is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The comparative information of the consolidated financial statements continues to be reported under the accounting policies and disclosure requirements prevailing prior to 1 January 2018, with changes in presentation as explained below.

#### 2. 重大會計政策概要(續)

##### 2.1 編製基準(續)

(b) *新訂準則、準則修訂及詮釋(續)*

*香港財務報告準則第15號「與客戶之間之合約產生之收入」*

本集團已於2018年1月1日採納香港財務報告準則第15號。香港財務報告準則第15號設定確認來自與客戶之間之合約產生之收入之全面框架。本集團的收入按能反映實體預期就向客戶轉讓貨物或服務而有權在交換中獲取的代價金額進行確認。綜合財務報表的比較資料繼續根據於2018年1月1日前生效的會計政策及披露要求呈報，惟如下文所述的若干列報之變動除外。

		HKAS18 measurement amount 香港會計 準則第18號 計量金額 HK\$'000 千港元	Reclassification 重分類 HK\$'000 千港元	HKFRS15 measurement amount 香港財務報告 準則第15號 計量金額 HK\$'000 千港元
Advances from customers	客戶預付款項	10,462	(10,462)	-
Contract liabilities	合約負債	-	10,462	10,462

Disclosure on revenue recognised from contracts with customers by categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors for the year ended 31 December 2018 are set out in Note 5 to the consolidated financial statements.

As at 31 December 2018, consideration received from customers in advance for the sale of products of HK\$13,377,000 has been reclassified from advances from customers to contract liabilities under HKFRS15.

有關截至2018年12月31日止年度按經濟因素對收入及現金流量之性質、金額、時間及不確定性之影響類別分列確認與客戶之間之合約產生之收入之披露載於綜合財務報表附註5。

於2018年12月31日，根據香港財務報告準則第15號，13,377,000港元之銷售產品預收客戶對價已從客戶預付款項重分類致合約負債。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.1 Basis of preparation (Cont'd)

(b) *New standards, amendments to standards and interpretations (Cont'd)*

The following new standards, amendments to standards and interpretations that are relevant to the operation of the Group have been issued but are not effective for the accounting period beginning on 1 January 2018 and have not been early adopted:

HKFRS3 (amendments)	Definition of a business (effective from 1 January 2020)
HKFRS9 (amendments)	Prepayment features with negative compensation (effective from 1 January 2019)
HKFRS16	Leases (effective from 1 January 2019)
HKFRS10 and HKAS28 (amendments)	Sale or contribution of assets between an investor and its associate or joint venture (effective date not yet determined but available for adoption)
HKAS1 and HKAS8 (amendments)	Definition of material (effective from 1 January 2020)
HKAS28 (amendments)	Long-term interests in associates and joint ventures (effective from 1 January 2019)
HK(IFRIC)-Int23	Uncertainty over income tax treatments (effective from 1 January 2019)
Annual improvements 2015-2017 cycle	Amendments to HKFRS3, HKFRS11, HKAS12 and HKAS23 (effective from 1 January 2019)

Except for the application of new requirements under HKFRS16 "Leases" which may result in changes in measurement, presentation and disclosure, management does not anticipate that the application of other new standards, amendments to standards and interpretations will have material impact on the consolidated financial statements of the Group.

## 2. 重大會計政策概要(續)

### 2.1 編製基準(續)

(b) *新訂準則、準則修訂及詮釋(續)*

已頒佈但尚未於2018年1月1日開始之會計期間生效且並未被提早採納之與本集團業務有關之新訂準則、準則修訂及詮釋如下：

香港財務報告準則第3號(修訂)	業務之定義(自2020年1月1日起生效)
香港財務報告準則第9號(修訂)	具有負補償特性之提前還款(自2019年1月1日起生效)
香港財務報告準則第16號	租賃(自2019年1月1日起生效)
香港財務報告準則第10號及香港會計準則第28號(修訂)	投資者與其聯營公司或合營公司間之資產出售或投入(生效日期尚待確定,惟可供提早採納)
香港會計準則第1號及第8號(修訂)	重大之定義(自2020年1月1日起生效)
香港會計準則第28號(修訂)	於聯營公司及合營公司之長期權益(自2019年1月1日起生效)
香港(國際財務報告詮釋委員會)一詮釋第23號	所得稅處理之不確定性(自2019年1月1日起生效)
2015年至2017年週期之年度改進	香港財務報告準則第3號, 香港財務報告準則第11號, 香港會計準則第12號及香港會計準則第23號之修訂(自2019年1月1日起生效)

除採納香港財務報告準則第16號「租賃」的新要求或會導致計量、呈列及披露產生變動外,管理層並不預期採納其他新訂準則、準則修訂及詮釋將會對本集團的綜合財務報表造成重大影響。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.1 Basis of preparation (Cont'd)

##### (c) Going concern

As at 31 December 2018, the Group's current liabilities exceeded its current assets by HK\$1,167,914,000 primarily due to the fact that the Group has liabilities under short-term bank and other borrowings (the "Short-term Borrowings") of HK\$2,295,297,000.

The Board has reviewed the Group's cash flow projections which covers a period of not less than twelve months from 31 December 2018. Given that the Short-term Borrowings of HK\$2,168.5 million are guaranteed by CEC, and taking into account the financial resources available to the Group, including the internally generated funds, expected renewal and extension of borrowings upon their maturities and the available committed borrowing facilities, the Board considers that there are sufficient financial resources available to the Group to meet its financial liabilities as and when they fall due in the coming twelve months from 31 December 2018. Accordingly, the Board has prepared the consolidated financial statements on a going concern basis.

#### 2.2 Consolidation

##### (a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The subsidiaries acquired or disposed of during the year will be included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal (except for acquisition of subsidiaries under common control which are accounted for using the principles of merger accounting), as appropriate.

### 2. 重大會計政策概要(續)

#### 2.1 編製基準(續)

##### (c) 持續經營

於2018年12月31日，本集團之流動負債高於其流動資產1,167,914,000港元，主要由於本集團項下擁有2,295,297,000港元短期銀行及其他借貸（「短期借貸」）。

董事會已審閱本集團涵蓋自2018年12月31日起計不少於十二個月期間之現金流量預測。鑒於為數2,168.5百萬港元之短期借貸由中國電子集團提供擔保及經考慮本集團可動用之財務資源，包括內部產生之資金、預期到期借貸可續期和延長及可動用之已承諾借貸備用額，董事會認為本集團有足夠可動用之財務資源以應付其自2018年12月31日起計未來十二個月到期之財務負債。因此，董事會以持續經營基準編製綜合財務報表。

#### 2.2 綜合賬目

##### (a) 附屬公司

附屬公司指由本集團控制的所有實體（包括結構實體）。當本集團因參與實體的營運而獲得或有權享有其可變回報，並有能力通過其對實體的管控制影響有關回報時，則本集團控制該實體。

於年內所收購或出售的附屬公司將自收購生效日期起或直至出售生效日期止（視情況而定）計入綜合財務報表（惟共同控制下收購之附屬公司採用合併會計法原則入賬除外）。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.2 Consolidation (Cont'd)

#### (a) Subsidiaries (Cont'd)

Apart from the application of merger accounting on those common control combination as disclosed in Note 2.2(c) below, the acquisition method of accounting is used to account for business combination by the Group. The consideration transferred for an acquisition is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in the statement of profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Acquisition-related transaction costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

## 2. 重大會計政策概要 (續)

### 2.2 綜合賬目 (續)

#### (a) 附屬公司 (續)

除附註2.2(c)所述對共同控制下的合併採用合併會計法外，收購會計法乃用作本集團業務合併的入賬方法。收購的對價根據於交易日期所給予資產、承擔對被收購方之前權益持有者所產生的負債及本集團發行股本權益的公允值計算。所轉讓的對價包括或有對價安排所產生的任何資產或負債的公允值。本集團將轉讓的任何或有對價按收購日期的公允值計量。被視為資產或負債的或有對價公允值的其後變動，在損益表中確認。分類為權益的或有對價不重新計量，其之後的結算在權益中入賬。相關交易收購成本於產生時確認為費用。在業務合併中所購買可識別的資產以及所承擔的負債及或有負債，始初按彼等於收購日期的公允值計量。就個別收購之收購基準而言，本集團可按公允值或按非控制性權益應佔被收購方可識別的資產淨值的比例，計量被收購方的非控制性權益。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.2 Consolidation (Cont'd)

##### (a) Subsidiaries (Cont'd)

The excess of the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the aggregate of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree is less than the fair value of the identifiable net assets acquired, the difference is recognised directly in the consolidated statement of profit or loss.

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

Investments in subsidiaries are stated at cost less provision for impairment losses in the Company's statement of financial position (Note 2.8). Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company in the Company's statement of profit or loss to the extent of dividend received and receivable.

##### (b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 2. 重大會計政策概要 (續)

#### 2.2 綜合賬目 (續)

##### (a) 附屬公司 (續)

轉讓的對價、被收購方任何非控制性權益以及之前於被收購方之任何權益在收購日期的公允值之總和超過所收購可識別資產淨值的公允值的數額記錄為商譽。若轉讓的對價、被收購方任何非控制性權益以及之前於被收購方之任何權益在收購日期的公允值之總和低於所收購可識別資產淨值的公允值，該差額直接在綜合損益表確認。

集團內公司間之交易、結餘及未實現交易收益予以對銷。未實現虧損亦予以對銷。附屬公司之會計政策於綜合財務報表中已按需要作出改變，以確保與本集團所採納之政策一致。

在本公司之財務狀況表中，附屬公司投資乃按成本扣除減值虧損撥備列賬(附註2.8)。成本包括投資的直接歸屬成本。附屬公司業績由本公司按已收股息及應收股息計入本公司之損益表內。

##### (b) 不導致失去控制權的附屬公司權益變動

本集團將其與非控制性權益進行、不導致失去控制權的交易入賬為權益交易—即與附屬公司權益持有者以其作為權益持有者身份進行的交易。所支付任何對價的公允值與相關應佔所收購附屬公司資產淨值的差額記錄為權益。向非控制性權益的出售的盈虧亦記錄在權益中。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.2 Consolidation (Cont'd)

##### (c) Common control combination

Merger accounting is used to account for the acquisition of subsidiaries under common control by the Group.

Under merger accounting, the consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination.

The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, whichever is shorter and regardless of the effective date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous statement of financial position dates or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

### 2. 重大會計政策概要(續)

#### 2.2 綜合賬目(續)

##### (c) 共同控制下的合併

本集團以合併會計法核算共同控制下收購之附屬公司。

於合併會計法下，當共同控制下的合併發生時，綜合財務報表包括被合併實體或業務的財務報表，猶如被合併的實體或業務在開始處於控制方的控制下就已經被合併。

從控制方的角度，被合併的實體或業務的資產淨值以賬面值合併。在共同控制下的合併中產生的商譽或收購方應佔被收購方可識別資產、負債及或有負債的公允值超過收購成本的金額不予確認。

綜合損益表包括每一個被合併實體或業務於其最早呈列日期披露或合併實體或業務開始受到共同控制時(以較遲者為準)的業績，而不考慮共同控制下的合併生效日期之因素。

綜合財務報表中的比較數字，已假設被合併實體或業務已於先前呈列之財務狀況表日或開始受到共同控制時(以較遲者為準)合併已發生之基準呈列。

這些實體採用統一的會計政策。集團內被合併實體或業務之間的所有交易、結餘及未實現交易收益在合併賬目中對銷。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### 2.2 Consolidation (Cont'd)

###### (c) Common control combination (Cont'd)

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination is recognised as an expense in the period in which it is incurred.

The difference between the share capital of entities combined and the fair value of consideration paid has been recorded in the merger reserve in the consolidated financial statements.

###### (d) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in associate is accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

#### 2. 重大會計政策概要 (續)

##### 2.2 綜合賬目 (續)

###### (c) 共同控制下的合併 (續)

共同控制下的合併發生的交易成本(包括專業服務費、註冊費、提供資訊予股東的成本, 將先前個別業務合併產生的成本或損失等), 於發生時計入當期開支。

被合併實體之股本與收購所付之對價之公允值的差額於綜合財務報表中的合併儲備中列示。

###### (d) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權的實體, 通常附帶有20%至50%投票權的股權。聯營公司投資以會計權益法入賬。根據權益法, 投資始初按成本確認, 而賬面值被增加或減少以確認投資者應佔被投資者在收購日期後的溢利或虧損份額。本集團於一間聯營公司的投資包括收購時已辨認的商譽。在收購聯營公司的權益時, 收購成本與本集團應佔聯營公司可辨認資產和負債的公允值淨額的差額確認為商譽。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.2 Consolidation (Cont'd)

#### (d) Associates (Cont'd)

The Group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in the statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of result of associates" in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 2. 重大會計政策概要(續)

### 2.2 綜合賬目(續)

#### (d) 聯營公司(續)

本集團應佔聯營公司收購後之溢利或虧損於損益表內確認，而應佔其收購後的其他全面損益變動則於全面收益表內確認，並相應調整投資賬面值。當本集團應佔某一聯營公司的虧損等於或超過其在該聯營公司的權益(包括任何其他無抵押應收款)，則本集團不會確認進一步虧損，除非本集團須向該聯營公司承擔法定或推定債務或已代其支付款項。

本集團在每個報告日期釐定是否有客觀證據證明聯營公司投資已減值。如投資已減值，本集團計算減值，數額為聯營公司可收回數額與其賬面值的差額，並在損益表中確認於「應佔聯營公司業績」項下。

本集團與其聯營公司之間的上流和下流交易的溢利和虧損，在本集團的財務報表中確認，惟僅限於無關連投資者在聯營公司權益的數額。除非交易提供證據顯示所轉讓資產已減值，否則未實現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採納之政策一致。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.2 Consolidation (Cont'd)

##### (e) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. Investment in joint venture is accounted for using the equity method of accounting. Under the equity method, an interest in a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profit or loss and movements in other comprehensive income. The Group's investment in a joint venture includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to "share of result of a joint venture" in the statement of profit or loss.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 2. 重大會計政策概要(續)

#### 2.2 綜合賬目(續)

##### (e) 合營安排

於合營安排之投資根據各投資者於該等安排下的合約權利及責任分類為合營業務或合營公司。本集團已評估其合營安排之性質並釐定其為合營公司。合營公司投資以會計權益法入賬。根據權益法，合營公司權益始初按成本確認，其後調整以確認本集團應佔收購後之溢利或虧損以及其他全面收益變動的份額。本集團於合營公司的投資包括收購時已辨認的商譽。在收購合營公司的權益時，收購成本與本集團應佔合營公司可辨認資產和負債的公允值淨額的差額確認為商譽。當本集團應佔某一合營公司的虧損等於或超過其在該合營公司的權益(包括任何實質上構成本集團在該合營公司淨投資的長期權益)，則本集團不會確認進一步虧損，除非本集團須向該合營公司承擔法定或推定債務或已代其支付款項。

本集團在每個報告日期釐定是否有客觀證據證明合營公司投資已減值。如投資已減值，本集團計算減值，數額為合營公司可收回數額與其賬面值的差額，並在損益表中確認於「應佔一間合營公司業績」項下。

本集團與其合營公司間交易的未實現收益按集團在該合營公司的權益為限予以對銷。除非交易提供證據顯示所轉讓資產已減值，否則未實現虧損亦予以對銷。合營公司的會計政策已按需要作出改變，以確保與本集團採納之政策一致。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.3 Foreign currency translation

#### (a) Functional and presentation currency

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) while the functional currency of the Company is Renminbi (“RMB”). The Company has adopted HK\$ as its presentation currency because the management considered it is more beneficial to the users of the consolidated financial statements.

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“functional currency”).

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss.

## 2. 重大會計政策概要(續)

### 2.3 外幣換算

#### (a) 功能貨幣及列報貨幣

綜合財務報表以港元(「港元」)列報，而本公司的功能貨幣為人民幣(「人民幣」)。本公司選擇港元為其列報貨幣，原因是管理層認為其更有利於綜合財務報表的使用者。

本集團旗下各實體財務報表內之項目乃以該實體營運所在主要經濟環境所使用之貨幣(「功能貨幣」)計算。

#### (b) 交易及結餘

外幣交易採用交易日期的匯率換算為功能貨幣。結算此等交易產生的匯兌盈虧及將以外幣計值的貨幣資產和負債按年終匯率換算產生的匯兌盈虧在綜合損益表確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### 2.3 Foreign currency translation (Cont'd)

###### (c) Group companies

For the purpose of presenting consolidated financial statements, the results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

#### 2. 重大會計政策概要(續)

##### 2.3 外幣換算(續)

###### (c) 集團內公司

就列報綜合財務報表而言，功能貨幣與列報貨幣不同的所有集團實體成員（當中沒有成員的貨幣列為嚴重通脹貨幣）的業績和財務狀況按以下方法換算為列報貨幣：

- 每份呈報的財務狀況表內的資產和負債按該財務狀況表日期的收市匯率換算；
- 每份損益表內的收入和開支按平均匯率換算（除非此匯率並不代表交易日期匯率的累計影響的合理約數，則收支項目按交易日期的匯率換算）；及
- 所有由此產生的匯兌差額在其他全面收益中確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

- Buildings and leasehold improvements 5-20 years (or over the lease term, whichever is shorter)
- Plant and machinery 5-10 years
- Motor vehicles 5-10 years
- Furniture and fixtures 5 years

## 2. 重大會計政策概要(續)

### 2.4 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊及減值虧損後列賬。歷史成本包括收購該項目直接應佔之開支。

資產之其後發生之成本只有當與其有關之未來經濟利益將很有可能流入本集團並且能可靠地作出計量時，方會計入資產賬面值或確認為一項獨立資產(視乎情況而定)。所有其他維修及保養成本在其產生之財政期間內於綜合損益表支銷。

物業、廠房及設備之折舊乃以直線法計算，按其估計可使用年期分攤成本，有關物業、廠房及設備之估計可使用年期如下：

- 樓宇及租賃物業裝修 5至20年，或租約年期(以較短者為準)
- 廠房及機器 5至10年
- 車輛 5至10年
- 傢俬及裝置 5年

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### 2.4 Property, plant and equipment (Cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals or retirement are determined by comparing the proceeds with the carrying amount of the asset and are recognised within "other income" in the consolidated statement of profit or loss.

