



**SOLOMON  
SYSTECH**  
晶門科技

ANNUAL REPORT 年報  
**2019**



Solomon Systech (International) Limited  
Stock Code 股份代號 : 2878

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公司及股東資料

Solomon Systech (International) Limited and its subsidiaries as a Group is a leading semiconductor company specializing in the design, development and sales of integrated circuits products and system solutions that enable a wide range of display and touch applications for smartphones, tablets, TVs/monitors, notebooks and other smart devices, including wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

Solomon Systech (International) Limited及其附屬公司為一家具領導地位的半導體公司，專門設計、開發及銷售集成電路晶片產品及系統解決方案，能於智能手機、平板電腦、電視／顯示器、筆記本電腦以及其他智能產品，包括可穿戴產品、醫療保健產品、智能家居產品，以及工業用設備等提供廣泛的顯示及觸控應用。

### VISION 願景

Provide the ultimate silicon solution for every display system

為每個顯示系統提供最終的晶片解決方案

# MILESTONES

## 里程碑

20<sup>th</sup> anniversary of Solomon Systech  
晶門科技成立20周年

2019

Set up of: – Nanjing Technology Center  
成立： – 南京科技中心 (即晶門科技(中國)有限公司)

2018

Launch of the world's 1<sup>st</sup> PMOLED TDDI IC  
推出全球首顆 PMOLED TDDI 晶片

– Korea Technology Center  
韓國科技中心

2017

USA 美國

Europe 歐洲

– Taiwan Technology Center  
成立台灣科技中心

2010

Establishment of Beijing Business &  
Technology Center  
成立北京業務及科技中心

Accredited with ISO14001 Certification  
榮獲ISO14001認證

2007

Launch of bistable display driver to drive the  
world's 1<sup>st</sup> e-paper mobile phone  
推出驅動全球首部電子「紙」移動電話的雙穩態  
顯示驅動器

Listed on the Main Board of Hong Kong  
Stock Exchange  
於香港交易所主板上市

2006

Launch of the world's 1<sup>st</sup> MIPI master  
bridge chip  
推出世界首枚與MIPI標準兼容的橋接晶片

Launch of: – e-paper driver controller to drive  
the world's 1<sup>st</sup> e-paper watch  
推出： – 驅動全球首隻電子「紙」手錶的電  
子「紙」- 驅動控制器

2004

– world's 1<sup>st</sup> single chip mobile  
TFT driver with built-in  
capacitive  
世界首枚內置電容的TFT驅動器單  
晶片

2003

Chinese Premier Wen Jiabao visits Solomon  
Systech's Hong Kong headquarters  
中國總理溫家寶參觀晶門科技香港總辦事處

Relocation of headquarters to Hong Kong  
Science Park  
總辦事處喬遷至香港科學園

Launch of the world's 1<sup>st</sup> single chip  
2D GIGA CSTN LCD driver controller  
推出世界首枚單晶片2D GIGA CSTN LCD驅動  
控制器

2002

Successfully upgrades to ISO9001:2000  
成功將認證提升至ISO9001:2000

2001

Launch of the world's 1<sup>st</sup> single chip OLED  
driver controller  
推出世界首枚單晶片OLED驅動控制器

Set up of Shenzhen Business & Technology  
Center  
成立深圳業務及科技中心

2000

Earmarked 10 million<sup>th</sup> shipment  
完成千萬件貨品付運

Establishment of Solomon Systech in Hong  
Kong  
晶門科技在香港正式成立

1999

Launch of the world's 1<sup>st</sup> grayscale 32 MUX  
LCD driver controller  
推出世界首枚32 MUX LCD驅動控制器

Accredited with ISO9001 Certification  
榮獲ISO9001認證

# MILESTONES 里程碑



## OUR NETWORKS 我們的網絡

● **Head Office**  
總公司

Hong Kong 香港

⬡ **Regional Offices**  
分區辦事處

Japan 日本

Korea 韓國

Nanjing 南京

Shanghai 上海

Shenzhen 深圳

■ **Technology Centers**  
技術中心

Hong Kong 香港

Korea 韓國

Nanjing 南京

Shenzhen 深圳

Taiwan 台灣

▲ **Sales Networks**  
銷售網絡

Beijing 北京

Europe 歐洲

Hong Kong 香港

Japan 日本

Korea 韓國

Nanjing 南京

Shanghai 上海

Taiwan 台灣

USA 美國

# FINANCIAL HIGHLIGHTS

## 財務摘要

		2019 US\$ million 百萬美元	2018 US\$ million 百萬美元
Revenue	銷售額	<b>108.3</b>	98.1
Gross profit	毛利	<b>21.3</b>	28.2
Gross margin (%)	毛利率 (%)	<b>19.7</b>	28.7
Net loss	虧損淨額	<b>(27.8)</b>	(13.8)
Loss per share (US cent)	每股虧損 (美仙)	<b>(1.1)</b>	(0.55)
Book-to-bill ratio	訂單出貨比率	<b>1.1</b>	1.0
Total assets	總資產	<b>76.9</b>	107.0
Shareholders' funds	股東權益	<b>51.3</b>	79.0