Construction in progress represents the direct costs of construction incurred in property less any impairment losses. No provision for depreciation is made on construction in progress until such time that the relevant assets are completed and available for use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

##### 2.5 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

#### 2. 重大會計政策概要(續)

##### 2.4 物業、廠房及設備(續)

資產的剩餘價值及可使用年期在每個財務狀況表日進行檢討及調整(如適用)。

若資產的賬面值高於其估計可收回價值，其賬面值即時撇減至可收回價值(附註2.8)。

出售或報廢的盈虧按所得款項與相關資產賬面值的差額釐定，並在綜合損益表內的「其他收入」中確認。

在建工程指興建物業之直接成本減去任何減值虧損後列帳。在建工程於有關資產完成及可供使用前不會計提折舊撥備。當在建工程於竣工並達到可使用狀態時，在建工程會被重分類至適當類別的物業、廠房及設備中。

##### 2.5 投資物業

投資物業，主要由租賃土地和樓宇組成，持有為獲得長期租金收益或作為資本增值或兩者兼備同時並非由本集團佔用。其亦包括在建或發展中於日後作投資物業用途的物業。如符合投資物業的所有定義，經營租賃下的土地作為投資物業入賬。在此情況下，有關的經營租賃猶如融資租賃入賬。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.5 Investment properties (Cont'd)

Investment property is initially measured at cost, including related transaction costs and, where applicable, borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Changes in fair values are recognised within "other income" in the consolidated statement of profit or loss.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is under construction or development for future use as investment property is classified as investment property under construction. Where fair value of investment properties under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

## 2. 重大會計政策概要(續)

### 2.5 投資物業(續)

投資物業始初按成本列賬，包括相關的交易成本及(如適用)借貸成本。在始初確認後，投資物業按公允值列賬，公允值指由外部估值師於每個報告日期釐定的公開市值。公允值乃根據活躍市場價格計算，並就個別資產的性質、地點或狀況作出必要調整。倘未能獲取該等資料，本集團採用其他估值方法，例如近期較不活躍市場的價格或折現現金流量預測。重建並繼續用作投資物業之投資物業，或其市場活躍度下降之投資物業繼續按公允值計量。公允值變動將在綜合損益表內的「其他收入」中確認。

投資物業之公允值反映(其中包括)來自現有租賃之租金收入及按現行市況預期之未來租金收入。公允值亦反映，在類似基準下該物業預期的任何現金流出。

資產之其後發生之成本只有當與其有關之未來經濟利益將很有可能流入本集團並且能可靠地作出計量時，方會計入資產之賬面值。所有其他維修及保養成本在其產生之財政期間內於綜合損益表支銷。

倘一項投資物業成為自用物業，則須被重分類為物業、廠房及設備，其於重分類當日之公允值，就會計目的而言成為其成本。現正興建或發展中以於日後作投資物業用途的物業，被分類為在建投資物業。當在建投資物業之公允值未能可靠計量時，該物業會以成本值計量，直至物業落成之日期或公允值能夠可靠計量之日期兩者之較早者為止。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.5 Investment properties (Cont'd)

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised as a revaluation. The resulting increase in the carrying amount is recognised in other comprehensive income and increase in property revaluation reserve within equity. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of profit or loss, and the remaining part of the increase is recognised in other comprehensive income and increase in property revaluation reserve within equity. For a transfer from completed properties held for sale or properties under development to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

#### 2.6 Land use rights

The Group made upfront payments to obtain operating leases of land use rights. For the land use rights held for self-use, the upfront payments are recorded as a separate asset and are amortised to the consolidated statement of profit or loss on a straight-line basis over their lease periods. For the land use rights held for sale, the upfront payments are recorded as land use rights held for sale. Land use rights held for sale are stated at the lower of cost and net realisable value.

#### 2.7 Intangible assets

##### Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of one to three years.

### 2. 重大會計政策概要(續)

#### 2.5 投資物業(續)

倘一項自用物業因改變用途而成為投資物業，該項物業之賬面值與於改變用途當日之公允值之差額確認為重估。重估產生之賬面值的增加於其他全面收益確認並增加權益中之物業重估儲備。然而，倘公允值收益可撥回過往減值虧損，則該收益乃於綜合損益表中確認，其餘的增加於其他全面收益中確認並增加權益中之物業重估儲備。從持作出售的已落成物業或在建物業轉撥到投資物業，將按照公允值進行轉撥，物業在該日的任何公允值與其帳面值之間的差額應當於當期溢利或虧損中確認。

#### 2.6 土地使用權

本集團為獲取經營性租賃之土地使用權預付款項。為本集團自用之土地使用權，該預付款項是以一項單獨資產列賬並於租賃期限內以直線法攤銷於綜合損益表中。至於持作出售之土地使用權，該預付款項作為持作出售之土地使用權進行確認。持作出售之土地使用權按照成本值及可變現淨值兩者之較低者列賬。

#### 2.7 無形資產

##### 電腦軟件

所購入的電腦軟件使用許可權乃根據購入特定軟件及使該軟件達到可使用所產生之成本予以資本化。該等成本乃在其估計可使用年期(一至三年)內予以攤銷。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.8 Impairment of investments in subsidiaries and non-financial assets

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

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

### 2.9 Financial assets

#### *Policies applicable from 1 January 2018*

#### 2.9.1 Classification

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

## 2. 重大會計政策概要(續)

### 2.8 於附屬公司及非金融資產投資之減值

沒有確定使用年期之資產(例如商譽)無需攤銷,但每年須就減值進行測試。各項資產,當有事件出現或情況改變顯示賬面值可能無法收回時須就減值進行檢討。減值虧損按資產之賬面值超出其可收回價值之數額確認。可收回價值以資產之公允值扣除銷售成本或使用價值兩者之較高者為準。為評估減值,資產按可分開識別現金流量(現金產生單位)的最低層次分類。除商譽外,已減值的非金融資產在每個財務狀況表日均就減值是否可以撥回而進行檢討。

當從附屬公司收到股息而股息超過該附屬公司在股息宣佈期間之全面收益總額時,或若於獨立財務報表中,附屬公司投資之賬面值超過應佔被投資方於其綜合財務報表之淨資產(包括商譽)之賬面值時,則必須對有關附屬公司投資進行減值測試。

### 2.9 金融資產

#### *自2018年1月1日起適用之政策*

#### 2.9.1 分類

金融資產於始初確認時分類為其後按攤銷成本、按公允值計入其他全面收益及按公允值計入損益計量。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.9 Financial assets (Cont'd)

##### Policies applicable from 1 January 2018 (Cont'd)

##### 2.9.1 Classification (Cont'd)

- (a) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective of holding financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- (b) Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt investments at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding financial assets in order to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 2. 重大會計政策概要(續)

#### 2.9 金融資產(續)

##### 自2018年1月1日起適用之政策(續)

##### 2.9.1 分類(續)

- (a) 按攤銷成本計量金融資產(債務工具)

倘滿足以下兩個條件，本集團將按攤銷成本計量金融資產：

- 旨在持有金融資產以收取合約現金流量的業務模式中持有的金融資產。
- 金融資產的合約條款於特定日期產生的現金流量純粹為支付本金及未償還本金的利息。

- (b) 按公允值計入其他全面收益金融資產(債務工具)

倘滿足以下兩個條件，本集團將按公允值計入其他全面收益計量債務投資：

- 旨在持有金融資產以收取合約現金流量及出售金融資產的業務模式中持有的金融資產。
- 金融資產的合約條款於特定日期產生的現金流量純粹為支付本金及未償還本金的利息。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.9 Financial assets (Cont'd)

#### Policies applicable from 1 January 2018 (Cont'd)

##### 2.9.1 Classification (Cont'd)

#### (c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

## 2. 重大會計政策概要(續)

### 2.9 金融資產(續)

#### 自2018年1月1日起適用之政策(續)

##### 2.9.1 分類(續)

#### (c) 按公允值計入損益金融資產

按公允值計入損益金融資產包括持作買賣的金融資產，於始初確認時指定按公允值計入損益金融資產，或強制要求按公允值計量的金融資產。倘為於近期出售或購回而收購金融資產，則該等金融資產分類為持作買賣。現金流量並非純粹為支付本金及利息的金融資產，不論業務模式如何，均按公允值計入損益分類及計量。儘管如以上標準所述，債務工具可按攤銷成本或按公允值計入其他全面收益分類，但於始初確認時，倘能夠消除或顯著減少會計錯配，則債務工具可指定為按公允值計入損益。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.9 Financial assets (Cont'd)

##### Policies applicable from 1 January 2018 (Cont'd)

##### 2.9.2 Recognition and derecognition

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables are measured at the transaction price determined in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the financial asset or the Group has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

### 2. 重大會計政策概要 (續)

#### 2.9 金融資產 (續)

##### 自2018年1月1日起適用之政策 (續)

##### 2.9.2 確認及終止確認

於始初確認時，金融資產分類取決於金融資產的合約現金流量特性及本集團管理該等金融資產的業務模式。除並無重大融資組成部份或本集團為權宜而不調整重大融資組成部份之影響之貿易應收款項外，本集團始初按公允值加上（倘金融資產並非按公允值計入損益）交易成本計量金融資產。貿易應收款項已根據下述的「收益確認（自2018年1月1日起適用）」所載之政策釐定的交易價格計量。

為使金融資產按攤銷成本或按公允值計入其他全面收益進行分類及計量，需產生純粹為支付本金及未償還本金利息的現金流量。

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產，或兩者兼有。

以市場上有既定交收期買賣的金融資產於交易日確認，交易日為本集團承諾購買或出售資產之日。市場上有既定交收期的買賣指須根據市場規則或慣例訂立之時間內交收資產之金融資產買賣。當金融資產收取現金流量的權利屆滿或已轉讓且本集團已轉讓金融資產的絕大部份風險及回報時或倘本集團並無轉讓或保留金融資產的絕大部份風險及回報，但轉讓金融資產控制權時，終止確認金融資產。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.9 Financial assets (Cont'd)

#### Policies applicable from 1 January 2018 (Cont'd)

##### 2.9.3 Subsequent measurement

#### (1) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

#### (2) Fair value through other comprehensive income

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

#### (3) Fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value with net changes in fair value recognised in the statement of profit or loss.

## 2. 重大會計政策概要(續)

### 2.9 金融資產(續)

#### 自2018年1月1日起適用之政策(續)

##### 2.9.3 其後計量

#### (1) 按攤銷成本計量金融資產(債務工具)

按攤銷成本計量金融資產其後使用實際利息法計量，並可能須作出減值。當資產終止確認，作出修訂或減值時，收益或虧損於損益表中確認。

#### (2) 按公允值計入其他全面收益

就按公允值計入其他全面收益債務投資而言，利息收入、外匯重估及減值虧損或撥回於損益表中確認，並按與按攤銷成本計量金融資產相同的方式計量。餘下公允值變動於其他全面收益中確認。終止確認時，於其他全面收益中確認的累計公允值變動將結轉至損益表。

#### (3) 按公允值計入損益

按公允值計入損益的金融資產其後按公允值列賬，而公允值變動的淨額於損益表內確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.9 Financial assets (Cont'd)

##### Policies applicable from 1 January 2018 (Cont'd)

##### 2.9.4 Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

##### General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

### 2. 重大會計政策概要(續)

#### 2.9 金融資產(續)

##### 自2018年1月1日起適用之政策(續)

##### 2.9.4 減值

本集團就並非按公允值計入損益持有的所有債務工具確認預期信貸虧損(「預期信貸虧損」)撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取並按原始實際利率的概約利率折現的所有現金流量之間的差額釐定。預期現金流量將包括出售所持抵押品或合約條款所包含的其他增信措施所得的現金流量。

##### 一般法

預期信貸虧損分兩個階段確認。就首次確認以來信貸風險並無大幅增加的信貸敞口而言，會為未來12個月(12個月預期信貸虧損)可能發生的違約事件所產生的信貸虧損計提預期信貸虧損撥備。就首次確認以來信貸風險大幅增加的信貸敞口而言，須就預期於敞口的餘下年期產生的信貸虧損計提虧損撥備，不論違約的時間(全期預期信貸虧損)。

於各報告日期，本集團評估金融工具的信貸風險自首次確認以來是否已大幅增加。於作出該評估時，本集團將於報告日期金融工具發生違約的風險與於首次確認日期金融工具發生違約的風險進行比較，及考慮毋須付出成本或精力即可獲得的合理及可靠資料(包括歷史及前瞻性資料)。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.9 Financial assets (Cont'd)

#### Policies applicable from 1 January 2018 (Cont'd)

##### 2.9.4 Impairment (Cont'd)

###### General approach (Cont'd)

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments.

The Group may consider a financial asset is credit-impaired when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12 month ECLs.

## 2. 重大會計政策概要 (續)

### 2.9 金融資產 (續)

#### 自2018年1月1日起適用之政策 (續)

##### 2.9.4 減值 (續)

###### 一般法 (續)

就按公允值計入其他全面收益的債務投資而言，本集團應用低信貸風險簡化法。於各報告日期，本集團利用毋須付出成本或精力即可獲得的所有合理及可靠資料評估債務投資是否被認為有低信貸風險。於作出該評估時，本集團重新評估債務投資的外部信貸評級。

當內部或外部資料反映，在沒有計及任何現有增信措施前，本集團不太可能悉數收到未償還合約款項，則本集團可認為金融資產存在信貸減值。倘無法合理預期收回收約現金流量，則撇銷金融資產。

按公允值計入其他全面收益之債務投資及按攤銷成本列賬之金融資產須根據一般法作出減值並就計量預期信貸虧損於以下階段內分類，惟應用下文詳述之簡化法的貿易應收款項除外。

階段一 – 自首次確認起信貸風險並無大幅增加且按等同於12個月預期信貸虧損之金額計量虧損撥備之金融工具。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.9 Financial assets (Cont'd)

##### *Policies applicable from 1 January 2018 (Cont'd)*

##### 2.9.4 Impairment (Cont'd)

##### *General approach (Cont'd)*

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial instruments that are credit-impaired at the reporting date (but are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

##### *Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

### 2. 重大會計政策概要 (續)

#### 2.9 金融資產 (續)

##### *自2018年1月1日起適用之政策 (續)*

##### 2.9.4 減值 (續)

##### *一般法 (續)*

階段二 – 自首次確認起信貸風險已大幅增加而並非為信貸減值金融資產及按等同於全期預期信貸虧損之金額計量虧損撥備之金融工具。

階段三 – 於報告日期為信貸減值(惟並非購買或最初信貸減值)及按等同於全期預期信貸虧損之金額計量虧損撥備之金融工具。

##### *簡化法*

就不包含重大融資組成部份或當本集團為權宜而不調整重大融資組成部份之影響之貿易應收款項而言，本集團於計算預期信貸虧損時應用簡化法。根據該簡化法，本集團並無追蹤信貸風險的變化，反而於各報告日期根據全期預期信貸虧損確認虧損撥備。本集團已設立根據本集團過往信貸虧損經驗計算的撥備矩陣，並按債務人特定的前瞻性因素及經濟環境作出調整。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.9 Financial assets (Cont'd)

##### Policies applicable prior to 1 January 2018

##### 2.9.5 Classification

The Group classifies its financial assets into two categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 1 year after the statement of financial position date, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "cash and cash equivalents" and "short-term deposits" in the statement of financial position.

##### (b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that are either designated in this category or not classified in the other category. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 1 year of the statement of financial position date, which are classified as current assets.

### 2. 重大會計政策概要(續)

#### 2.9 金融資產(續)

##### 2018年1月1日前適用之政策

##### 2.9.5 分類

本集團將金融資產項目劃分為兩類別：貸款及應收款項以及可供出售金融資產。分類方法乃取決於金融資產之購入目的劃分。管理層於始初確認時為其金融資產分類。

##### (a) 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沒有在活躍市場上報價的非衍生金融資產。此等項目包括於流動資產內，但若到期日由財務狀況表日起計超過一年者，則分類為非流動資產。本集團之貸款及應收款項包括財務狀況表中之「貿易及其他應收款項」、「現金及現金等價物」及「短期存款」。

##### (b) 可供出售金融資產

可供出售金融資產為非衍生金融資產，乃指定須列入此類別或不屬於任何其他類別之金融資產。此等項目包括於非流動資產內，除非投資於結算日起計一年內到期或管理層計劃於財務狀況表日起計一年內出售有關投資，則分類為流動資產。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.9 Financial assets (Cont'd)

##### *Policies applicable prior to 1 January 2018 (Cont'd)*

##### 2.9.6 Recognition and measurement

Regular way purchases and sale of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. However, for available-for-sale financial assets that do not have a quoted market price, the range of reasonable fair value estimates is significant and the possibilities of the various estimates cannot be reasonably assessed, is stated at cost. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in fair value of available-for-sale financial assets are recognised in other comprehensive income until the financial asset is disposed of or determined to be impaired. Dividend income from available-for-sale financial assets is recognised in the consolidated statement of profit or loss as part of “other income” when the Group’s right to receive payments is established. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of “other income”.

When available-for-sale securities are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss.

### 2. 重大會計政策概要 (續)

#### 2.9 金融資產 (續)

##### *2018年1月1日前適用之政策 (續)*

##### 2.9.6 確認及計量

按照一般市場規定或慣例購入及出售的金融資產在交易日予以確認 – 交易日指本集團承諾購入或出售該資產之日期。所有金融資產投資始初按公允值加交易成本確認。對於某些可供出售金融資產而言，如果沒有可以引用的市場價格、合理估計的公允值區間較大和無法合理估計多種假設的可能性時，則以成本列賬。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將擁有權之絕大部份風險和回報轉讓時，金融資產即終止確認。可供出售金融資產其後按公允值列賬。貸款及應收款項以實際利息法按攤銷成本列賬。

可供出售金融資產之公允值變動於其他全面收益中確認，直至金融資產售出或釐定出現減值。來自可供出售金融資產的股息，當本集團收取有關款項的權利確定時，在綜合損益表內確認為「其他收入」之一部份。可供出售證券採用實際利息法計算的利息在綜合損益表內確認為「其他收入」之一部份。

當可供出售證券被售出或減值時，於權益中確認的累計公允值調整列入綜合損益表內。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.9 Financial assets (Cont'd)

#### Policies applicable prior to 1 January 2018 (Cont'd)

##### 2.9.7 Impairment of financial assets

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. All impairment loss is recognised in the consolidated statement of profit or loss. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value below its cost is considered as an indicator that the financial asset is impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in statement of profit or loss and in equity, is recognised in the statement of profit or loss. Impairment losses recognised on available-for-sale equity instruments are not subsequently reversed.

### 2.10 Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

The Group's financial liabilities include trade payables, other payables, and bank and other borrowings.

#### 2.10.1 Recognition and derecognition

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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 the statement of profit or loss.

## 2. 重大會計政策概要(續)

### 2.9 金融資產(續)

#### 2018年1月1日前適用之政策(續)

##### 2.9.7 金融資產減值

本集團將於每個財務狀況表日評估金融資產或一組金融資產是否出現減值的客觀證據。所有減值虧損於綜合損益表確認。對於分類為可供出售金融資產，公允值若大幅度或長期跌至低於其成本，會被視為金融資產已經顯示減值的跡象。若金融資產存在此等證據，累計虧損—按收購成本與當時公允值的差額，減該金融資產之前在損益表及於權益確認的任何減值虧損計算並在損益表確認。可供出售權益工具之減值虧損將不會於往後期間撥回。

### 2.10 金融負債

金融負債於始初確認時被分類為貸款及借貸、或應付款項(視情況而定)。

本集團的金融負債包括貿易應付款項、其他應付款項、和銀行及其他借貸。

#### 2.10.1 確認及終止確認

所有金融負債始初按公允值確認及倘為貸款及借款以及應付款項，則應扣除直接應佔交易成本。

當且僅當本集團的責任獲解除、取消或已到期時，則本集團取消確認金融負債。取消確認的金融負債賬面值與已付及應付對價的差額乃於損益表中確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.10 Financial liabilities (Cont'd)

##### 2.10.2 Subsequent measurement

###### Loans and borrowings

After initial recognition, bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

##### 2.10.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 2.11 Inventories

Finished goods and work in progress are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, manufacturing cost of subcontractors, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2. 重大會計政策概要(續)

#### 2.10 金融負債(續)

##### 2.10.2 其後計量

###### 貸款及借貸

於始初確認後，銀行及其他借貸隨後以實際利息法按攤銷成本計量，除非貼現影響微不足道，則按成本列賬。終止確認負債及按實際利息法攤銷過程中產生的溢利或虧損在損益表內確認。

計算攤銷成本時考慮收購所產生的任何折價或溢價以及作為實際利率一部分的費用或成本。實際利率攤銷於損益表內列為融資成本。

##### 2.10.3 抵銷金融工具

倘(且僅當)有現行可強制執行的法律權利抵銷已確認金額，並且擬以淨額基準進行結算或同時將資產變現及清償負債，方可將金融資產及金融負債抵銷，淨額於財務狀況表呈報。

#### 2.11 存貨

製成品及在製品按成本值及可變現淨值兩者的較低者列賬。成本採用加權平均法釐定。製成品及在製品的成本包括設計成本、原材料、直接勞工、分包商製造成本、其他直接成本和相關的生產經常開支(依據正常營運能力)。存貨成本不包括借貸成本。可變現淨值為在日常業務過程中的估計銷售價，扣除適用的可變動銷售開支。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other financial institutions and other short-term highly liquid investments with original maturities of 3 months or less.

### 2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.14 Government grants

Government grants are recognised at their fair values where there is a reasonable assurance that the government grant will be received and the Group will comply with all attached conditions. Government grant relating to an asset is included in non-current liabilities, which is credited to the consolidated statement of profit or loss on a straight-line basis over the expected useful life of the related asset. Government grant relating to an expense item is deferred and recognised as income in the consolidated statement of profit or loss over the period necessary to match with the cost that it is intended to compensate.

### 2.15 Current and deferred taxation

The taxation expense comprises current and deferred taxation. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or equity.

## 2. 重大會計政策概要(續)

### 2.12 現金及現金等價物

現金及現金等價物包括現金、銀行及其他財務機構通知存款及原到期日為3個月或以下的其他短期高流動性投資。

### 2.13 股本

普通股歸類為權益。與發行新股或購股權直接有關之增量成本，以除稅淨額沖減發行收入後於權益中列示。

### 2.14 政府補助

當能夠合理地保證政府補助將可收取，而本集團將會符合所有附帶條件時，則政府補助按其公允價值確認入賬。與資產有關之政府補助列入非流動負債，並按有關資產之估計可使用年期以直線法在綜合損益表中分攤。與開支項目有關之政府補助遞延入賬，並按該開支及補助之間之合理關係在補助之成本發生的期間在綜合損益表中確認為收入。

### 2.15 當期及遞延稅項

稅項開支包括當期和遞延稅項。稅項在綜合損益表中確認，但與其他全面收益或直接在權益中確認的項目有關者則除外。在該等情況下，稅項亦在其他全面收益或權益中確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

##### 2.15 Current and deferred taxation (Cont'd)

###### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

###### (b) Deferred taxation differences

###### (i) Inside basis differences

Deferred taxation is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred taxation is not recognised for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### 2. 重大會計政策概要(續)

##### 2.15 當期及遞延稅項(續)

###### (a) 當期所得稅支出

當期所得稅支出根據本公司及其附屬公司營運及產生應課稅收入的國家於財務狀況表日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅的狀況，並在適當情況下根據預期須向稅務機關支付的稅款設定撥備。

###### (b) 遞延稅項差異

###### (i) 內在差異

遞延稅項以負債法就資產和負債的稅基與資產和負債在綜合財務報表的賬面值之暫時差異確認。然而，若遞延稅項來自在交易(不包括業務合併)中對資產或負債的始初確認，而在交易時不影響會計盈虧或應課稅盈虧，則不予確認。遞延稅項採用在財務狀況表日已頒佈或實質頒佈，並預期在變現有關之遞延稅項資產或償付遞延稅項負債時適用之稅率(及法例)而釐定。

倘日後應課稅溢利很有可能抵銷可動用之暫時差異，暫時差異方會確認為遞延稅項資產。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.15 Current and deferred taxation (Cont'd)

#### (b) Deferred taxation differences (Cont'd)

#### (ii) Outside basis differences

Deferred tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

#### (c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2. 重大會計政策概要 (續)

### 2.15 當期及遞延稅項 (續)

#### (b) 遞延稅項差異 (續)

#### (ii) 外在差異

就附屬公司、聯營公司及合營安排投資所產生之應課稅暫時差異確認遞延所得稅負債，但不包括本集團可以控制暫時差異之撥回時間以及暫時差異在可預見將來很可能不會撥回的遞延所得稅負債。一般而言，本集團無法控制聯營公司之暫時差異之撥回。聯營公司之未分配溢利所產生之應課稅暫時差異不予確認為遞延稅項負債，惟若有協議賦予本集團能力在可預見將來控制撥回暫時差異除外。

就附屬公司、聯營公司及合營安排投資產生之可扣減暫時差異確認遞延稅項資產，但只限於暫時差異很可能於將來撥回並有充足的應課稅溢利抵銷可動用的暫時性差異。

#### (c) 抵銷

當有法定可執行權力將當期稅項資產與當期稅項負債抵銷，且遞延稅項資產和負債涉及由同一稅務機關向應課稅實體或不同應課稅實體徵收的所得稅，並有意按淨額結算餘款，則可將遞延稅項資產與負債互相抵銷。



# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow of resources will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow of resources with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 2.17 Employee benefits

##### (a) Pension obligations

The Group operates a mandatory provident fund scheme ("MPF Scheme") for the eligible employees in Hong Kong. The MPF Scheme is a defined contribution scheme, the assets of which are held in separate trustee – administered funds. The Group's contributions to MPF Scheme are expensed as incurred.

The Group's subsidiaries operating in the PRC have to make contribution to staff retirement scheme managed by local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the statement of profit or loss as and when incurred. The Group has no legal or constructive obligations to pay further contributions.

### 2. 重大會計政策概要(續)

#### 2.16 撥備

本集團因已發生的事件而須要承擔現有的法律或推定責任；很有可能需要付出資源以償付有關責任及金額已經可靠估計情況下確認撥備。不就未來營運虧損確認撥備。

如有多項類似責任，是否需要為償付而付出資源，則需根據該責任類別整體考慮。即使在同一責任類別所包含的其中某一個項目付出資源的可能性極低，仍須確認撥備。

撥備採用稅前利率折現預期需償付有關責任的開支的現值計量，該利率反映當時市場對金錢時間值和有關責任特定風險的評估。因時間流逝而增加的撥備確認為利息開支。

#### 2.17 僱員福利

##### (a) 退休金責任

本集團為香港之合資格僱員設立一項強制性公積金計劃（「強積金計劃」）。該強積金計劃乃一項定額供款計劃，其資產由獨立信託管理基金持有。本集團對強積金計劃之供款於產生時列作開支。

本集團在中國營運之附屬公司須根據相關法例及法規，向由中國有關地方政府機關管理之職工退休計劃供款。對該等退休計劃之供款於產生時計入損益表。本集團並無法律或推定責任作進一步供款。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.17 Employee benefits (Cont'd)

#### (b) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made.

### 2.18 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not provided for as a provision but is disclosed in the notes to the financial statements. When a change in the probability of an outflow of resources occurs so that the outflow is probable, they will then be recognised as a provision.

## 2. 重大會計政策概要(續)

### 2.17 僱員福利(續)

#### (b) 獎勵計劃

當本集團因為僱員已提供之服務而產生現有法律或推定支付獎勵之責任，而責任金額能可靠估計時，則將獎勵之預計成本確認為負債。

### 2.18 或有負債

或有負債乃因已發生的事件而可能產生的責任，並僅視乎日後會否出現一項或多項非本集團可完全控制的不可確定事件而確認其存在。或有負債亦可因已發生的事件而產生的現有責任，但由於未能肯定是否需要付出資源或未能可靠地估計有關責任的金額而不予確認。

或有負債並不確認為撥備，但於財務報表附註中披露。當資源流出的可能性有變而導致可能付出資源，或有負債將確認為撥備。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.19 Revenue recognition

##### *Policies applicable from 1 January 2018*

##### (a) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Revenue from transferring of goods or services is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the goods by customers or where contract provides a product quality inspection time period, the product quality inspection time period has lapsed. The Group considers that the control of asset is transferred to the customer at the end of the quality inspection time period.

The Group provides for warranties in relation to the sale of certain goods for general repairs of defects occurring during the warranty period. The Group does not provide service-type warranty, and therefore, the Group does not consider the warranty a separate performance obligation. These assurance-type warranties are accounted for under HKAS37 "Provisions, contingent liabilities and contingent assets".

### 2. 重大會計政策概要(續)

#### 2.19 收入確認

##### *自2018年1月1日起適用之政策*

##### (a) 與客戶之間之合約產生之收入

與客戶之間之合約產生之收入應於產品或服務控制權轉讓至客戶時確認，其金額反映本集團預期就交換該等產品或服務而有權獲得之對價。當合約對價包含可變金額時，對價金額估計為本集團就向客戶轉讓產品或服務而有權在交換中獲取的數額。可變對價於合約開始時估計並受到約束，直至其後關乎可變對價的不確定因素獲得解決時確認累計收入金額不大可能發生重大收入撥回。來自轉讓產品或服務的收入於資產控制權已轉移至客戶時確認，一般情況下於客戶接納產品時，或倘合約訂有產品質量檢查期，於產品質量檢查期屆滿時。本集團認為資產的控制權於質量檢查期結束時轉移予客戶。

本集團就若干貨品銷售提供保養，於保養期出現的瑕疵進行一般維修。本集團並無提供服務型保養，故本集團不會視保養為獨立的履約責任。該等保證型保養根據香港會計準則第37號「撥備、或然負債及或然資產」入賬。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.19 Revenue recognition (Cont'd)

#### Policies applicable from 1 January 2018 (Cont'd)

#### (a) Revenue from contracts with customers (Cont'd)

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised.

#### (b) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. Contract liabilities are recognised as revenue when the Group performs under the contract.

#### (c) Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

## 2. 重大會計政策概要 (續)

### 2.19 收入確認 (續)

#### 自2018年1月1日起適用之政策 (續)

#### (a) 與客戶之間之合約產生之收入 (續)

對於給予客戶權利於指定期間內退回貨品的合約，使用預期價值法對不會退回的貨品進行估計，原因是此方法最能預計本集團將享有的可變對價金額。使用香港財務報告準則第15號對限制可變對價估計的規定以釐定可計入交易價格的可變對價金額。對於預期將退回的貨品，會確認退回責任而非收入。

#### (b) 合約負債

合約負債指本集團因已向客戶收取對價（或對價款項已到期），而須向客戶轉讓產品或服務的責任。合約負債於本集團履行合約時確認為收入。

#### (c) 其他收入來源

租賃收入於租賃年期內按時間比例基準確認。

利息收入使用實際利息法按權責發生制確認，而實際利率乃用於按金融工具預計年期或較短年期（如適用）將估計未來現金收入準確折現至金融資產賬面淨值的利率。

股息收入於股東收取款項之權利被確立，與股利相關的經濟利益很可能流入本集團，且股利的金額能夠可靠計量時確認。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.19 Revenue recognition (Cont'd)

##### *Policies applicable prior to 1 January 2018*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of value-added tax, returns, rebates and discounts. Revenue is recognised when the goods are delivered to customers, the customers have accepted the goods or the product quality inspection time period has lapsed and collectability of the related receivables is reasonably assured.

Interest income is recognised on a time-proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Rental income from investment properties is recognised in the statement of profit or loss on a straight-line basis over the term of the lease.

Dividend income is recognised when the right to receive payment is established.

#### 2.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

### 2. 重大會計政策概要(續)

#### 2.19 收入確認(續)

##### *2018年1月1日前適用之政策*

收入包括銷售產品已收或應收對價之公允值，扣除增值稅、退貨、回扣及折扣。收入於產品已交付予顧客，而顧客已接受產品或產品質量檢查期屆滿時及合理地確定能收取有關應收款項時確認。

利息收入按尚未收回之本金及適用之利率以時間比例基準而確認。

投資物業的租金收入按租賃期採用直線法於損益表內確認。

股息收入於其獲派付之權利確立時確認入賬。

#### 2.20 借貸成本

可直接歸屬且需經較長時間的購、建或生產方能達至預定可使用或出售狀態的合資格資產的一般及特定借貸成本，計入該等資產的成本，直至達至其預定可使用或出售狀況為止。尚未使用於合資格資產的特定借貸作短期投資賺取的投資收入，於合資格資本化的借貸成本中扣除。所有其他借貸成本於其產生期間於綜合損益表內確認。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### 2.21 Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

### 2.22 Research and development costs

Research costs are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalised as part of the software product cost includes employee costs for software development and an appropriate portion of relevant overheads. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

## 2. 重大會計政策概要(續)

### 2.21 經營租賃

凡擁有權的絕大部份風險及回報乃歸出租人所有的租賃，均歸類為經營租賃。根據經營租賃需支付之款項（扣除出租人給予之任何獎勵），乃於租賃期內以直線法在綜合損益表內確認為費用。

### 2.22 研究及開發成本

研究成本於產生時列作開支。當能證明能符合以下所有各項條件時，投放於設計和測試中的可識別和獨特軟件產品的直接開發成本可確認為無形資產：

- 在技術上完成該軟件產品以使其可供使用是可行的；
- 管理層有意圖完成並使用或出售該軟件產品；
- 有能力使用或出售該軟件產品；
- 可證實該軟件產品如何產生很有可能出現的未來經濟利益；
- 有足夠的技術、財務和其他資源完成開發該軟件產品；及
- 該軟件產品在開發期內應佔的開支能可靠地計量。

可資本化成為軟件產品成本的直接成本包括軟件開發的僱員成本和適當比例的相關經常開支。與維護電腦軟件程序有關的成本在產生時確認為開支。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 2.22 Research and development costs (Cont'd)

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

Computer software development costs recognised as assets are amortised using straight-line method over their estimated useful lives, which does not exceed three years.