Revenue increased by about 10% to US\$108.3 million  
銷售額上升約10%至108.3百萬美元



Gross profit was US\$21.3 million, decreased by about 24% from last year  
毛利為21.3百萬美元，比去年減少約24%



Gross margin was 19.7%, down 9 percentage points  
毛利率下跌9個百分點至19.7%



Net loss was US\$27.8 million  
虧損淨額為27.8百萬美元



Loss per share was 1.1 US cents (8.53 HK cents)  
每股虧損為1.1美仙 (8.53港仙)



Book-to-bill ratio was 1.1  
訂單出貨比率為1.1



The Board of Directors resolved not to propose any final dividend for the year ended 31 December 2019  
董事會決議不建議宣派截至2019年12月31日止年度的末期股息

Headquartered At  
Hong Kong Science Park  
晶門科技總部位於香港科學園



# CHAIRMAN'S STATEMENT

## 主席報告

Dear Shareholders,

I am pleased to present to our shareholders the annual report of the Group for the year ended 31 December 2019.

Since 2017, we have made accomplishments including the strategic establishment of Solomon Systech (China), the expansion of our research and development team and our product portfolio. During the reporting period, the Group has made significant progress in new product development and entered into a number of contracts with major stalwarts, consisting of the first orders from quality customers, which has made contribution to the steady growth of overall revenue. We have also pursued partnerships with internationally-renowned brands for the sake of capturing market share and seize opportunities for business growth.

During the reporting period, the total sales and the total shipments of US\$108.3 million and 308.7 million units were recorded respectively, representing an approximately 10% and 4% year-on-year increase.

The key challenge for the Group was to improve its financial performance so as to maximize its shareholder value. As at 31 December 2019, the Group recorded a net loss of US\$27 million, mainly due to a decrease in gross margin attributable to the provision for slow-moving inventories as a result of the decrease in market demand for certain products of the Group. It also resulted in a drop in net investment income in conjunction with certain non-recurring expenses and impairments. Nonetheless, the net cash position of the Group remained healthy at approximately US\$18 million with net assets amounted to approximately US\$51 million.

### Committed to Maximizing Shareholder Value

The Board members, together with the management team, in considering the financial performance of the Group, managed to formulate a long-term strategic development framework for the Group in response to the dynamic macroeconomic environment and the rapidly changing market condition. We performed an assessment on the sustainability of businesses in the regions and completed a business restructuring plan during the year, so as to achieve cost control measures to trim down its operating expenses. We expect a rebound from deficit in the coming year and improve the returns to our shareholders.

Maximizing shareholder value will certainly be the focus in the year ahead. In view of the rapidly evolving semiconductor industry application market, the Group will seize opportunities to drive revenue alongside inventory management optimization.

The Group will continue to review its development plans and cash flow reserve regularly to achieve optimal capital structure and strike a balance between the interests of the shareholders and operation needs.

### Dividend

No dividend for the year ended 31 December 2019 was declared by the Board (the year ended 31 December 2019: Nil).

各位股東：

本人欣然向各股東提呈我們截至2019年12月31日止的年報。

自2017年開始，我們策略性成立晶門科技(中國)、擴大研發團隊及拓闊產品類型，在報告期內成功在新產品開發方面取得顯著進程，並同時簽訂多宗大型合同，當中包括首次下單的優質客戶，整體收入穩健增長。我們亦透過與國際知名品牌建立緊密的合作夥伴關係，爭取市場份額，提升業務增長契機。

在報告期內，本集團的總銷售額和付運量同比增長約10%和4%，分別錄得108.3百萬美元和308.7百萬件。

本集團面臨的主要挑戰是改善財務表現以提升股東價值。於2019年12月31日，本集團錄得淨虧損27百萬美元，主要因就本集團部份產品的市場需求減少而出現的滯銷庫存作撥備，導致毛利率下降，淨投資收入減少，及一些非經常性支出和減值。儘管如此，本集團的淨現金狀況仍維持穩健，約為18百萬美元，而資產淨額約為51百萬美元。

### 致力提高股東價值

因應宏觀經濟環境轉變、急速變動的市場情況和集團財務狀況，董事會成員在年內與管理團隊為集團制訂長遠的發展策略框架、評估業務營運地區的可持續性和落實業務架構重組方案等一系列措施，藉此控制成本並減省開支，冀望來年能轉虧為盈，提升股東回報。

本集團在未來一年的專注重點，在於增加股東價值，觀乎半導體行業應用市場快速增長，我們抓緊機遇推動收入增長；以及優化庫存管理以提高庫存周轉率。

本集團將繼續定期檢討發展計劃及現金流儲備，審時度勢，以實現良好的資本架構，平衡股東利益與業務需要。

### 股息

董事會並無宣佈派發任何截至2019年12月31日止的全年股息(截至2019年12月31日止全年：無)。



### Prospects

Venturing into 2020, the global economy is full of uncertainties. Followed by the China-US trade war, the global public health issue has also been gaining force, which has great impact on the PRC-based supply chain and the sentiments of the consumers that will intensify competition in the market. Nevertheless, with our formulated development strategies and business diversification plan, we remain confident in our future and we are ready to take the challenges.