#### 2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or the Board, where appropriate.

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

##### (a) Foreign exchange risk

The foreign exchange risks of the Group occurred due to the fact that the Group had some business activities denominated in foreign currencies. The Group's business activities are primarily exposed to foreign exchange risk in respect of Hong Kong dollars against Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

### 2. 重大會計政策概要(續)

#### 2.22 研究及開發成本(續)

不符合以上條件的其他開發成本在產生時確認為開支。過往確認為開支的開發成本不會在往後期間確認為資產。

確認為資產的電腦軟件開發成本乃以直線法按估計不超過三年之可使用年期攤銷。

#### 2.23 股息分派

向本公司股東派付的股息在股息獲本公司股東或董事會(按適當)批准的期間內於本集團及本公司的財務報表內列為負債。

### 3. 財務風險管理

#### 3.1 財務風險因素

本集團之經營活動承受各種不同財務風險：市場風險(包括外匯風險和現金流量及公允值利率風險)、信貸風險及流動資金風險。管理層對該等風險進行管理及監察，確保能按時有效地採取適當措施。

##### (a) 外匯風險

本集團承受外匯風險之原因是本集團之若干業務活動以外幣結算。本集團之業務主要面臨就港元兌人民幣(「人民幣」)匯率變動產生之外匯風險。外匯風險因未來商業交易及已確認之資產及負債以相關實體功能貨幣以外之其他貨幣計值而產生。另外，人民幣兌換外幣須遵守中國政府頒佈之外匯管制法規。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

### 3. FINANCIAL RISK MANAGEMENT (Cont'd)

#### 3.1 Financial risk factors (Cont'd)

##### (a) Foreign exchange risk (Cont'd)

To manage its foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group uses forward contracts, when appropriate, to hedge anticipated cash flows in major foreign currencies.

If Hong Kong dollars had strengthened/weakened by 5% against RMB with all other variables held constant, the post-tax profit for the year ended 31 December 2018 would have been HK\$1,440,000 lower/higher (2017: HK\$3,818,000 lower/higher), mainly as a result of foreign exchange gains or losses on translation of Hong Kong dollars denominated cash and cash equivalents, and bank and other borrowings.

As less than 10% of the Group's foreign currency transactions are denominated in other foreign currencies, the Board is of the view that foreign exchange risk in relation to transactions denominated in other foreign currencies is low. Therefore, no sensitivity analysis for these currencies is presented.

##### (b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from interest-bearing assets such as deposits held in banks and other financial institutions. The average interest rate of deposits held in banks and other financial institutions at 31 December 2018 was approximately 2.89% (2017: 2.09%) per annum. The average interest rate of short-term deposits at 31 December 2018 was approximately 3.23% per annum. Any change in the interest rate from time to time is not considered to have a significant impact on the Group's performance.

### 3. 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (a) 外匯風險 (續)

為了管理來自未來商業交易及已確認之資產及負債之外匯風險，本集團於適時利用遠期合約對沖主要外幣的預期現金流量。

倘港元兌人民幣升值／貶值5%，而所有其他變量均不變，則截至2018年12月31日止年度之除稅後溢利會減少／增加1,440,000港元（2017年：減少／增加3,818,000港元），主要由於換算以港元計值之現金及現金等價物和銀行及其他借貸時產生之外匯收益或虧損所致。

由於本集團少於10%之外幣交易以其他貨幣計值，故董事會認為有關以其他貨幣計值交易之外匯風險甚微。因此，並無就此等貨幣呈列敏感性分析。

##### (b) 現金流量及公允值利率風險

本集團之利率風險來自付息資產，當中包括銀行及其他財務機構之存款。於2018年12月31日，存放於銀行及其他財務機構之存款之平均年利率約為2.89%（2017年：2.09%）。於2018年12月31日，短期存款之平均年利率約為3.23%。不時頒佈利率之任何變動對本集團之業績並無重大影響。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 3. FINANCIAL RISK MANAGEMENT (Cont'd)

##### 3.1 Financial risk factors (Cont'd)

###### (b) Cash flow and fair value interest rate risk (Cont'd)

In addition, the Group's interest rate risk which affects its results and operating cash flows also arises from interest-bearing liabilities such as bank and other borrowings. The bank and other borrowings were at fixed and variable rates and exposed the Group to fair value interest rate risk. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's interest-bearing bank and other borrowings at fixed rate and variable rate were as follows:

#### 3. 財務風險管理 (續)

##### 3.1 財務風險因素 (續)

###### (b) 現金流量及公允值利率風險 (續)

此外，影響本集團業績及經營現金流量之利率風險亦來自付息負債，當中包括銀行及其他借貸。銀行及其他借貸為定息及浮動利息，並使本集團承擔公允值利率風險。本集團現時並無利率對沖政策。然而，管理層會監控利率風險，並將於必要時考慮對沖重大的利率風險。

本集團之定息及浮動利息的付息銀行及其他借貸如下：

		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
Borrowings at fixed rate	定息借貸	2,237,797	2,214,473
Borrowings at variable rate	浮動利息借貸	57,500	100,000
		<b>2,295,297</b>	2,314,473

If the interest rate on variable rate borrowings had been higher/lower by 50 basis points with all other variables held constant, the post-tax profit for the year ended 31 December 2018 would have been HK\$145,000 lower/higher (2017: HK\$301,000 lower/higher), mainly as a result of higher/lower interest expenses on variable rate borrowings.

倘浮動利息借貸之利率增加／減少50個基點，而所有其他變量均不變，則截至2018年12月31日止年度之除稅後溢利會減少／增加145,000港元（2017年：減少／增加301,000港元），主要由於浮動利息借貸之利息支出增加／減少。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

### 3. FINANCIAL RISK MANAGEMENT (Cont'd)

#### 3.1 Financial risk factors (Cont'd)

##### (c) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets net of loss allowance as stated in the consolidated statement of financial position. In order to minimise the credit risk, management of the Group has formulated a defined credit policy and 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.

At 31 December 2018, the Group applies the simplified approach for impairment of trade receivables measured at amortised cost. For financial assets such as trade receivables measured at fair value through other comprehensive income, other receivables, short-term deposits, and cash and cash equivalents, they are classified within stage 1 for measurement of ECLs as the carrying amount is not yet past due.

At 31 December 2017, all the Group's deposits with banks and other financial institutions were placed or invested in high credit rating financial institutions without significant exposure to credit risk.

For trade and other receivables, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. Individual credit limits are set based on the assessment of the credit quality. Given the constant repayment history, the Board is of the opinion that the risk of default by these counterparties is not significant. Further disclosure on credit risk are set out in Note 20.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

### 3. 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (c) 信貸風險

倘交易對手於各報告期末未能履行有關各類已確認金融資產的義務，則本集團須承受的最大信貸風險為綜合財務狀況表所載列的該等資產的扣除虧損撥備賬面值。為使信貸風險最小化，本集團管理層已制定一項已界定的信貸政策並委派一支團隊負責釐定信貸限額、信貸審批及其他監控程序，以確保後續行動的執行以收回過期債務。

於2018年12月31日，本集團就按攤銷成本計量的貿易應收款項的減值採用簡化方法。就金融資產如以公允值計入其他全面收益計量的貿易應收款項、其他應收款項、短期存款，和現金及現金等價物而言，由於賬面值尚未逾期，彼等分類為預期信貸虧損計量第一階段內。

於2017年12月31日，本集團所有於銀行及其他財務機構之存款均存於或投於並無重大信貸風險之高信貸評級財務機構。

就貿易及其他應收款項而言，交易對手之信貸質素透過考慮其財務狀況、信貸記錄及其他因素而作出評估。個別信貸限額按照信貸質素評估而訂定。鑒於穩定之還款記錄，董事會認為該等交易對手拖欠款項之風險並不大。有關信貸風險之進一步詳情載於附註20。

本集團的信貸風險分散於多個交易對手及客戶，故並無重大集中的信貸風險。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 3. FINANCIAL RISK MANAGEMENT (Cont'd)

##### 3.1 Financial risk factors (Cont'd)

###### (d) Liquidity risk

Prudent liquidity risk management, including maintaining sufficient working capital, the availability of funding through an adequate amount of committed borrowing facilities and the ability to close out market positions, is adopted. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by ensuring that sufficient committed borrowing facilities are available.

The table below analyses the Group's financial liabilities by maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows of the financial liabilities. The Group's consideration of going concern is set out in Note 2.1(c).

#### 3. 財務風險管理 (續)

##### 3.1 財務風險因素 (續)

###### (d) 流動資金風險

本集團採納審慎之流動資金風險管理，包括透過維持足夠營運資金、充裕之已承諾借貸備用額以提供充足可供動用資金及處理市場平倉之能力。鑒於相關業務多變之特性，本集團通過確保足夠可供動用之已承諾借貸備用額，藉以維持資金供應之靈活性。

下表載列本集團將結算之金融負債，此乃按照相關到期組別，根據由財務狀況表日至合約到期日之剩餘期間進行分析。於表中披露之金融負債金額乃根據合約之未折現現金流量計算。本集團關於持續經營的考慮詳情載於附註2.1(c)。

		31 December 2018 2018年12月31日		
		Within 1 year 一年內	More than 1 year but less than 2 years 一年以上 但不超過兩年	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Bank and other borrowings	銀行及其他借貸	2,378,339	-	2,378,339
Trade and other payables (excluding salary and welfare payables and other taxes payables)	貿易及其他應付款項 (不包括應付薪酬和福利 及其他應付稅項)	571,789	-	571,789
		<b>2,950,128</b>	<b>-</b>	<b>2,950,128</b>

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

### 3. FINANCIAL RISK MANAGEMENT (Cont'd)

#### 3.1 Financial risk factors (Cont'd)

##### (d) Liquidity risk (Cont'd)

### 3. 財務風險管理 (續)

#### 3.1 財務風險因素 (續)

##### (d) 流動資金風險 (續)

		31 December 2017 2017年12月31日		
		Within 1 year 一年內	More than 1 year but less than 2 years 一年以上 但不超過兩年	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Bank and other borrowings	銀行及其他借貸	2,395,656	-	2,395,656
Trade and other payables (excluding salary and welfare payables and other taxes payables)	貿易及其他應付款項 (不包括應付薪酬和福利 及其他應付稅項)	567,962	-	567,962
		2,963,618	-	2,963,618

### 3.2 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debts, which includes bank and other borrowings, and equity attributable to owners of the Company, which comprises issued equity and reserves.

### 3.2 資本風險管理

本集團實行資本管理是要確保本集團之實體將可持續經營，並透過優化債務及權益結餘為權益持有人帶來最大回報。本集團整體策略保持與以前年度一致。

本集團之資本結構包括債務(包括銀行及其他借貸)，及本公司權益持有者應佔權益(包括已發行權益及儲備)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

### 3. FINANCIAL RISK MANAGEMENT (Cont'd)

#### 3.2 Capital risk management (Cont'd)

The Group monitors capital risk using a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The Group's gearing ratios as at 31 December 2018 and 2017 were as follows:

### 3. 財務風險管理 (續)

#### 3.2 資本風險管理 (續)

本集團採用資本負債比率監察資本風險。此比率乃以債務淨額除以資本總額計算。債務淨額按借貸總額減現金及現金等價物計算。資本總額按綜合財務狀況表所列示之權益加債務淨額計算。

於2018年及2017年12月31日，本集團之資本負債比率如下：

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Bank and other borrowings (Note 27)	銀行及其他借貸(附註27)	2,295,297	2,314,473
Less: Cash and cash equivalents (Note 23)	減：現金及現金等價物 (附註23)	(375,525)	(373,831)
Net debt	債務淨額	1,919,772	1,940,642
Total equity	權益總額	1,941,183	2,041,910
Total capital	資本總額	3,860,955	3,982,552
Gearing ratio	資本負債比率	49.72%	48.73%

In the opinion of the Board, the Group's capital risk is not significant.

#### 3.3 Fair value estimation

Financial instruments measured at fair value are grouped into Levels 1 to 3, based on the degree to which the fair value is observable, as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

董事會認為本集團面對之資本風險不重大。

#### 3.3 公允值估計

以公允值計量之金融工具按其可觀察公允值程度分類為下列一至三級：

- 第一級公允值計量乃自相同資產或負債於活躍市場中之報價(未經調整)得出。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

### 3. FINANCIAL RISK MANAGEMENT (Cont'd)

#### 3.3 Fair value estimation (Cont'd)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Movements in the financial assets that are measured at fair value during the year are as follows:

### 3. 財務風險管理 (續)

#### 3.3 公允值估計 (續)

- 第二級公允值計量乃除第一級所包括之報價外，自資產或負債可直接（即價格）或間接（自價格衍生）觀察之數據得出。
- 第三級公允值計量乃以使用資產或負債之非可觀察市場數據（難以觀察之數據）估值方法得出。

本年度以公允值計量之金融資產之變動如下：

Wealth management products	財富管理產品	Level 1 第一級 HK\$'000 千港元	Level 2 第二級 HK\$'000 千港元	Level 3 第三級 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>At 1 January 2017</b>	<b>於2017年1月1日</b>	-	-	37,249	37,249
Exchange differences	匯兌差額	-	-	7,711	7,711
Additions	增加	-	-	579,444	579,444
Disposals	出售	-	-	(421,919)	(421,919)
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>	-	-	202,485	202,485
<b>At 1 January 2018</b>	<b>於2018年1月1日</b>	-	-	<b>202,485</b>	<b>202,485</b>
Transfer between levels	級別間轉撥	-	<b>142,360</b>	<b>(142,360)</b>	-
Exchange differences	匯兌差額	-	<b>(3,081)</b>	<b>(844)</b>	<b>(3,925)</b>
Additions	增加	-	<b>180,720</b>	<b>370,835</b>	<b>551,555</b>
Disposals	出售	-	<b>(282,641)</b>	<b>(425,445)</b>	<b>(708,086)</b>
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>	-	<b>37,358</b>	<b>4,671</b>	<b>42,029</b>

See Note 14 for disclosures of the investment properties that are measured at fair value.

詳見附註14以公允值計量之投資物業之披露。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

#### 4.1 Revenue from contracts with customers

Judgment is required in determining the timing of revenue from contracts with customers. Revenue from the sale of integrated circuit products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the integrated circuit products when the products are accepted or when the quality inspection period has lapsed.

The Group considers that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of integrated circuit products with rights of return, given the large number of contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group considers that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

### 4. 主要會計估計及判斷

#### 4.1 與客戶之間之合約產生之收入

於釐定與客戶之間之合約產生之收入的時間時，須行使判斷。銷售集成電路產品的收入於資產控制權轉移予客戶的時間點確認，一般於交付集成電路產品時（即產品被接收或質量檢查期屆滿時）發生。

鑒於大量合約的特徵相同，本集團認為採用預期價值法就銷售具退回權利的集成電路產品的可變對價進行估計是最合適的方法。

將任何可變對價金額計入交易價格之前，本集團會考慮可變對價金額是否受限制。本集團根據其過往經驗、業務預測及現行經濟狀況，認為可變對價的估計並無受限制。此外，可變對價的不確定性將於短期內解決。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

#### 4.2 Income tax and deferred taxation

The Group is subject to income tax in different jurisdictions. Estimation and judgment is required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

In accordance with the corporate income tax laws in the PRC, a 10% withholding tax will be levied on the dividend declared by the companies established in the PRC to their foreign investors starting from 1 January 2008. During the year, the Board reassessed the dividend policy of its major subsidiary established in the PRC, CEC Huada Electronic Design Co., Ltd ("Huada Electronics") based on the Group's current business plan and financial position, certain retained earnings generated by Huada Electronics would be distributed to its non-PRC registered intermediate holding company and as such, deferred tax liabilities in this respect was provided in the year to the extent that such earnings are estimated by the Board to be distributed in the foreseeable future.

No deferred tax liability has been provided by the Group for the earnings of HK\$615,592,000 (2017: HK\$646,111,000) expected to be retained by the subsidiaries in the PRC and not to be remitted out of the PRC in the foreseeable future.

### 4. 主要會計估計及判斷(續)

#### 4.2 所得稅及遞延稅項

本集團須於不同司法權區繳納所得稅。於釐定所得稅項撥備之金額時，需作出估計及判斷。於日常業務過程中存在交易及計算均難以確定其最終之稅務釐定。倘該等事項之最終稅務結果有別於始初確認之金額，該等差異的釐定將對當期之所得稅及遞延稅項撥備產生影響。

根據中國企業所得稅法，自2008年1月1日起，對在中國成立的公司向其海外投資者分派的股息徵收10%的預扣所得稅。於本年內，董事會基於本集團現時業務計劃及財務狀況重新審視成立於中國之主要附屬公司北京中電華大電子設計有限責任公司（「華大電子」）的股息政策，華大電子的若干保留溢利將分派予其中國境外的中間控股公司。因此，以董事會估計於可預見將來分派的溢利為基礎，於本年度就有關遞延稅項負債作出撥備。

本集團並無就預期由中國附屬公司保留且不會於可預見未來分派出中國境外金額為615,592,000港元（2017年：646,111,000港元）的溢利撥備遞延稅項負債。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

##### 4.3 Estimation of expected credit loss on trade receivables

Except for certain trade receivable from customers with specific credit risk that management adopts an individual impairment assessment approach, the Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the past due days for groupings of various customer segments that have similar loss patterns (i.e., by geographical region, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., GDP) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 20 to the financial statements.

#### 4. 主要會計估計及判斷(續)

##### 4.3 貿易應收款項預期信貸虧損之估計

除管理層就具有特定信貸風險若干來自客戶的貿易應收款項採用個別減值評估方法外，本集團使用撥備矩陣計算貿易應收款項的預期信貸虧損。撥備率按具有類似虧損形態的不同客戶群分類(即按地區、產品類型、客戶類型及評級)之已逾期日數計算。

撥備矩陣最初基於本集團的歷史觀察違約率。本集團將通過前瞻性資料、以調整歷史信貸虧損經驗及校準矩陣。例如，如果預測的經濟狀況(如國內生產總值)將在未來一年內惡化，這可能導致違約數量增加，歷史違約率將會被調整。在各報告日，歷史觀察到的違約率都會被更新，並分析前瞻性估計的變化。

對歷史觀察到的違約率、預測的經濟狀況及預期信貸虧損之間的相關性的評估是一個重要的估計。預期信貸虧損的金額對環境的變化及預測的經濟狀況很敏感。本集團的歷史信貸虧損經驗及對經濟狀況的預測也可能無法代表未來客戶的實際違約情況。有關本集團貿易應收款項的預期信貸虧損的資料披露於財務報表附註20。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Cont'd)

##### 4.4 Fair value of investment properties

During the year, the Board assessed the principal assumptions underlying management's estimation of fair value of investment properties of the Group. The fair value of investment properties are assessed annually by an independent professional valuer. The valuation is principally based on direct comparison method by taking into account the terms of any existing leases and other external evidence such as current market rents or sales for similar types of properties in the locality, and using capitalisation rates that reflect current market expectation for the assets being valued. The valuation techniques and significant assumptions of investment properties are disclosed in Note 14.