### Appreciation

The Group had its 20<sup>th</sup> anniversary in the year 2019. On behalf of the Board, I wish to thank our colleagues and the management team for their perseverance and professionalism. I would also like to extend my heartfelt gratitude to our shareholders and business partners for their continuous support. We shall use our best endeavor to lay out the vision and deploy tactical strategies, leading our team to forge ahead and expanding our business with a goal of creating long-term value for our shareholders.

### 前景

邁進2020年，全球經濟充滿不確定性，伴隨中美貿易戰及全球公共衛生事件，整體將影響以中國內地為中心的供應鏈和消費市場的信心，亦令市場競爭日趨激烈。儘管如此，憑藉擬訂的發展策略及業務分散佈局，我們對未來仍抱有信心，同時已經準備就緒，迎接挑戰。

### 致謝

2019年是集團成立20周年的誌慶日子，本人謹代表董事會感謝我們員工和管理團隊的堅定決心及專業精神。同時亦向我們的股東和合作夥伴的一直支持表示衷心感謝。未來，我們必定會繼續全力以赴，運籌帷幄，帶領團隊奮發向前，拓展業務，為股東創造長期價值。

**Ma Yuchuan** 馬玉川  
*Chairman* 主席

Hong Kong, 27 March 2020  
香港，2020年3月27日

# T-SHOP & LAB

## Technology Promotes Smart City Development 科技成就智能城市

The Group's E-Paper technology has been adopted for use in Electronic Shelf Labels at the T-Shop & Lab, an unmanned retail shop located at Hong Kong Science Park.

集團的電子紙技術獲科學園內的T-Shop & Lab無人商店採用，應用於電子貨架標籤上。

# CHIEF EXECUTIVE OFFICER'S MESSAGE

## 行政總裁的話

The year 2019 carries profound symbolic significance to Solomon Systech. Not only did it mark the 20<sup>th</sup> anniversary of the Group, it was also a dynamic year filled with challenges. Facing a rapidly changing and evolving market, the Group has reformulated its business development strategies and allocated resources during the reporting period with a view to maintaining its industry leading position under the competitive business environment.

The Group's total volume of shipments increased slightly by 4% to 308.7 million units despite a loss recorded in the 2019 financial statement.

With intensified trade friction between China and the US, and uncertainties in the two countries' trade relations, tariffs were imposed on certain types of goods including electronic components. This, inevitably, slowed down the global consumer electronics market, followed by the pressure risen on the semiconductor industry. Since May 2019, the US has raised the tariffs on certain imported goods from China. Being the factory of the world, China serves its wide-array of manufacturing clients worldwide. The aforesaid measure indirectly drove some customers who tapped into the US market to shift their production bases to other countries such as Vietnam and Thailand. Some of the Group's customers also changed their mass production plants in the reporting period. The Group has been closely monitored the development of the situation and adjusted its strategies, as appropriate.

### Repositioning and Resources Integration

Despite the uncertainties in the global economy and the less favorable investment environment during the reporting period as compared with that of 2018, the Group continued to adhere to the principle of maintaining a prudent and conservative attitude towards financial management, striving to improve its operating cash flow and debt levels.

As the third chief executive officer of the Group since its listing, I appointed several senior executives with extensive experience and international perspectives last year. We aimed at optimizing the organizational structure and work processes of the Group by leveraging the team's expertise to introduce innovative thinking and formulate winning strategies, so as to improve business management efficiency, enhance the image of the Company and ultimately earn returns for the shareholders. We restructured the mobile touch business to align with market direction as well as reduce ongoing expenses after thorough planning and accurate valuation, expecting to significantly improve the overall financial performance by 2020.

2019年，對晶門科技而言意義深遠。這既是集團成立20周年，也是充滿挑戰、複雜多變的一年。面對市場發展一日千里，集團已在報告期內重新釐訂業務發展策略，調配資源，讓晶門科技在競爭激烈的營商環境下，依然享有領導地位，走在前沿。

縱然集團於2019年財務報表上錄得虧損，但整體付運量仍輕微增長4%至308.7百萬件。

面對中美貿易摩擦加劇，兩國貿易關係緊張情況未明，部份類別商品包括電子零件須徵收關稅，無可避免地令半導體行業受壓，全球消費電子市場放緩。美國自2019年5月始提高若干中國進口產品的關稅，中國作為世界工廠，擁有龐大的客戶群，此舉間接影響部份針對美國市場的客戶轉而投向越南、泰國等地作為生產基地，報告期內本集團的部份客戶亦因此轉換量產工廠。本集團將密切監察有關局勢發展，從善如流，調整對策。

### 重新定位 資源整合

儘管全球經濟局勢持續不明朗，報告期內的投資環境較2018年不利，集團仍堅守信念，並且維持審慎保守的理財態度，致力改善經營性現金流和負債水平。

因此，作為集團上市以來的第三任行政總裁，在年內委聘了數名具豐富經驗及國際視野的高級管理人員，冀運用團隊的專業知識，優化集團組織架構和流程，並注入新思維，制訂致勝策略，從而提升業務管理效率、提高公司形象及冀為股東帶來回報。同時，經過詳細估算和計劃，我們重組移動觸控業務以符合市場方向及減少日常開支，目標於2020年將整體財務表現大幅改善。

# CHIEF EXECUTIVE OFFICER'S MESSAGE

## 行政總裁的話

### Tapping into the Mainland Market and Expanding Business Footprint

Last year Solomon Systech (China) Limited (“Solomon Systech China”), our wholly-owned subsidiary, generated significant revenue for the Group, a remarkable year-on-year growth was recorded. Situated in the convenient and highly accessible Jiangbei New District, we intentionally made Solomon Systech China as our Nanjing Technology Center, and considered it as one of the tactical steps to get prepared for our business expansion in the Mainland. With its establishment, it will be beneficial for our market penetration into major cities to capture market share and high-quality customers at an optimal level. Since 2018, the Group has proactively recruited and nurtured talents in the region to keep up with its foreseeable growth. The Group also fully utilized its research and development resources in achieving synergy effects. It is expected that the number of employees in the Nanjing office and Nanjing Technology Center will boom in the future, which will rank second in terms of scale, next only to the Group’s subsidiary in Taiwan.

### Promoting Technological Development and Grabbing Business Opportunities

Thanks to new advances in semiconductor industry and technological breakthroughs, all these drive display technologies forward. With its 20 years of endurance in the industry, the Group has mapped out its vital strategies amid changing industry landscape and pivotal challenges, including diversification of its businesses, expansion of its customer base and allocation of resources to multiple key areas through data analysis and strategic market planning, ranging from ePaper, microelectronics to smart wearable products, etc. Having a global perspective, the Group has also committed to stay at the forefront by meeting market demand of display technologies and introducing cutting-edge products.

### 涉足內地 壯大業務版圖

過去一年晶門科技(中國)有限公司(「晶門中國」)為集團帶來收入，同比大幅增長。位處交通便捷、四通八達的江北新區，我們成立南京科技中心作為策略據點，為擴展內地業務、打通主要城市，爭取優質客戶和最大市場份額作出有利步署。自2018年起，本集團一直積極招募及培訓專業人才滿足增長預期，並善用集團科研技術資源，提升協同效益，預計將來南京辦事處及科技中心從業人員會有顯著增長，規模僅次於集團於台灣設立的科技中心。

### 推動發展 發掘商機

半導體行業瞬息萬變，科技日新月異，顯示器技術不斷推陳出新。集團擁有20年的歷史，面對這樣的客觀狀況和挑戰，其關鍵策略在於分散業務，擴大客戶群，透過數據分析及市場規劃，投放資源於數個重要領域，包括電子紙、微電子、智能穿戴用品等市場，並放眼全球，確保集團能與時並進，推出符合最新顯示器要求的領先新產品。



Mr. Wang Wah Chi, Raymond, the Chief Executive Officer of the Group, was invited as one of the guest speakers at the Hong Kong Electronic Forum organized by the Hong Kong Trade Development Council at the Hong Kong Convention and Exhibition Centre in October 2019, sharing the applications of microelectronics and the latest development of the industry with the participants in the Forum. 集團行政總裁王華志先生於2019年10月獲邀為演講嘉賓之一，出席由香港貿易發展局主辦在香港會議展覽中心舉行的「香港電子論壇」，與在場人士分享微電子的應用及行業最新發展情況。

# CHIEF EXECUTIVE OFFICER'S MESSAGE

## 行政總裁的話

### At the Forefront of Industry Evolution Focusing on Technological Research

The Group has accelerated its pace of technological innovations and upgrades across different business segments striving to capture the market share through creating competitive edges by product differentiation in conjunction with enrichment of product portfolio, resulting from the efforts put in research and development of innovative technologies that to be patented.