##### 4.5 Impairment of non-financial assets

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

#### 4. 主要會計估計及判斷(續)

##### 4.4 投資物業公允值

年內，董事會評估管理層對本集團投資物業公允值估計之主要假設。投資物業之公允值每年均由獨立專業估值師作出評估。該估值主要基於直接比較法，計入任何現有租約之條款及其他外在證據（如於附近地點同類型物業之現時市場租金或銷售價格）並使用反映對所估值之資產之現時市場預期之資本化比率計算。投資物業之估值方法及重大假設在附註14中披露。

##### 4.5 非金融資產減值

本集團於財務狀況表日期評估所有非金融資產是否有任何減值跡象。當有跡象顯示未必能收回非金融資產的賬面值時，則進行減值測試。當資產或現金產生單位的賬面值超逾其公允值減出售成本及其使用價值時，則視為已減值。公允值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。倘採用使用價值計算，則管理層須估計資產或現金產生單位的預計未來現金流量，選取合適的貼現率以計算該等現金流量的現值。

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## 綜合財務報表附註

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

### 5. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

### 5. 收入及分部資料

#### (a) 收入

#### Year ended 31 December

截至12月31日止年度

2018 2017

2018年 2017年

HK\$'000 HK\$'000

千港元 千港元

Sale of integrated circuit products	銷售集成電路產品	1,686,996	1,453,035
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All the revenue of the Group are from sale of goods, which is recognised when the control of goods is transferred at a point in time. The amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period was HK\$10,462,000.

本集團所有的銷售貨品收入，乃按照貨物的控制權轉移客戶的時間點確認。已計入報告期初合約負債而於本報告期確認為收入的金額為10,462,000港元。

#### (b) Operating segments

Management has determined the operating segments based on the reports reviewed by the Board (the chief operating decision maker) that are used to assess performance and allocate resources. The Board assesses the performance of an operating segment based on a measure of its operating profit excluding unallocated corporate income and expenses.

#### (b) 營運分部

管理層已根據董事會（主要營運決策者）已審閱作評估表現及分配資源用的報告，確定營運分部。董事會根據營運分部之經營溢利（不包括未分配的公司收入及開支）以評估其表現。

The Board considers that the Group's operations are operated and managed as a single segment and accordingly, no operating segment information is presented.

董事會認為本集團之業務以單一分部營運及管理，故並無披露營運分部資料。

Revenues of HK\$379,004,000 and HK\$200,523,000 (2017: HK\$367,263,000 and HK\$166,871,000), respectively, are derived from 2 (2017: 2) external customers of the Group. Save as disclosed herein, no revenue derived from a single external customer has exceeded 10% of the revenue of the Group.

為數379,004,000港元及200,523,000港元（2017年：367,263,000港元及166,871,000港元）之收入分別來自本集團之兩名（2017年：兩名）外界客戶。除本文所披露者外，並無其他來自單一外界客戶之收入超過本集團收入之10%。

Nearly 100% of the Group's revenue is attributable to the market in the PRC and over 90% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

鑒於本集團接近100%之收入來自於中國市場且超過90%之非流動資產位於中國，故並無披露地區性資料。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 6. OTHER INCOME

#### 6. 其他收入

		Year ended 31 December	
		截至12月31日止年度	
		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Government grants	政府補助	14,511	20,711
Gain on disposal of a business	出售一項業務收益	–	102,510
Gain on disposal of a joint venture	出售一間合營公司收益	2,415	–
Exchange gains	匯兌收益	2,050	3,356
Fair value gains on financial assets at fair value through profit or loss	按公允值計入損益金融資產公允值收益	3,229	–
Gains on disposal of financial assets at fair value through profit or loss	出售按公允值計入損益金融資產收益	7,211	–
Gains on disposal of available-for-sale financial assets	出售可供出售金融資產收益	–	3,565
Rental income	租金收入	2,531	1,217
Others	其他	908	1,816
		<b>32,855</b>	<b>133,175</b>

#### 7. EXPENSES BY NATURE

#### 7. 按性質劃分之費用

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

列作銷售成本、銷售及市場推廣成本和行政開支之費用分析如下：

		Year ended 31 December	
		截至12月31日止年度	
		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Depreciation and amortisation expenses (Notes 13, 15 and 16)	折舊及攤銷費用 (附註13、15及16)	45,379	44,824
Employee benefit expenses (Note 8)	僱員福利開支 (附註8)	161,223	178,664
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動	197,594	149,075
Raw materials and consumables used	所用原材料及消耗品	919,501	797,480
Provision for inventories (Note 19)	存貨之撥備 (附註19)	40,285	12,056
Operating lease expenses on properties	物業之經營租賃開支	16,629	17,111
Auditor's remuneration	核數師酬金	2,573	2,621

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 7. EXPENSES BY NATURE (Cont'd)

Research and development costs for the year ended 31 December 2018 were HK\$211,823,000 (2017: HK\$224,869,000) and mainly comprised of employee costs of HK\$110,787,000 (2017: HK\$122,815,000) and material costs of HK\$34,375,000 (2017: HK\$34,593,000). No research and development costs were capitalised during the year ended 31 December 2018 (2017: nil).

#### 8. EMPLOYEE BENEFIT EXPENSES

#### 7. 按性質劃分之費用(續)

截至2018年12月31日止年度之研究及開發成本為211,823,000港元(2017年: 224,869,000港元), 主要包括僱員成本110,787,000港元(2017年: 122,815,000港元)及材料成本34,375,000港元(2017年: 34,593,000港元)。於截至2018年12月31日止年度內, 並無研究及開發成本予以資本化(2017年: 無)。

#### 8. 僱員福利開支

		Year ended 31 December	
		截至12月31日止年度	
		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	139,626	151,785
Contributions to retirement schemes (Notes (a) and (b))	退休計劃供款(附註(a)及(b))	21,597	26,879
		<b>161,223</b>	<b>178,664</b>

(a) The Group operates a MPF Scheme for the eligible employees in Hong Kong. The Group's contributions to MPF Scheme are expensed as incurred.

(b) The Company's PRC subsidiaries participate in a defined contribution retirement scheme based on laws and regulations in the PRC. The local government authority of the PRC is responsible for the pension liabilities to these retired employees in the PRC. These PRC subsidiaries made contributions to retirement schemes in the PRC and are expensed as incurred.

(a) 本集團為其香港合資格僱員設立強積金計劃。本集團對強積金計劃之供款於產生時列作開支。

(b) 本公司在中國之附屬公司根據中國法例及規例參與定額供款退休計劃。中國有關地方政府機關負責該等中國退休僱員之退休金責任。該等中國附屬公司對退休計劃作出供款並於產生時列作開支。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 8. EMPLOYEE BENEFIT EXPENSES (Cont'd)

##### (c) Five highest paid individuals

Total emoluments paid to the five highest paid individuals of the Group during the year are as follows:

		Year ended 31 December 截至12月31日止年度	
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	4,482	4,925
Bonuses	花紅	5,842	4,166
Contributions to retirement schemes	退休計劃供款	786	418
		<b>11,110</b>	9,509

The emoluments of the five highest paid individuals did not include any director of the Company (2017: one) and their emoluments were within the following bands:

		Number of individuals 人數	
		2018 2018年	2017 2017年
HK\$1,500,001 – HK\$2,000,000	1,500,001港元–2,000,000港元	2	4
HK\$2,000,001 – HK\$2,500,000	2,000,001港元–2,500,000港元	2	1
HK\$2,500,001 – HK\$3,000,000	2,500,001港元–3,000,000港元	1	–
		<b>5</b>	5

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

#### 8. 僱員福利開支(續)

##### (c) 五名最高薪酬人士

年內支付予本集團五名最高薪酬人士之總酬金如下：

五名最高薪酬人士並無(2017年：一名)本公司董事而彼等之酬金介乎以下範圍：

年內，本集團並無向五名最高薪酬人士支付任何酬金作為加盟本集團或加盟時之獎勵或作為離任之補償。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 9. FINANCE COSTS – NET

#### 9. 融資成本－淨額

Year ended 31 December

截至12月31日止年度

2018 2017

2018年 2017年

HK\$'000 HK\$'000

千港元 千港元

Finance costs:	融資成本：		
– Interest expense on borrowings	– 借貸利息支出	97,610	101,777
Finance income:	融資收入：		
– Interest income on cash and cash equivalents	– 現金及現金等價物利息收入	(5,614)	(8,731)
Finance costs – net	融資成本－淨額	91,996	93,046

#### 10. TAXATION

#### 10. 稅項

Year ended 31 December

截至12月31日止年度

2018 2017

2018年 2017年

HK\$'000 HK\$'000

千港元 千港元

Current taxation	本年度稅項		
– PRC corporate income tax	– 中國企業所得稅	15,456	13,379
– Withholding tax on distributed profits (Note (c))	– 已分配溢利之預扣所得稅 (附註(c))	414	1,734
		15,870	15,113
Deferred taxation	遞延稅項		
– PRC corporate income tax	– 中國企業所得稅	513	(22,057)
– Withholding tax on undistributed profits (Note (c))	– 未分配溢利之預扣所得稅 (附註(c))	11,342	3,099
		11,855	(18,958)
		27,725	(3,845)

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 10. TAXATION (Cont'd)

- (a) No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profit in Hong Kong for the year ended 31 December 2018 (2017: nil).
- (b) In accordance with the corporate income tax laws of the PRC, the applicable statutory tax rate of Huada Electronics and Shanghai Huahong Integrated Circuit Co., Ltd (“Huahong”) is 25%. However, Huada Electronics and Huahong qualified as an “Integrated Circuit Design Enterprises in National Planning Layout” (“ICDE”) and thus enjoyed a 10% preferential tax rate for the year ended 31 December 2018. Based on management’s self-assessment and their track record of success in obtaining such types of qualifications, it is highly likely that Huada Electronics will continue to qualify as an ICDE and Huahong will qualify as a “High and New Technology Enterprise” and thus enjoy a 10% and a 15% preferential tax rate, respectively, after the year ended 31 December 2018.
- (c) According to the relevant regulations of the corporate income tax laws of the PRC, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its overseas investors, such dividends are subject to withholding tax at a rate of 10%.

#### 10. 稅項(續)

- (a) 由於本集團於截至2018年12月31日止年度於香港並無產生任何應課稅溢利，故並無就香港利得稅作出撥備(2017年：無)。
- (b) 根據中國企業所得稅法的規定，華大電子及上海華虹集成電路有限責任公司(「華虹」)之適用法定稅率為25%。然而，截至2018年12月31日止年度，華大電子及華虹獲得「國家規劃佈局內集成電路設計企業」(「國家集成電路設計企業」)資格，因此華大電子及華虹享受10%之優惠稅率。基於管理層的自我評估以及過往成功獲得該類別資格，於截至2018年12月31日止年度之後，華大電子將很可能繼續獲得國家集成電路設計企業資格及華虹將獲得「高新技術企業」資格並因而分別享受10%及15%之優惠稅率。
- (c) 根據中國企業所得稅法的有關規定，中國境內之外商投資企業以股息向其境外投資者分配自2008年1月1日起產生的溢利，該等股息須繳納10%的預扣所得稅。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 10. TAXATION (Cont'd)

(d) Reconciliation between the taxation expense on the Group's profit before taxation and the theoretical taxation that would arise using the respective applicable statutory tax rates is as follows:

#### 10. 稅項(續)

(d) 本集團除稅前溢利之稅項開支與按各自適用法定稅率所計算之理論稅項之對賬如下：

		Year ended 31 December 截至12月31日止年度	
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Profit before taxation	除稅前溢利	144,315	218,006
Calculated at respective applicable statutory tax rates	按各自適用法定稅率計算之稅項	59,837	53,918
Effect of tax concession	稅項減免之影響	(34,198)	(5,834)
Research and development costs additional deductions	研究及開發成本額外扣除	(12,126)	(20,793)
Income not subject to tax	毋須課稅收入	(38,344)	(21,912)
Expenses not deductible for taxation purposes	不可扣稅開支	20,027	1,337
Effect of change in tax rate on deferred taxation	稅率變動對遞延稅項之影響	(405)	-
Derecognition/(recognition) of deferred tax assets for previous year's tax losses	就以前年度稅項虧損除列/(確認)遞延稅項資產	11,158	(10,698)
Utilisation of previously temporary differences for which no deferred tax asset was recognised	動用過往並無確認遞延稅項資產之暫時差異	-	(30,817)
Withholding tax on distributed profits and current year's undistributed profits	已分配溢利及本年度未分配溢利之預扣所得稅	17,722	6,567
Tax losses for which no deferred tax asset was recognised	並無確認遞延稅項資產之稅項虧損	4,054	24,387
Taxation expense	稅項開支	27,725	(3,845)

#### (e) Deferred taxation

#### (e) 遞延稅項

		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	38,024	40,980
Deferred tax liabilities	遞延稅項負債	(24,511)	(14,126)
		13,513	26,854

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 10. TAXATION (Cont'd)

##### (e) Deferred taxation (Cont'd)

The movements in the deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances with the same taxation authority are as follows:

Deferred tax assets	遞延稅項資產	Impairment of inventories 存貨減值 HK\$'000 千港元	Salary and welfare payables 應付薪酬和福利 HK\$'000 千港元	Deferred government grants 遞延政府補助 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>At 1 January 2017</b>	<b>於2017年1月1日</b>	1,004	2,716	1,125	12,120	16,965
Exchange differences	匯兌差額	158	201	186	1,413	1,958
Credited to the statement of profit or loss	抵免損益表	2,496	289	3,068	16,204	22,057
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>	3,658	3,206	4,379	29,737	40,980
<b>At 1 January 2018</b>	<b>於2018年1月1日</b>	<b>3,658</b>	<b>3,206</b>	<b>4,379</b>	<b>29,737</b>	<b>40,980</b>
Exchange differences	匯兌差額	(310)	(168)	(254)	(1,115)	(1,847)
(Charged)/credited to the statement of profit or loss	(計入)/抵免損益表	4,168	623	1,531	(7,431)	(1,109)
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>	<b>7,516</b>	<b>3,661</b>	<b>5,656</b>	<b>21,191</b>	<b>38,024</b>

Deferred tax liabilities	遞延稅項負債	Fair value gains 公允值收益 HK\$'000 千港元	Withholding tax on undistributed profits 未分配溢利之預扣所得稅 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>At 1 January 2017</b>	<b>於2017年1月1日</b>	–	7,812	7,812
Exchange differences	匯兌差額	108	1	109
Charged to the statement of profit or loss	計入損益表	–	4,833	4,833
Reclassification to current income tax payable	重分類至當期應付所得稅款項	–	(1,734)	(1,734)
Recognition of gain in fair value of owner-occupied properties upon transfer to investment properties	自用物業轉撥投資物業產生公允值收益	3,106	–	3,106
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>	3,214	10,912	14,126
<b>At 1 January 2018</b>	<b>於2018年1月1日</b>	<b>3,214</b>	<b>10,912</b>	<b>14,126</b>
Exchange differences	匯兌差額	1	(362)	(361)
(Credited)/charged to the statement of profit or loss	(抵免)/計入損益表	(596)	14,532	13,936
Reclassification to current income tax payable	重分類至當期應付所得稅款項	–	(3,190)	(3,190)
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>	<b>2,619</b>	<b>21,892</b>	<b>24,511</b>

#### 10. 稅項 (續)

##### (e) 遞延稅項 (續)

倘不計及抵銷具相同稅務機關之餘額，年內遞延稅項資產及負債之變動如下：

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 10. TAXATION (Cont'd)

##### (e) Deferred taxation (Cont'd)

The amounts shown in the consolidated statement of financial position include the following:

#### 10. 稅項 (續)

##### (e) 遞延稅項 (續)

於綜合財務狀況表列示之金額包括以下項目：

		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
<b>Deferred tax assets</b>	<b>遞延稅項資產</b>		
- To be recovered after more than 12 months	- 將於12個月後收回	-	18,720
- To be recovered within 12 months	- 將於12個月內收回	<b>38,024</b>	22,260
		<b>38,024</b>	40,980
<b>Deferred tax liabilities</b>	<b>遞延稅項負債</b>		
- To be settled after more than 12 months	- 將於12個月後償付	-	3,214
- To be settled within 12 months	- 將於12個月內償付	<b>24,511</b>	10,912
		<b>24,511</b>	14,126

Deferred tax assets are recognised for tax losses carrying forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. At 31 December 2018, the Group did not recognise deferred tax assets of HK\$62,919,000 (2017: HK\$78,160,000) in respect of losses amounting to HK\$381,329,000 (2017: HK\$428,464,000) that can be carried forward against future taxable income. Tax losses of HK\$381,329,000 has no expiry date (2017: HK\$340,664,000 has no expiry date, and HK\$87,800,000 will expire within 5 years).