### Risk Management

In view of the nature of our business and the regions in where we operate, it is inevitably that the Group is subject to various kinds of risks and uncertainties. We constantly review and revise our strategies and measures in response to the risks concerned.

For details on how we mitigate major risks, please refer to pages 50 to 52, and 123 to 131.

### Outlook

While the shadow of public health issue is looming over the productivity of factories in Mainland China and the uncertainties of economies are spanning across the globe, the semiconductor industry is recovering from a cyclical downturn with robust market demand for technology products. Notwithstanding these, the forces concerned are expected to outweigh each other, and hence we remain confident in the future, striving to adjust the business development strategies of the Group, increase promotion efforts to external stakeholders and enhance our brand image in a prompt and timely manner.

As mentioned above, we will continue proactively tap into the business opportunities in Mainland China and enrich our product portfolio, so as to accelerate the pace of technological innovations, enhance our competitive edges and achieve sustainable growth.

In conclusion, we strongly believe that innovation and excellence are vitally important for becoming a top-notch technology company in the world. Having rich management experience and determination, the management team is committed not only to manage the company as a whole through visionary leadership, but also ride over the challenges in the business operating environment. The year 2019 was the 20<sup>th</sup> anniversary of the Group, I would like to take this opportunity to extend my heartfelt gratitude to the Directors and our colleagues for their unremitting efforts and contributions to the Group, and our business partners and shareholders for their continuous support. We hope that all of us will accomplish the long-term goals of the Group together in the next decade and yield fruitful returns alike.

### 專注科研 領先同儕

本集團正在加快在各大業務板塊的技術創新及升級，透過研究與開發專利創新技術提高產品獨特性，擴闊產品組合，旨在增取市場份額。

### 風險管理

我們的業務性質和營運地區使然，無可避免面對不同種類的風險和不明朗情況。我們會不時檢討及調整應對該些風險的策略和方法。

了解我們管理主要風險的詳情，請參閱第50至52頁，以及第123至131頁。

### 展望

展望未來，儘管面對全球經濟的不確定性和公共衛生的陰霾，令內地廠房的生產力受阻；然而時值半導體行業的復甦周期和市場對科技產品的殷切需求，關係此消彼長，我們透過從速應對，調整集團業務發展策略，加強對外宣傳及提升品牌形象力度，我們對未來仍充滿信心。

如前所述，我們會繼續積極推動集團旗下中國內地業務，以及豐富我們科研產品系列，並加快科研步伐，提升競爭優勢和追求公司業務的可持續發展。

總括而言，我們深信要成為世界頂尖科技公司，必須力求創新，追求卓越。憑藉集團領導團隊豐富的管理經驗和堅毅的決心，定能帶領公司同仁在充滿挑戰的營商環境下披荊斬棘，繼續攜手邁步向前。2019年是集團成立20周年的日子，本人謹此衷心感謝董事們和集團員工於過去孜孜不倦付出的努力和貢獻，以及業務夥伴和股東一直的默默支持，冀開創下一個十年，共同實現集團的長遠目標，達致豐碩成果。

**Wang Wah Chi, Raymond** 王華志  
Chief Executive Officer 行政總裁

Hong Kong, 27 March 2020  
香港，2020年3月27日



**Technology Rejuvenates Our Soul**  
**科技體現閒適自在**

# MANAGEMENT DISCUSSION AND ANALYSIS

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#### Overview

For the year ended 31 December 2019, the Group's total sales were US\$108.3 million (2018: US\$98.1 million). A net loss of US\$27.8 million (2018: US\$13.8 million) was recorded, mainly attributable to provisions made for slow moving inventories due to reduced market demand for some of the Group's products resulting in diminished gross profit margins, a decrease in net finance income due to a less favourable investment environment during the year of 2019 compared to that of 2018, in conjunction with certain non-recurring expenses and impairments.

#### Sales and Gross Profit

The Group recorded an increase in total shipments by around 4% year-on-year to approximately 308.7 million units (2018: 295.8 million units). The overall book-to-bill ratio of the Group for 2019 was 1.1 (2018: 1.0).

With the strong growth in the sales of the Group's large display driver ICs in 2019, the total sales increased by approximately 10% year-on-year to around US\$108.3 million (2018: US\$98.1 million).

Owing to the intense price competition in the market and the aforesaid inventory provision, the gross margin decreased by 9 percentage points to 19.7% (2018: 28.7%) attributable to a change in the product mix of the Group. The gross profit of the Group decreased to US\$21.3 million (2018: US\$28.2 million).

#### Costs and Expenses

The Group has remained vigilant in controlling its expenses but as a technology company, it is committed to investing in product R&D and business development. The Group's total expenses, including product R&D costs, S&D expenses, administrative expenses and other expenses, were US\$53.8 million (2018: US\$48.7 million), up by US\$5.1 million or 10% year-on-year. The increase was due to certain material non-recurring expenses such as retrenchment cost and impairment of intellectual properties and goodwill as a result of business restructure during the year.

The Group continued to invest in product R&D and business development and remained selective in its product R&D spending. New technology development and new product introduction mainly concentrated on viable and profitable businesses, thereby apart from the impairment of intellectual properties, an overall decrease in R&D expenditure from US\$31.5 million to US\$24.7 million (dropped US\$6.8 million or 21.6% year-on-year). Product R&D costs to sales ratio was 22.8% (2018: 32.1%).

S&D expenses were US\$3.1 million (2018: US\$4.0 million) whilst the S&D expenses to sales ratio was 2.9% (2018: 4.1%).

Administrative expenses were US\$12.4 million, decreased by US\$0.8 million from US\$13.2 million in 2018. The decrease was mainly on saving of certain operating cost due to business restructure during the year.

Other expenses were US\$13.5 million, which were non-recurring (2018: Nil) mainly represented the impairment loss of intangible assets as a result of business restructure during the year. The impairment loss arose primarily due to write off of remaining balance of intellectual properties (US\$6.8 million) in relation to the Group's Mobile Touch ("MT") business, write off of goodwill (US\$2.3 million) and intellectual properties (US\$1.2 million) in relation to the Group's Mobile Display ("MD") business and termination benefits (US\$3.0 million) of which about US\$2.0 million in relation to the closure of overseas offices.

#### 概覽

截至2019年12月31日止年度，本集團總銷售額為108.3百萬美元（2018：98.1百萬美元），錄得虧損淨額27.8百萬美元（2018：13.8百萬美元），主要因市場對本集團一些產品需求減少導致毛利率下降，而需就部份滯銷庫存作出撥備，以及2019年投資環境較2018年稍遜令淨投資收入減少，及一些非經常性支出和減值。

#### 銷售額及毛利

本集團的總付運量上升約4%至約308.7百萬件（2018：295.8百萬件），2019年整體訂單出貨比率為1.1（2018：1.0）。

受惠於大型顯示驅動器IC於2019年的銷售額增長強勁，總銷售額與去年同期相比增長約10%至約108.3百萬美元（2018：98.1百萬美元）。

因市場價格競爭激烈以及前述的庫存撥備，因應本集團的產品組合變化，毛利率減少9個百分點至19.7%（2018：28.7%）。本集團毛利減少至21.3百萬美元（2018：28.2百萬美元）。

#### 成本及開支

本集團繼續審慎控制開支，但作為一家科技公司，本集團致力投放資金於產品工程開發及業務發展。本集團的總開支，包括產品研究開發成本、銷售及分銷開支、行政開支及其他開支，輕微增加5.1百萬美元至53.8百萬美元（2018：48.7百萬美元），即按年增加10%。該增加是由於年內因業務重組而導致的某些重大非經常性支出，例如裁員成本，知識產權和商譽減損。

本集團繼續投放資金於產品研究及開發及業務發展，並在選擇產品工程開發重點時保持審慎，新技術開發和新產品推出主要集中於可發展及具盈利的業務，除了知識產權的減值，本集團的整體產品研究及開發開支由31.5百萬美元減少至24.7百萬美元（減少6.8百萬美元或按年減少21.6%）。產品研究及開發成本佔銷售額的22.8%（2018：32.1%）。

銷售及分銷開支為3.1百萬美元（2018：4.0百萬美元），銷售及分銷開支與銷售額比率則為2.9%（2018：4.1%）。

行政開支為12.4百萬美元，對比2018年13.2百萬美元減少0.8百萬美元。減少原因主要是為於年內因業務重組而節省某些營運成本。

其他支出為13.5百萬美元，屬於非經常性支出（2018年：無），主要因年內業務重組而導致的無形資產減值損失。減值損失的主要是由於沖銷了與集團的移動觸控（「MT」）業務有關的知識產權餘額（6.8百萬美元），沖銷了與集團的移動顯示（「MD」）業務相關的商譽（2.3百萬美元）和知識產權（1.2百萬美元），以及付解僱金3百萬美元，其中約2百萬元與關閉海外辦事處有關。

### FINANCIAL REVIEW

#### 財務回顧

##### Background and Reasons for the Impairment Loss

###### (i) Write-off of remaining balance of intellectual properties (US\$6.8 million) in relation to MT business

As disclosed in the Company's Announcements on 1 November 2016, the Company acquired intangible assets of US\$17 million, mainly intellectual properties of maXTouch® technology and set up overseas technology centres for the development of MT business. The Company amortized intellectual properties of US\$3.1 million during the year which was charged as research and development cost. The resultant carrying amount of intellectual properties for its remaining useful life became US\$6.8 million. However, due to the change of market conditions that led to a continuous decrease in demand of MT products, MT business was unable to generate sufficient revenue to support its operating cost, as a result, the Group had incurred significant loss including large provisions made for slow moving inventories in the past years. In considering the overseas technology centres were high cash burn units that increase the financial burden to the Group, the Group had made its efforts to dispose of MT related assets during the second half of the year but no successful offers had been received. In view of the continued loss-making position of the MT business and the intensified market competition in the integrated circuit industry, the Board had decided to cease operations of overseas technology centres in order to reduce on-going expenses.