遞延稅項資產乃就結轉之稅項虧損而被確認，惟以有可能透過未來之應課稅溢利變現有關稅項利益為限。於2018年12月31日，本集團並未就可結轉以抵銷未來應課稅溢利之虧損381,329,000港元（2017年：428,464,000港元）確認遞延稅項資產62,919,000港元（2017年：78,160,000港元）。381,329,000港元之稅項虧損並無屆滿日期（2017年：340,664,000港元並無屆滿日期，而87,800,000港元將於5年內屆滿）。

# Notes to the Consolidated Financial Statements

## 綜合財務報表附註

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

### 11. DIVIDEND

### 11. 股息

#### Year ended 31 December

截至12月31日止年度

2018 2017

2018年 2017年

HK\$'000 HK\$'000

千港元 千港元

Proposed dividend	建議股息	<b>40,597</b>	60,896
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The Board recommends the payment of a dividend of HK2.0 cents per share for the year ended 31 December 2018 (2017: HK3.0 cents per share). The proposed dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The proposed dividend of HK\$40,597,000 (2017: HK\$60,896,000), calculated based on the Company's number of shares issued at the date of this annual report, is not recognised as a liability in these consolidated financial statements.

董事會建議就截至2018年12月31日止年度派付每股2.0港仙(2017年:每股3.0港仙)股息。惟建議股息須待本公司股東於應屆股東週年大會上批准後,方可作實。根據本公司於本年報日期已發行股份數目計算的建議股息總額40,597,000港元(2017年:60,896,000港元)並無於綜合財務報表內確認為一項負債。

### 12. EARNINGS PER SHARE

### 12. 每股盈利

The calculation of the basic earnings per share is based on the following data:

每股基本盈利乃根據下列數據計算:

#### Year ended 31 December

截至12月31日止年度

2018 2017

2018年 2017年

Profit for the year attributable to owners of the Company (HK\$'000)	本公司權益持有者應佔之本年度溢利(千港元)	<b>113,321</b>	220,097
Weighted average number of ordinary shares for the purposes of basic earnings per share	用以計算每股基本盈利之普通股加權平均數目	<b>2,029,872,000</b>	2,029,872,000
Basic earnings per share (HK cents)	每股基本盈利(港仙)	<b>5.58</b>	10.84

No diluted earnings per share is presented as the Company did not have any potential ordinary share outstanding.

由於本公司並無任何未發行潛在普通股,故並無披露每股攤薄盈利。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 13. PROPERTY, PLANT AND EQUIPMENT

#### 13. 物業、廠房及設備

		Buildings and leasehold improvements 樓宇及 租賃物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>At 1 January 2017</b>	<b>於2017年1月1日</b>						
Cost	成本	434,981	111,698	11,365	8,460	13,201	579,705
Accumulated depreciation	累計折舊	(49,100)	(84,263)	(9,472)	(7,189)	-	(150,024)
Net book amount	賬面淨值	385,881	27,435	1,893	1,271	13,201	429,681
<b>Year ended 31 December 2017</b>	<b>截至2017年12月31日止年度</b>						
Opening net book amount	年初賬面淨值	385,881	27,435	1,893	1,271	13,201	429,681
Exchange differences	匯兌差額	24,904	1,095	320	1,891	821	29,031
Additions	添置	3,492	5,975	453	1,142	10,635	21,697
Transfer upon completion	完工轉撥	10,755	-	-	-	(10,755)	-
Revaluation of buildings upon transfer to investment properties	重估轉撥投資物業的樓宇	20,708	-	-	-	-	20,708
Transfer to investment properties	轉撥投資物業	(49,478)	-	-	-	-	(49,478)
Disposals	出售	-	(5,947)	-	(326)	-	(6,273)
Depreciation	折舊	(14,116)	(9,498)	(378)	(1,022)	-	(25,014)
Closing net book amount	年末賬面淨值	382,146	19,060	2,288	2,956	13,902	420,352
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>						
Cost	成本	445,362	112,821	12,138	11,167	13,902	595,390
Accumulated depreciation	累計折舊	(63,216)	(93,761)	(9,850)	(8,211)	-	(175,038)
Net book amount	賬面淨值	382,146	19,060	2,288	2,956	13,902	420,352

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

#### 13. 物業、廠房及設備 (續)

		Buildings and leasehold improvements 樓宇及 租賃物業裝修 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Furniture and fixtures 傢俬及裝置 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>Year ended 31 December 2018</b>	<b>截至2018年12月31日止年度</b>						
Opening net book amount	年初賬面淨值	382,146	19,060	2,288	2,956	13,902	420,352
Exchange differences	匯兌差額	(15,844)	(1,500)	(74)	(99)	(647)	(18,164)
Additions	添置	-	3,411	-	729	623	4,763
Transfer upon completion	完工轉撥	-	387	-	-	(387)	-
Transfers	轉撥	(23,244)	23,244	-	-	-	-
Disposals	出售	-	(625)	(245)	(476)	-	(1,346)
Depreciation	折舊	(27,930)	(8,268)	(594)	(1,214)	-	(38,006)
Closing net book amount	年末賬面淨值	315,128	35,709	1,375	1,896	13,491	367,599
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>						
Cost	成本	389,296	115,265	7,525	9,613	13,491	535,190
Accumulated depreciation	累計折舊	(74,168)	(79,556)	(6,150)	(7,717)	-	(167,591)
Net book amount	賬面淨值	315,128	35,709	1,375	1,896	13,491	367,599

Depreciation expense of HK\$2,048,000 (2017: HK\$1,034,000), HK\$4,946,000 (2017: HK\$2,668,000) and HK\$31,012,000 (2017: HK\$21,312,000) has been charged to selling and marketing costs, cost of sales and administrative expenses, respectively.

折舊開支中2,048,000港元(2017年: 1,034,000港元)、4,946,000港元(2017年: 2,668,000港元)及31,012,000港元(2017年: 21,312,000港元)已分別計入銷售及市場推廣成本、銷售成本和行政開支。

Rental expenses amounting to HK\$16,629,000 (2017: HK\$17,111,000) relating to the lease of properties are included in the statement of profit or loss.

與租賃物業相關的16,629,000港元租金(2017年: 17,111,000港元)已計入損益表之租金支出。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 13. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

In December 2018, the Board was notified that China Information Security Research Institute Co., Ltd. ("CIS Research Institute") had not yet transferred the legal title of Block C of China Electronics Information Security Technology Research and Development Foundation in the southern area of Future and Science Technology City, Beiqijia, Changping District, Beijing, the PRC (the "Property") free from any encumbrances and debts to Huada Electronics. CIS Research Institute advised that it was actively putting efforts to unify the property rights and did not indicate its unwillingness to a reasonable extension of the 9 January 2019 (the "Extended Original Transfer Date") for the transfer of the legal title of the Property free from any encumbrances and debts to Huada Electronics, and the Board then had not yet determined to terminate the agreement to purchase the Property and its supplemental agreement (collectively, the "Transfer Agreement"). The Board then also was of the view that Huada Electronics could extend the Extended Original Transfer Date with CIS Research Institute given reasonable extension of the transfer period was in line with the interest of the Company and its shareholders as a whole. Given that the Board had not concluded whether the Transfer Agreement was very likely or not likely to be extended and completed at 31 December 2018, the Board continued to classify the Property with a net book amount of HK\$288,091,000 (2017: HK\$313,889,000) and the land use rights of the Property with a net book amount of HK\$11,302,000 (2017: HK\$12,314,000) as non-current asset at 31 December 2018.

#### 13. 物業、廠房及設備(續)

於2018年12月，董事會已知悉中國信息安全研究院有限公司(「中國信息安全研究院」)還未有向華大電子轉讓中國北京市昌平區北七家未來科技城南區中國電子網絡安全和信息化產業基地C棟樓(「該物業」)不附帶任何產權負擔及債務之法定業權，中國信息安全研究院表示其正在積極推動統一房屋產權辦理工作，沒有表明不願意合理延長轉讓該物業不附帶任何產權負擔及債務之法定業權的2019年1月9日(「該延長的原轉讓日期」)期限，而董事會當時還沒有確定終止購買該物業的協議及其補充協議(統稱為「轉讓協議」)的做法，董事會當時亦認為華大電子是可以爭取與中國信息安全研究院延長該延長的原轉讓日期，因為若合理延長轉讓期符合本公司及本公司股東的整體利益。鑒於董事會於2018年12月31日還沒有達成轉讓協議相當可能或不可能被續期及完成的結論，董事會於2018年12月31日仍繼續將賬面淨值288,091,000港元(2017年：313,889,000港元)的該物業及賬面淨值11,302,000港元(2017年：12,314,000港元)的該物業土地使用權分類為非流動資產。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 14. INVESTMENT PROPERTIES

#### 14. 投資物業

		Year ended 31 December 截至12月31日止年度	
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Beginning of the year	年初	51,202	–
Transfer from property, plant and equipment	轉撥自物業、廠房及設備	–	49,478
Exchange differences	匯兌差額	(2,355)	1,724
End of the year	年末	48,847	51,202

- (a) The investment properties are located in the PRC and are subject to various tenancies with terms ranging from 1 year to 20 years.
- (a) 該等投資物業均位於中國並以1至20年期之多項租約持有。
- (b) The rental income from investment properties for the year ended 31 December 2018 amounted to HK\$2,531,000.
- (b) 於截至2018年12月31日止年度，投資物業的租金收入為2,531,000港元。
- (c) The fair value of the Group's investment properties at 31 December 2018 have been arrived at on the basis of a valuation carried out on that date by Asset Appraisal Limited, a firm of independent and qualified professional valuers not connected with the Group. The valuation was principally based on direct comparison method by taking into account the terms of any existing leases and other external evidence such as current market rents or sales for similar types of properties in the locality, and using capitalisation rates that reflect current market expectation for the assets being valued. For all investment properties, their current uses represent the highest and best use.
- (c) 本集團投資物業於2018年12月31日之公允值乃由與本集團無任何關係的獨立及擁有認可資格的專業估值師—中誠達資產評估顧問有限公司於當日進行估值。該估值主要基於直接比較法，計入任何現有租約之條款及其他外在證據（如於附近地點同類型物業之現時市場租金或銷售價格）並使用反映對所估值之資產之現時市場預期之資本化比率計算。所有投資物業現在均透過最大限度使用達致最佳用途。

At 31 December 2018, all of the fair value measurements of the Group's investment properties were categorised into Level 3 of the fair value hierarchy. Details of fair value hierarchy classification are set out in Note 3.3. There were no transfers of fair value measurements into or out of Level 3 during the year.

於2018年12月31日，本集團所有投資物業的公允值計量均歸類為公允值級別架構的第三級。公允值級別架構的分類詳情載於附註3.3內。於年內，該等投資物業並無公允值計量轉入或轉出第三級。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 14. INVESTMENT PROPERTIES (Cont'd)

(c) (Cont'd)

At the end of the reporting period, the management of the Group works with Asset Appraisal Limited to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Board.

Information about fair value measurements using significant unobservable inputs (Level 3) is as follows:

#### 14. 投資物業(續)

(c) (續)

於報告期末，本集團管理層與中誠達資產評估顧問有限公司共同建立及確定適合第三級之公允價值計量的估值方法及數據。當資產公允價值出現重大變動，將向董事會匯報波動的原因。

使用重大的難以觀察之數據作公允價值計量(第三級)的有關資料如下：

Description 詳情	Fair value at 31 December 2018 於2018年12月31 日之公允價值 HK\$'000 千港元	Valuation technique(s) 估值方法	Unobservable inputs 難以觀察之數據	Range of unobservable Relationship of inputs/weighted unobservable inputs to average fair value 難以觀察之數據範 圍/加權平均值 難以觀察之數據與公允 值的關係	
Office building and carparks – Beijing 寫字樓及車位—北京	48,847	Direct comparison method 直接比較法	Market price 市場價格	RMB30,810 per square metre 每平方米 人民幣30,810元	The higher the market price, the higher the fair value 市場價格越高，公允 值越高

#### 15. LAND USE RIGHTS

#### 15. 土地使用權

Year ended 31 December  
截至12月31日止年度

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Beginning of the year	年初	12,314	11,944
Exchange differences	匯兌差額	(550)	822
Amortisation	攤銷	(462)	(452)
End of the year	年末	11,302	12,314

All the land use rights are located in the PRC and with remaining lease terms ranging from 10 years to 50 years.

所有土地使用權均位於中國及以剩餘契約期10至50年持有。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 16. INTANGIBLE ASSETS

#### 16. 無形資產

**Computer software**  
電腦軟件  
HK\$'000  
千港元

<b>At 1 January 2017</b>	<b>於2017年1月1日</b>	
Cost	成本	142,647
Accumulated amortisation	累計攤銷	(136,689)
Net book amount	賬面淨值	5,958
<b>Year ended 31 December 2017</b>	<b>截至2017年12月31日止年度</b>	
Opening net book amount	年初賬面淨值	5,958
Exchange differences	滙兌差額	299
Additions	添置	16,042
Disposal	出售	(72)
Amortisation	攤銷	(19,358)
Closing net book amount	年末賬面淨值	2,869
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>	
Cost	成本	158,988
Accumulated amortisation	累計攤銷	(156,119)
Net book amount	賬面淨值	2,869
<b>Year ended 31 December 2018</b>	<b>截至2018年12月31日止年度</b>	
Opening net book amount	年初賬面淨值	<b>2,869</b>
Exchange differences	滙兌差額	<b>(108)</b>
Additions	添置	<b>6,209</b>
Amortisation	攤銷	<b>(6,911)</b>
Closing net book amount	年末賬面淨值	<b>2,059</b>
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>	
Cost	成本	<b>9,413</b>
Accumulated amortisation	累計攤銷	<b>(7,354)</b>
Net book amount	賬面淨值	<b>2,059</b>

Amortisation expense amounting to HK\$6,911,000 (2017: HK\$19,358,000) has been charged to research and development costs under administrative expenses.

攤銷開支6,911,000港元(2017年: 19,358,000港元)已計入行政開支項下之研究及開發成本中。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 17. INVESTMENT IN ASSOCIATES

#### 17. 於聯營公司投資

Year ended 31 December

截至12月31日止年度

		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Beginning of the year	年初	2,782,326	2,449,780
Additions	增加	–	7,514
Share of results	應佔業績	126,651	129,874
– Share of post-acquisition profit	– 應佔收購後溢利	132,454	99,799
– Loss on cancellation of subsidiaries of an associate	– 一間聯營公司之註銷附屬公司虧損	(1,286)	–
– (Loss)/gain on anti-dilution of interest in an associate	– 一間聯營公司之權益反稀釋(虧損)/收益	(4,517)	30,075
Exchange differences	匯兌差額	(128,058)	177,977
Dividend	股息	(51,313)	(51,000)
Share of revaluation gains on properties	應佔物業重估收益	5,853	1,107
Share of currency translation differences	應佔貨幣換算差額	(69,682)	67,074
End of the year	年末	2,665,777	2,782,326

Particulars of the associates at 31 December 2018 and 2017 are as follows:

聯營公司於2018年及2017年12月31日之詳情如下：

Name 名稱	Place of establishment and type of legal entity 成立地點及公司性質	Principal place of operation and activities 主要經營地點及業務	Paid-in capital 實收資本	Interest held 所持權益	
				2018	2017
China Electronics Optics Valley Union Holding Company Limited ("CEOVU") 中電光谷聯合控股有限公司 (「中電光谷」)	Cayman Islands, limited liability company 開曼群島，有限責任公司	PRC, development and operation of business parks 中國，產業園之發展及營運	HK\$761,821,200 (2017: HK\$771,332,400) 761,821,200港元 (2017年：771,332,400港元)	33.47%	33.06%
Beijing Chipadvanced Technology Inc. 北京確安科技股份有限公司	PRC, limited liability company 中國，有限責任公司	PRC, provision of integrated circuit testing services 中國，提供集成電路測試服務	RMB40,740,000 人民幣40,740,000元	10.36%	10.36%

In the opinion of the Board, CEOVU, an associate of the Group, is material to the Group.

董事會認為本集團的聯營公司中電光谷對本集團而言屬重要。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 17. INVESTMENT IN ASSOCIATES (Cont'd)

The fair value of the Group's interest in CEOVU at 31 December 2018 based on the closing price of HK\$0.43 per CEOVU ordinary share as quoted on The Stock Exchange of Hong Kong Limited on 31 December 2018 was HK\$1,096,500,000.

There are no contingent liabilities relating to the Group's interest in associates at 31 December 2018 (2017: nil).

Set out below are the summarised financial information of CEOVU and its subsidiaries:

#### 17. 於聯營公司投資(續)

本集團於中電光谷之權益於2018年12月31日之公允值為1,096,500,000港元，乃根據每股中電光谷普通股於2018年12月31日在香港聯合交易所有限公司所報之收市價0.43港元計算。

於2018年12月31日本集團於聯營公司的權益並沒有或有負債(2017年：無)。

中電光谷及其附屬公司之財務資料如下：

		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
<b>Current</b>	<b>流動</b>		
Assets	資產	12,642,138	12,565,416
Liabilities	負債	(5,666,477)	(4,632,298)
<b>Non-current</b>	<b>非流動</b>		
Assets	資產	5,952,458	5,034,072
Liabilities	負債	(4,196,408)	(3,693,895)
Net assets	資產淨值	8,731,711	9,273,295
Net assets attributable to owners of CEOVU	歸屬於中電光谷權益持有者之資產淨值	7,923,344	8,374,301
Investment in an associate	於一間聯營公司投資	2,652,135	2,768,517
		Year ended 31 December 截至12月31日止年度 2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Revenue	收入	3,589,423	3,151,637
Profit for the year attributable to owners of CEOVU	本年度溢利歸屬於中電光谷權益持有者	395,938	286,871
Other comprehensive income for the year:	本年度其他全面收益：		
Revaluation gains on properties	物業重估收益	17,578	3,373
Currency translation differences	貨幣換算差額	(209,282)	204,467
Total comprehensive income for the year attributable to owners of CEOVU	本年度全面收益總額歸屬於中電光谷權益持有者	204,234	494,711

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### 綜合財務報表附註

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

#### 18. INVESTMENT IN A JOINT VENTURE

#### 18. 於一間合營公司投資

Year ended 31 December  
截至12月31日止年度

		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Beginning of the year	年初	4,106	6,406
Share of post-tax profit/(loss)	應佔除稅後溢利／(虧損)	228	(2,518)
Exchange differences	匯兌差額	90	218
Disposal	出售	(4,424)	–
End of the year	年末	–	4,106

#### 19. INVENTORIES

#### 19. 存貨

		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
Work in progress	在製品	151,927	137,978
Finished goods	製成品	451,752	268,107
		<b>603,679</b>	406,085

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$1,117,095,000 (2017: HK\$946,555,000).