Consequently, the Directors performed impairment review of the carrying amounts of intellectual properties in accordance with HKAS 36. HKAS 36 defines impairment loss as the amount by which the carrying amount of an asset or a cash-generating unit ("CGU") exceeds its recoverable amount. The recoverable amount of the CGU of maXTouch® intellectual properties has been determined based on a value in use calculation using cash flow projections covering the estimated remaining useful life of 2 years. In view that there will be no significant revenue generated from MT business after the closure of technology centres, the Directors have determined impairment of remaining balance of intellectual properties (US\$6.8 million) directly related to MT business.

###### (ii) Write-off of goodwill (US\$2.3 million) and intellectual properties (US\$1.2 million) in relation to MD business

On the other hand, Sentron Inc., ("Sentron") a non-wholly owned subsidiary of the Group which was acquired in 2017, specialized in TDDI technology, the goodwill (US\$2.3 million) arising from the acquisition and intellectual properties (US\$1.2 million) were fully impaired during the year.

##### 減值損失的背景及原因

###### (i) 沖銷與MT業務有關的知識產權餘額(6.8百萬美元)

公司在2016年11月1日的公告中所披露，公司收購了17百萬美元的無形資產，主要是maXTouch® 技術的知識產權，並設立了海外技術中心以發展MT業務。公司在本年度分攤了3.1百萬美元知識產權用於研發費用，其剩餘使用年期的賬面值為6.8百萬美元。然而，由於市場狀況的變化導致MT產品的需求持續下降，MT業務無法產生足夠的收入來支撐其運營成本，因此在過去幾年給集團造成重大虧損，其中包括大量滯銷庫存撥備。因考慮到維持海外技術中心運作需要消耗大量現金，增加了集團的財務負擔，本集團在下半年度已努力處置與MT相關的資產，但未能成功要約。鑑於MT業務繼續處於虧損狀況及面對集成電路行業的激烈市場競爭下，董事會決定停止海外技術中心的運營，以減少日常開支。

因此，董事根據香港會計準則第36號對知識產權的賬面值進行減值審查。香港會計準則第36號將減值損失定義為資產或現金產生單位("CGU")的賬面價值超過其可收回金額的金額。maXTouch® 技術的知識產權的現金產生單位的可收回金額是根據使用價值計算確定的，該使用價值計算涵蓋了估計剩餘2年使用壽命的現金流量預測。鑑於技術中心關閉後，MT業務將不會產生可觀的收入，董事決定確定把MT業務直接相關的知識產權餘額(6.8百萬美元)沖銷。

###### (ii) 沖銷與MD業務有關的商譽(2.3百萬美元)及知識產權(1.2百萬美元)

另一方面，本集團於2017年收購的一家從事TDDI技術業務的非全資子公司Sentron Inc.，("Sentron")，該收購所產生的商譽(2.3百萬美元)及其知識產權(1.2百萬美元)於本年度全數沖銷。



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The Group with reference to a valuation report prepared by an independent professionally qualified valuer, at least on an annual basis, in assessing the impairment on the goodwill and related to intellectual properties allocated to the TDDI CGU. The recoverable amount of this TDDI CGU has been determined based on a value in use calculation using cash flow projections approved by management covering a five-year period and beyond that extrapolated with 2% growth rate and a pre-tax discount rate of 18%. The discount rate is estimated by using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to this CGU. In view of change of business plan of MD that will focus on other more profitable products using other technologies and low revenue generating from products using TDDI technology, the Directors have determined impairment of goodwill and intellectual properties in relation to Sentron is necessary.

Nevertheless, the Group will continue to explore more markets for the MD products.

#### Other Income and Gains – Net

Other income in 2019 totalled US\$4.1 million (2018: US\$4.6 million), comprising mainly government subsidies for the product R&D projects of the Group.

#### Finance Income – Net

The Group has invested in financial assets as part of its treasury management for interest and dividend income. During 2019, the Group recorded an interest income of US\$0.1 million (2018: US\$0.4 million) and a dividend income of US\$0.03 million (2018: US\$0.1 million).

The Group's financial assets at fair value through profit or loss ("FVTPL Portfolio") are stated at fair value. The fair value of the FVTPL Portfolio traded in active markets is based on quoted market prices as at the reporting date. The FVTPL Portfolio based on the mark-to-market prices as at 31 December 2019 recorded a net fair value gain of US\$0.5 million (2018: net fair value loss US\$0.7 million) on marketable and listed debt or equity securities. A net fair value loss of US\$0.5 million (2018: net fair value gain of US\$2.2 million) was recorded for a derivative instrument.