確認為開支並計入銷售成本之存貨成本為1,117,095,000港元(2017年: 946,555,000港元)。

Provision for inventories of HK\$40,285,000 (2017: HK\$12,056,000) has been charged to cost of sales.

為數40,285,000港元之存貨撥備(2017年: 12,056,000港元)已計入銷售成本。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 20. TRADE AND OTHER RECEIVABLES

#### 20. 貿易及其他應收款項

		<b>31 December</b>	31 December
		<b>2018</b>	2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Trade receivables	貿易應收款項	<b>757,585</b>	775,934
Less: Loss allowance for impairment (Note (b))	減：減值虧損撥備(附註(b))	<b>(65,402)</b>	(48,259)
Trade receivables – net	貿易應收款項－淨額	<b>692,183</b>	727,675
Other receivables from third parties	其他應收第三方款項	<b>17,039</b>	11,110
Less: Loss allowance for impairment (Note (d))	減：減值虧損撥備(附註(d))	<b>(348)</b>	(166)
Other receivables from third parties – net	其他應收第三方款項－淨額	<b>16,691</b>	10,944
Other receivables from related parties (Note 31)	其他應收關聯人士款項(附註31)	<b>3,470</b>	1,485
Undeducted input value-added tax	未扣除的進項增值稅	<b>3,355</b>	21,143
Prepayments and deposits	預付款項及按金	<b>7,248</b>	6,023
		<b>722,947</b>	767,270

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### 綜合財務報表附註

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

#### 20. TRADE AND OTHER RECEIVABLES (Cont'd)

At 31 December 2018 and 2017, the carrying amounts of trade and other receivables of the Group approximated their fair values.

Trade and other receivables were unsecured and interest-free. Included in the balance of trade receivables are trade receivables from related parties of HK\$64,175,000 (2017: HK\$26,368,000) (Note 31).

Trade and other receivables of the Group at 31 December 2018 and 2017 were denominated in the following currencies:

		<b>31 December 2018</b>	31 December 2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Renminbi	人民幣	<b>722,467</b>	764,362
Hong Kong dollars	港元	<b>480</b>	2,908
		<b>722,947</b>	767,270

(a) The majority of the Group's sales are with credit terms of 30 days to 135 days. The remaining amounts are due immediately after the delivery of goods. The ageing analysis of trade receivables (net of loss allowance for impairment) presented based on the revenue recognition date is as follows:

		<b>31 December 2018</b>	31 December 2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Current to 30 days	30日內	<b>330,280</b>	208,398
31 – 60 days	31日至60日	<b>63,652</b>	62,798
61 – 180 days	61日至180日	<b>169,427</b>	256,138
Over 180 days and within 1 year	180日以上及1年內	<b>112,669</b>	106,934
Over 1 year	1年以上	<b>16,155</b>	93,407
		<b>692,183</b>	727,675

#### 20. 貿易及其他應收款項(續)

於2018年及2017年12月31日，本集團之貿易及其他應收款項之賬面值與其公允值相若。

貿易及其他應收款項均為無抵押及免息。計入貿易應收款項結餘內之應收關聯人士貿易款項為64,175,000港元(2017年：26,368,000港元)(附註31)。

本集團於2018年及2017年12月31日之貿易及其他應收款項按貨幣劃分如下：

(a) 本集團之銷售大部份之信貸期為30日至135日，其餘銷售於緊隨貨品交付時到期。根據收入確認日列示的貿易應收款項(扣除減值虧損撥備)賬齡分析如下：

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### 綜合財務報表附註

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

#### 20. TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Movements in the loss allowance for impairment of the Group's trade receivables are as follows:

#### 20. 貿易及其他應收款項(續)

(b) 本集團貿易應收款項減值虧損撥備之變動如下：

		Year ended 31 December 截至12月31日止年度	
		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Beginning of the year	年初	48,259	31,747
Impairment losses, net	淨減值虧損	20,044	19,827
Written off	撇銷	-	(6,021)
Exchange differences	匯兌差額	(2,901)	2,706
End of the year	年末	65,402	48,259

At 31 December 2018, the gross carrying amount of trade receivables measured at amortised cost was HK\$591,251,000, of which HK\$514,541,000 was within one year with expected credit loss rate of 0.1%, HK\$6,482,000 was between one year to five years with expected credit loss rate ranging from 5.0% to 98.0%, HK\$9,491,000 was over five years with expected credit loss rate of 100.0%, and HK\$60,737,000 was from customers with specific credit risk with expected credit loss rate of 90.0%.

於2018年12月31日，按攤銷成本計量的貿易應收款項總賬面值為591,251,000港元，分別有514,541,000港元為1年內，預期信貸虧損率為0.1%，6,482,000港元為1年至5年，預期信貸虧損率介乎5.0%至98.0%，9,491,000港元為5年以上，預期信貸虧損率為100.0%，及60,737,000港元來自於有特定風險的客戶，預期信貸虧損率為90.0%。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 20. TRADE AND OTHER RECEIVABLES (Cont'd)

(c) The ageing analysis of trade receivables which were past due but not impaired under the disclosure requirements prevailing prior to 1 January 2018 are as follows:

		31 December 2017 2017年12月31日 HK\$'000 千港元
Current to 30 days	30日內	108,791
31 – 60 days	31日至60日	59,992
61 – 180 days	61日至180日	57,355
Over 180 days and within 1 year	180日以上及1年內	20,514
Over 1 year	1年以上	32,106
		<b>278,758</b>

(d) Movements in the loss allowance for impairment of the Group's other receivables are as follows:

		Year ended 31 December 截至12月31日止年度	
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Beginning of the year	年初	166	705
Impairment losses/(Reversal of impairment losses)	減值虧損/(減值虧損回撥)	196	(569)
Exchange differences	匯兌差額	(14)	30
End of the year	年末	<b>348</b>	166

Other receivables are mainly rental deposits, deposits with suppliers and advance to employees. Majority of the above balances relate to receivables for which there was no recent history of default. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied for such receivables at 31 December 2018 was 3.03%.

#### 20. 貿易及其他應收款項(續)

(c) 根據於2018年1月1日前生效的披露要求的已逾期但並無減值之貿易應收款項的賬齡分析如下：

(d) 本集團其他應收款項減值虧損撥備之變動如下：

其他應收款項主要為租金按金、支付供應商按金及預付僱員款項。以上大部分結餘與並無近期違約記錄的應收款項有關。在無法識別具信貸評級的可比公司的情況下，預期信貸虧損透過使用參考本集團過往虧損記錄的虧損率方法進行估計。虧損率已作出調整以反映現行狀況及未來經濟狀況的預測(如適用)。此等應收款項於2018年12月31日所應用的虧損率為3.03%。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS/ AVAILABLE-FOR-SALE FINANCIAL ASSETS

#### 21. 按公允值計入損益金融資產／可供出售金融資產

		<b>31 December 2018</b>	31 December 2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Wealth management products	財富管理產品	<b>42,029</b>	202,485

The wealth management products were measured and classified as available-for-sale financial assets in 2017. The wealth management products were reclassified from available-for-sale financial assets to financial assets at fair value through profit or loss at 1 January 2018 following the adoption of HKFRS9 as detailed in Note 2.1.

財富管理產品於2017年按可供出售金融資產計量及分類。誠如詳述於附註2.1，在採納香港財務報告準則第9號後，財富管理產品於2018年1月1日由可供出售金融資產重分類為按公允值計入損益金融資產。

The wealth management products are issued by commercial banks in the PRC. These wealth management products are principal protected and with non-guaranteed return, denominated in RMB and with terms ranging from 1 month to 3 months. The fair value of these investments was determined with reference to the statements provided by the commercial banks.

財富管理產品乃由中國商業銀行發行。該等財富管理產品乃為保本及非保證回報，並以人民幣計值及為介乎1至3個月後到期。該等投資之公允值乃經參考商業銀行所提供之對賬單而釐定。

#### 22. SHORT-TERM DEPOSITS

#### 22. 短期存款

		<b>31 December 2018</b>	31 December 2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
At financial institutions	財務機構結存		
– A related party (Note 31)	– 關聯人士(附註31)	<b>91,303</b>	11,000

Short-term deposits represent deposits at financial institutions with original maturity over 3 months. The effective interest rate on these deposits at 31 December 2018 was 3.23% (2017: 2.05%) per annum.

短期存款乃指原到期日為3個月以上之財務機構存款。於2018年12月31日，該等存款之實際年利率為3.23% (2017年：2.05%)。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 23. CASH AND CASH EQUIVALENTS

#### 23. 現金及現金等價物

		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
Cash	現金		
At banks and on hand	銀行結存及現金	164,398	58,095
At other financial institutions	其他財務機構結存		
– A related party (Note 31)	– 關聯人士(附註31)	211,127	148,254
		<b>375,525</b>	206,349
Short-term deposits (Note (a))	短期存款(附註(a))		
At other financial institutions	其他財務機構結存		
– A related party (Note 31)	– 關聯人士(附註31)	–	167,482
		<b>375,525</b>	373,831

(a) Short-term deposits represent deposits at banks or other financial institutions with original maturity of 3 months or less.

(a) 短期存款乃指原到期日為3個月或以下之銀行或其他財務機構存款。

#### 24. SHARE CAPITAL AND PREMIUM

#### 24. 股本及溢價

		Ordinary share of HK\$0.01 each 每股面值0.01港元之普通股				
		Authorised 法定 '000 千股	Issued and fully paid 已發行及繳足 '000 千股	Share capital 股本 HK\$'000 千港元	Share premium 股份溢價 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2017,	於2017年1月1日，					
31 December 2017,	2017年12月31日，					
1 January 2018 and	2018年1月1日及					
31 December 2018	2018年12月31日	30,000,000	2,029,872	20,299	805,155	825,454

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 25. DEFERRED GOVERNMENT GRANTS

#### 25. 遞延政府補助

		Year ended 31 December	
		截至12月31日止年度	
		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
Beginning of the year	年初	31,863	34,532
Exchange differences	匯兌差額	(1,947)	2,249
Additions	增加	23,535	10,266
Credited to the statement of profit or loss	抵免損益表	(9,368)	(15,184)
End of the year	年末	44,083	31,863

The amount mainly represented various subsidies granted by and received from local government authorities for financing various research and development projects conducted by the Group. These subsidies will be recognised as income over the period necessarily to match with the cost that they are intended to compensate.

該款項主要為因本集團研究及開發項目而從地方政府機關收取之各種補助。此補助將按該開支及補助之間之合理關係在補助之成本發生之期間確認為收入。

#### 26. TRADE AND OTHER PAYABLES

#### 26. 貿易及其他應付款項

		31 December	31 December
		2018	2017
		2018年12月31日	2017年12月31日
		HK\$'000	HK\$'000
		千港元	千港元
Trade payables	貿易應付款項	401,972	415,738
Other payables to related parties (Note 31)	其他應付關聯人士款項 (附註31)	9,444	29,240
Salary and welfare payables	應付薪酬和福利	57,341	53,313
Other taxes payables	其他應付稅項	9,350	13,526
Other payables and accrued expenses (Note (a))	其他應付款項及預提費用 (附註(a))	160,373	122,984
		638,480	634,801

(a) Other payables and accrued expenses mainly represented payables for software usage fees for the purposes of research and development and sales commissions.

(a) 其他應付款項及預提費用主要為應付用於研究及開發目的之軟件使用費及銷售佣金。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 26. TRADE AND OTHER PAYABLES (Cont'd)

The ageing analysis of the Group's trade payables mainly based on the date of invoices is as follows:

		<b>31 December 2018</b>	31 December 2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Current to 30 days	30日內	<b>258,037</b>	205,936
31 – 60 days	31日至60日	<b>58,261</b>	90,051
Over 60 days	60日以上	<b>85,674</b>	119,751
		<b>401,972</b>	415,738

Included in the balance of trade payables are trade payables to related parties amounting to HK\$38,819,000 (2017: HK\$318,245,000) (Note 31).

At 31 December 2018 and 2017, the carrying amounts of trade and other payables of the Group approximated their fair values.

#### 26. 貿易及其他應付款項(續)

本集團貿易應付款項主要按發票日期的賬齡分析如下：

計入貿易應付款項結餘內之應付關聯人士貿易款項為38,819,000港元(2017年：318,245,000港元)(附註31)。

於2018年及2017年12月31日，本集團之貿易及其他應付款項之賬面值與其公允值相若。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 27. BANK AND OTHER BORROWINGS

#### 27. 銀行及其他借貸

		<b>31 December 2018</b>	31 December 2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Bank borrowings	銀行借貸	<b>2,226,820</b>	2,242,695
Entrusted loans from related parties	關聯人士委託貸款	<b>68,477</b>	71,778
		<b>2,295,297</b>	2,314,473
Secured	已抵押	<b>57,500</b>	-
Unsecured	無抵押	<b>2,237,797</b>	2,314,473
		<b>2,295,297</b>	2,314,473

Bank and other borrowings were arranged at fixed and variable rates. The average effective interest rate of the Group's bank and other borrowings at 31 December 2018 was 4.15% (2017: 3.57%) per annum.

銀行及其他借貸乃按定息及浮息安排。於2018年12月31日，本集團銀行及其他借貸的平均實際年利率為4.15%（2017年：3.57%）。

At 31 December 2018 and 2017, the carrying amounts of bank and other borrowings of the Group approximated their fair values.

於2018年及2017年12月31日，本集團之銀行及其他借貸之賬面值與其公允值相若。

At 31 December 2018, bank borrowings of HK\$57,500,000 were secured by short-term deposit of HK\$62,771,000.

於2018年12月31日，為數57,500,000港元的銀行借貸乃以62,771,000港元短期存款作抵押。

At 31 December 2018, bank borrowings of HK\$2,168,455,000 were guaranteed by CEC.

於2018年12月31日，為數2,168,455,000港元的銀行借貸由中國電子集團提供擔保。

The bank and other borrowings of the Group were denominated in the following currencies:

本集團之銀行及其他借貸按貨幣劃分如下：

		<b>31 December 2018</b>	31 December 2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Renminbi	人民幣	<b>2,237,797</b>	2,214,473
Hong Kong dollars	港元	<b>57,500</b>	100,000
		<b>2,295,297</b>	2,314,473

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 28. CASH FLOWS GENERATED FROM OPERATIONS

#### 28. 經營產生之現金流量

		Year ended 31 December 截至12月31日止年度	
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Profit before taxation	除稅前溢利	<b>144,315</b>	218,006
Adjustments for:	調整：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	<b>38,006</b>	25,014
Amortisation of intangible assets	無形資產攤銷	<b>6,911</b>	19,358
Interest income	利息收入	<b>(5,614)</b>	(8,731)
Interest expenses	利息支出	<b>97,610</b>	101,777
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	<b>(404)</b>	(5,266)
Gain on disposal of a business	出售一項業務收益	–	(102,510)
Gain on disposal of a joint venture	出售一間合營公司收益	<b>(2,415)</b>	–
Amortisation of land use rights	土地使用權攤銷	<b>462</b>	452
Share of results of associates	應佔聯營公司業績	<b>(126,651)</b>	(129,874)
Share of result of a joint venture	應佔一間合營公司業績	<b>(228)</b>	2,518
Impairment losses on trade and other receivables	貿易及其他應收款項減值虧損	<b>20,240</b>	19,258
Provision for inventories	存貨之撥備	<b>40,285</b>	12,056
Investment income of financial assets at fair value through profit or loss	按公允值計入損益金融資產之投資收益	<b>(10,440)</b>	–
		<b>202,077</b>	152,058
Changes in working capital	營運資金變動		
Inventories	存貨	<b>(237,879)</b>	(138,705)
Trade and other receivables	貿易及其他應收款項	<b>26,774</b>	212,828
Deferred government grants	遞延政府補助	<b>12,220</b>	–
Changes in contract liabilities	合約負債變動	<b>2,915</b>	–
Advances from customers	客戶預付款項	–	2,008
Trade and other payables	貿易及其他應付款項	<b>2,535</b>	70,714
Cash flows generated from operations	經營產生之現金流量	<b>8,642</b>	298,903

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 29. COMMITMENTS

##### Operating lease commitments

The Group's future aggregate minimum lease payments under non-cancellable operating leases for office premises are as follows:

		<b>31 December 2018</b>	31 December 2017
		<b>2018年12月31日</b>	2017年12月31日
		<b>HK\$'000</b>	HK\$'000
		千港元	千港元
Not later than one year	1年內	<b>10,911</b>	11,499
In the second to fifth year	第2年至第5年內	<b>6,282</b>	4,593
		<b>17,193</b>	16,092

#### 30. CONTINGENT LIABILITIES

The Group did not have any material contingent liability at 31 December 2018 (2017: nil).

#### 29. 承擔

##### 經營租賃承擔

本集團根據不可解除之辦公室物業之經營租賃而須於未來支付之最低租賃款項總額如下：

#### 30. 或有負債

於2018年12月31日，本集團並無任何重大或有負債（2017年：無）。



## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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#### 31. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to those transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following material transactions in the ordinary course of business with related parties during the year:

##### (a) Significant transactions with related parties

#### 31. 關聯人士交易及結餘

除於本綜合財務報表其他部份已披露的交易及結餘外，於本年度內本集團於日常業務過程中與關聯人士進行了下列各項重大交易：

##### (a) 與關聯人士之重大交易

		Year ended 31 December	
		截至12月31日止年度	
		2018	2017
		2018年	2017年
		HK\$'000	HK\$'000
		千港元	千港元
<b>CEC</b>	<b>中國電子集團</b>		
Interest expenses	利息支出	3,040	3,143
Guarantee fee	擔保費	11,171	10,931
<b>Companies under common control of CEC</b>	<b>受中國電子集團共同控制之公司</b>		
Sale of products	銷售產品	167,559	168,092
Purchase of goods and services	採購貨品及服務	590,804	636,853
Interest income	利息收入	3,294	1,288
Interest expenses	利息支出	–	7,008
Rental expenses	租金支出	2,360	1,308
Rental income	租金收入	2,531	1,217
Property management fee	物業管理費	8,605	6,674
Fees and commissions for financial services	財務服務之手續費及佣金	–	15
Catering service fee	餐飲服務費	–	3,702
Addition of borrowings	新增借貸	–	290,446
Repayment of borrowings	償還借貸	–	591,023
<b>Associate</b>	<b>聯營公司</b>		
Purchase of goods and services	採購貨品及服務	7,437	–

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### 綜合財務報表附註

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

#### 31. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

#### 31. 關聯人士交易及結餘 (續)

##### (b) Significant balances with related parties

##### (b) 與關聯人士之重大結餘

		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
<b>CEC</b>	<b>中國電子集團</b>		
Other payables	其他應付款項	3,424	3,589
Borrowings	借貸	68,477	71,778
<b>Companies under common control of CEC</b>	<b>受中國電子集團共同控制之公司</b>		
Trade receivables	貿易應收款項	64,175	19,020
Other receivables	其他應收款項	3,453	1,485
Deposits	存款	302,430	326,736
Trade payables	貿易應付款項	37,425	318,245
Other payables	其他應付款項	6,020	25,591
Advance from customers	客戶預付款項	-	5,988
<b>Associate</b>	<b>聯營公司</b>		
Trade payables	貿易應付款項	1,394	-
<b>Joint venture</b>	<b>合營公司</b>		
Trade receivables	貿易應收款項	-	7,348

Other than the deposits and the borrowings which are interest bearing, the above balances with related parties were unsecured, interest-free and settled according to the relevant contract terms. The borrowings from related parties are unsecured and with an interest rate of 4.35% per annum.

除存款及借貸為附息外，上述關聯人士結餘為無抵押、免息並根據相關的合同條款結算。關聯人士借貸為無抵押及按年利率4.35%計息。

##### (c) Key management compensation

##### (c) 主要管理人員酬金

		Year ended 31 December 截至12月31日止年度 2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	5,797	6,332
Contributions to retirement schemes	退休計劃供款	550	418
		6,347	6,750

#### 32. SUBSEQUENT EVENT

On 9 January 2019, the Transfer Agreement was terminated in accordance with its terms and conditions. Huada Electronics received a refund of RMB258,407,601 on 16 January 2019 from CIS Research Institute and relinquished its right to use the Property and its right to earn a profit from the Property to CIS Research Institute.

#### 32. 期後事項

於2019年1月9日，轉讓協議已根據其條款及條件而被終止。華大電子於2019年1月16日收取中國信息安全研究院人民幣258,407,601元退款並放棄該物業之使用權及收益權。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

### 33. INFORMATION ABOUT STATEMENT OF FINANCIAL POSITION OF THE COMPANY 33. 有關本公司財務狀況表之資料

		Note 附註	31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
<b>ASSETS</b>	<b>資產</b>			
<b>Non-current assets</b>	<b>非流動資產</b>			
Property, plant and equipment	物業、廠房及設備		1,539	2,150
Investments in subsidiaries	附屬公司投資	34	1,037,086	1,037,086
Amount due from a subsidiary	應收一間附屬公司款項		2,128,423	2,231,011
			<b>3,167,048</b>	<b>3,270,247</b>
<b>Current assets</b>	<b>流動資產</b>			
Trade and other receivables	貿易及其他應收款項		179,659	71,923
Available-for-sale financial assets	可供出售金融資產		–	142,360
Financial assets at fair value through profit or loss	按公允值計入損益金融資產		37,358	–
Cash and cash equivalents	現金及現金等價物		114,801	30,124
			<b>331,818</b>	<b>244,407</b>
<b>Total assets</b>	<b>資產總額</b>		<b>3,498,866</b>	<b>3,514,654</b>
<b>EQUITY AND LIABILITIES</b>	<b>權益及負債</b>			
<b>Equity</b>	<b>權益</b>			
Share capital and premium	股本及溢價	24	825,454	825,454
Reserves	儲備	(a)	413,383	413,051
			<b>1,238,837</b>	<b>1,238,505</b>
<b>Liabilities</b>	<b>負債</b>			
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Deferred tax liabilities	遞延稅項負債		17,119	–
<b>Current liabilities</b>	<b>流動負債</b>			
Trade and other payables	貿易及其他應付款項		9,196	6,389
Bank and other borrowings	銀行及其他借貸		2,226,705	2,242,575
Income tax payable	應付所得稅款項		7,009	27,185
			<b>2,242,910</b>	<b>2,276,149</b>
<b>Total liabilities</b>	<b>負債總額</b>		<b>2,260,029</b>	<b>2,276,149</b>
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>		<b>3,498,866</b>	<b>3,514,654</b>

The statement of financial position of the Company was approved by the board of directors on 29 March 2019 and are signed on its behalf by:

本公司之財務狀況表經董事會於2019年3月29日批准，並由下列人士代表簽署：

Dong Haoran 董浩然  
Director 董事

Liu Hongzhou 劉紅洲  
Director 董事

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 33. INFORMATION ABOUT STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Cont'd)

#### 33. 有關本公司財務狀況表之資料 (續)

##### (a) Reserves of the Company

##### (a) 本公司之儲備

		Translation reserve 匯兌儲備 HK\$'000 千港元	Contributed surplus 實繳盈餘 HK\$'000 千港元	Retained earnings 保留溢利 HK\$'000 千港元	Total 合計 HK\$'000 千港元
<b>At 1 January 2017</b>	<b>於2017年1月1日</b>	(6,236)	231,971	205,783	431,518
Total comprehensive income	全面收益總額	13,823	–	28,606	42,429
Payment of dividend	派付股息	–	–	(60,896)	(60,896)
<b>At 31 December 2017</b>	<b>於2017年12月31日</b>	7,587	231,971	173,493	413,051
<b>At 1 January 2018</b>	<b>於2018年1月1日</b>	<b>7,587</b>	<b>231,971</b>	<b>173,493</b>	<b>413,051</b>
Total comprehensive income	全面收益總額	<b>(7,463)</b>	–	<b>68,691</b>	<b>61,228</b>
Payment of dividend	派付股息	–	–	<b>(60,896)</b>	<b>(60,896)</b>
<b>At 31 December 2018</b>	<b>於2018年12月31日</b>	<b>124</b>	<b>231,971</b>	<b>181,288</b>	<b>413,383</b>

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is distributable to shareholders in certain circumstances as specified in Section 54 thereof.

根據百慕達1981年公司法(經修訂)，本公司之實繳盈餘可於該公司法第54條所訂明之若干情況下分派予股東。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 34. INVESTMENTS IN SUBSIDIARIES – COMPANY

#### 34. 附屬公司投資—本公司

	31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
Investments – unlisted equity interests, at cost 投資—非上市股權，按成本值	<b>1,037,086</b>	1,037,086

Particulars of the principal subsidiaries at 31 December 2018 and 2017 are as follows:

主要附屬公司於2018年及2017年12月31日之詳情如下：

Name 名稱	Place of establishment and type of legal entity 成立地點及公司性質	Principal place of operation and activities 主要經營地點及業務	Registered and paid-in capital 註冊及實收資本	Interest held 所持權益			
				2018		2017	
				Directly 直接	Indirectly 間接	Directly 直接	Indirectly 間接
Huada Electronics 華大電子	PRC, limited liability company 中國，有限責任公司	PRC, design and sale of integrated circuit chips 中國，集成電路芯片之 設計及銷售	RMB446,800,000 人民幣446,800,000元	100%	–	100%	–
Huahong 華虹	PRC, limited liability company 中國，有限責任公司	PRC, design and sale of integrated circuit chips 中國，集成電路芯片之 設計及銷售	RMB158,471,000 人民幣158,471,000元	–	95.64%	–	95.64%

In the opinion of the Board, the non-controlling interests of Huahong is immaterial to the Group and thus the financial information of Huahong is not disclosed.

董事會認為，華虹之非控股權益對本集團而言屬不重要，故並無披露華虹之財務資料。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 35. EMOLUMENTS OF DIRECTORS OF THE COMPANY

##### (i) For the year ended 31 December 2018

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries, are as follows:

Name of director 董事姓名	Fee 袍金 HK\$'000 千港元	Salary 薪金 HK\$'000 千港元	Estimated	Retirement	Discretionary bonuses 酌情花紅 HK\$'000 千港元	Total 合計 HK\$'000 千港元
			money value of other benefits 其他福利估 計貨幣價值 HK\$'000 千港元	benefit scheme 退休福利 計劃 HK\$'000 千港元		
Dong Haoran 董浩然	-	-	-	-	-	-
Jiang Juncheng 姜軍成	-	-	-	-	-	-
Ma Yuchuan <sup>(2)</sup> 馬玉川 <sup>(2)</sup>	-	-	-	-	-	-
Liu Hongzhou 劉紅洲	-	750	-	177	654 <sup>(1)</sup>	1,581
Liu Jinmei <sup>(3)</sup> 劉勁梅 <sup>(3)</sup>	-	-	-	-	-	-
Chan Kay Cheung 陳棋昌	200	-	-	-	-	200
Qiu Hongsheng 邱洪生	200	-	-	-	-	200
Chow Chan Lum 鄒燦林	200	-	-	-	-	200
	600	750	-	177	654	2,181

<sup>(1)</sup> Discretionary bonus for the year 2017 approved and paid in 2018.

<sup>(2)</sup> Resigned on 15 January 2018.

<sup>(3)</sup> Appointed on 15 January 2018.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors had waived any emoluments during the year.

#### 35. 本公司董事的酬金

##### (i) 截至2018年12月31日止年度

作為董事(包括本公司或其附屬公司)提供服務而獲發放或應收的酬金如下:

Name of director 董事姓名	Fee 袍金 HK\$'000 千港元	Salary 薪金 HK\$'000 千港元	Estimated	Retirement	Discretionary bonuses 酌情花紅 HK\$'000 千港元	Total 合計 HK\$'000 千港元
			money value of other benefits 其他福利估 計貨幣價值 HK\$'000 千港元	benefit scheme 退休福利 計劃 HK\$'000 千港元		
Dong Haoran 董浩然	-	-	-	-	-	-
Jiang Juncheng 姜軍成	-	-	-	-	-	-
Ma Yuchuan <sup>(2)</sup> 馬玉川 <sup>(2)</sup>	-	-	-	-	-	-
Liu Hongzhou 劉紅洲	-	750	-	177	654 <sup>(1)</sup>	1,581
Liu Jinmei <sup>(3)</sup> 劉勁梅 <sup>(3)</sup>	-	-	-	-	-	-
Chan Kay Cheung 陳棋昌	200	-	-	-	-	200
Qiu Hongsheng 邱洪生	200	-	-	-	-	200
Chow Chan Lum 鄒燦林	200	-	-	-	-	200
	600	750	-	177	654	2,181

<sup>(1)</sup> 2017年酌情花紅於2018年獲批核及發放。

<sup>(2)</sup> 於2018年1月15日辭任。

<sup>(3)</sup> 於2018年1月15日獲委任。

年內，本集團並無向董事支付任何酬金作為加盟本集團或加盟時之獎勵或作為離任之補償。年內亦無董事放棄任何酬金。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 35. EMOLUMENTS OF DIRECTORS OF THE COMPANY (Cont'd)

##### (ii) For the year ended 31 December 2017

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries, are as follows:

#### 35. 本公司董事的酬金(續)

##### (ii) 截至2017年12月31日止年度

作為董事(包括本公司或其附屬公司)提供服務而獲發放或應收的酬金如下:

Name of director 董事姓名	Fee 袍金 HK\$'000 千港元	Salary 薪金 HK\$'000 千港元	Estimated money value of other benefits 其他福利估 計貨幣價值 HK\$'000 千港元	Retirement benefit scheme 退休福利 計劃 HK\$'000 千港元	Discretionary bonuses 酌情花紅 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Dong Haoran 董浩然	-	-	-	-	-	-
Ma Yuchuan 馬玉川	-	-	-	-	-	-
Liu Hongzhou 劉紅洲	-	750	-	184	915 <sup>(1)</sup>	1,849
Jiang Juncheng 姜軍成	-	-	-	-	-	-
Chan Kay Cheung 陳棋昌	200	-	-	-	-	200
Qiu Hongsheng 邱洪生	200	-	-	-	-	200
Chow Chan Lum 鄒燦林	200	-	-	-	-	200
	600	750	-	184	915	2,449

<sup>(1)</sup> Discretionary bonus for the year 2016 approved and paid in 2017.

<sup>(1)</sup> 2016年酌情花紅於2017年獲批核及發放。

## Notes to the Consolidated Financial Statements

### 綜合財務報表附註

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

#### 36. NET DEBT

#### 36. 債務淨額

		31 December 2018 2018年12月31日 HK\$'000 千港元	31 December 2017 2017年12月31日 HK\$'000 千港元
Cash and cash equivalents	現金及現金等價物	375,525	373,831
Liquid investments (Note (a))	流動性投資(附註(a))	42,029	202,485
Borrowings repayable within one year	一年內償還借貸	<b>(2,295,297)</b>	(2,314,473)
Net debt	債務淨額	<b>(1,877,743)</b>	(1,738,157)
Cash and liquid investments	現金及流動性投資	417,554	576,316
Gross debt – fixed interest rates	債務總額 – 固定利率	<b>(2,237,797)</b>	(2,214,473)
Gross debt – variable interest rates	債務總額 – 浮動利率	<b>(57,500)</b>	(100,000)
Net debt	債務淨額	<b>(1,877,743)</b>	(1,738,157)

		Other assets 其他資產		Liabilities from financing activities – Borrowings repayable within one year 融資活動的 負債 – 一年內 償還借貸	Total 合計
		Cash 現金 HK\$'000 千港元	Liquid investments (Note (a)) 流動性投資 (附註(a)) HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>Year ended 31 December 2017</b>	<b>截至2017年12月31日 止年度</b>				
Opening net debt	年初債務淨額	911,917	37,249	(3,547,123)	(2,597,957)
Cash flows	現金流量	(512,030)	157,155	1,437,863	1,082,988
Interest and issue cost amortised	已攤銷利息及發行成本	–	–	(6,427)	(6,427)
Exchange differences	匯兌差額	(26,056)	8,081	(198,786)	(216,761)
Closing net debt	年末債務淨額	373,831	202,485	(2,314,473)	(1,738,157)
<b>Year ended 31 December 2018</b>	<b>截至2018年12月31日 止年度</b>				
Opening net debt	年初債務淨額	373,831	202,485	(2,314,473)	(1,738,157)
Cash flows	現金流量	14,618	(159,760)	(90,322)	(235,464)
Unrealised fair value gains	未實現公允價值收益	–	3,229	–	3,229
Exchange differences	匯兌差額	(12,924)	(3,925)	109,498	92,649
Closing net debt	年末債務淨額	375,525	42,029	(2,295,297)	(1,877,743)

(a) Liquid investments comprise short-term investments that are traded in an active market, being the Group's financial assets at fair value through profit or loss (2017: available-for-sale financial assets).

(a) 流動性投資包括當前在活躍市場上交易的短期投資，即本集團持有的按公允價值計入損益金融資產（2017年：可供出售金融資產）。



## Five-year Financial Summary 五年財務資料摘要

### RESULTS

### 業績

		Year ended 31 December 截至12月31日止年度				
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元 (Restated) (重列)	2014 2014年 HK\$'000 千港元 (Restated) (重列)
		(Audited) (經審核)	(Audited) (經審核)	(Audited) (經審核)	(Audited) (經審核)	(Unaudited) (未經審核)
					(i)	(i)
Revenue	收入	<b>1,686,996</b>	1,453,035	1,358,953	1,720,099	1,928,702
Profit for the year attributable to owners of the Company	本年度溢利歸屬於本公司權益持有者	<b>113,321</b>	220,097	1,061,166	177,353	222,069

### ASSETS AND LIABILITIES

### 資產及負債

		31 December 12月31日				
		2018 2018年 HK\$'000 千港元	2017 2017年 HK\$'000 千港元	2016 2016年 HK\$'000 千港元	2015 2015年 HK\$'000 千港元 (Restated) (重列)	2014 2014年 HK\$'000 千港元 (Restated) (重列)
		(Audited) (經審核)	(Audited) (經審核)	(Audited) (經審核)	(Audited) (經審核)	(Unaudited) (未經審核)
					(i)	(i)
Total assets	資產總額	<b>4,969,091</b>	5,074,820	6,093,268	6,721,257	7,552,772
Total liabilities	負債總額	<b>(3,027,908)</b>	(3,032,910)	(4,412,619)	(5,170,282)	(6,014,867)
		<b>1,941,183</b>	2,041,910	1,680,649	1,550,975	1,537,905

(i) The financial summary for the year ended 31 December 2014 and 2015 are restated using the principles of merger accounting, as prescribed in HKAG5. Details of which were disclosed in Note 2.1 of the consolidated financial statements of the Group for the year ended 31 December 2016.

(i) 截至2014年及2015年12月31日止年度之財務資料摘要乃採用香港會計指引第5號所規定之合併會計原則重列。有關詳情已於本集團截至2016年12月31日止年度之綜合財務報表附註2.1披露。

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