As a result, the Group recorded a net finance income of US\$1,000 (2018: US\$2.0 million) from treasury investment.

The Group has an internal treasury review team (the "Team") to execute treasury management policy, review the overall investment portfolio and monitor the performance on a regular basis to increase the yield of cash reserves. The Team conducts regular review teleconferences with individual external portfolio managers and holds internal review meetings to evaluate and monitor the investment performance.

本集團至少在每年委任獨立專業認可估值師編寫的估值報告來評估Sentron商譽和TDDI相關的知識產權的減值。TDDI CGU的可收回金額是根據使用價值的計算確定的，該價值使用了管理層批准的五年期現金流量預測，並推算了以2%的增長率和18%的稅前折現率去進行評估。該折現率反映當前市場對資產的時間價值和本CGU特定風險評估的稅前率。鑑於MD業務計劃的變化將專注其他技術用於更好利潤的產品上以及使用TDDI技術的產品收入下降，董事認為與Sentron有關的商譽和知識產權減值是必要的。

儘管如此，集團仍繼續為MD的相關產品尋找更多市場。

#### 其他收入及收益－淨額

2019年其他收入合共4.1百萬美元（2018：4.6百萬美元），主要為政府對本集團產品工程開發項目的資助。

#### 投資收入－淨額

本集團投資於財務資產作資金管理以獲取利息及股息收入。於2019年內，本集團錄得利息收入0.1百萬美元（2018：0.4百萬美元）及股息收入0.03百萬美元（2018：0.1百萬美元）。

本集團之通過損益反映公平價值的財務資產（「FVTPL投資組合」）按公平值列賬。FVTPL投資組合於活躍市場交易的財務資產之公平值乃基於結算日的市場報價。根據截至2019年12月31日的按市價計算的FVTPL投資組合錄得可買賣及上市之債務或股票證券公平值淨額收益0.5百萬美元（2018年：公平值淨額虧損0.7百萬美元）。一項衍生工具錄得公平值淨額虧損0.5百萬美元（2018年：公平值淨額收益2.2百萬美元）。

整體結果，本集團於財政庫務投資錄得投資淨收入1,000美元（2018：2.0百萬美元）。

本集團設有內部庫務審閱小組（「小組」），負責執行庫務管理政策、審閱整體投資組合及定期監察投資表現以提升現金儲備的回報率。該小組定期與外聘之投資組合管理經理進行電話會議及舉行內部審閱會議以檢討及監察投資表現。



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There is no FVTPL Portfolio maintained as at 31 December 2019 due to redemption of bonds and funds on maturity during the year. The Group will look for more investment opportunity and expects a stable stream of income to be sustained.

#### Net Profit and Loss

For the year ended 31 December 2019, the pretax loss was US\$28.2 million (2018: US\$13.8 million). The loss attributable to the equity holders of the Company was US\$27.3 million (2018: US\$13.7 million), mainly due to impairment of intellectual properties and goodwill.

#### Liquidity and Financial Resources

As at 31 December 2019, total cash and cash equivalents and bank deposits of the Group amounted to US\$18.1 million (2018: US\$13.4 million).

Regarding the use of cash reserves, the Group will continue to allocate funds for product development, securing production capacity, strengthening its infrastructure in Mainland China and Taiwan to broaden its customer base and capture market and sales opportunities, entering into strategic corporate ventures, and meeting general corporate operational purposes. As at 31 December 2019, the Group had no major borrowing other than the bank loan of US\$0.2 million in a Korean subsidiary. The Group's cash balance was mainly invested in various deposits in banks.

Most of the Group's trade receivables and payables are quoted in US dollars. The Group closely monitors the movement of foreign exchange rates and constantly seeks to obtain favorable exchange rates for conversion of US dollars into other currencies for paying local operating expenses. During the year under review, the Group did not use any derivative instruments to hedge against foreign currency exposure in operation as the Directors considered this exposure to be insignificant.

#### Capital Expenditure and Contingent Liabilities

In 2019, capital expenditure of the Group was US\$0.3 million (2018: US\$1.9 million).

As at 31 December 2019, capital expenditure contracted for but not yet incurred was approximately US\$0.2 million (2018: US\$14,000).

Aside from the aforesaid, the Group had no other material capital commitment or contingent liability.

由於於年內贖回債券及基金，截至2019年12月31日，沒有持有公允價值計量且其變動計入損益的投資組合。本集團將尋求更多投資機會，預期可以賺取穩定收入。

#### 盈虧淨額

截至2019年12月31日止年度之除稅前虧損為28.2百萬美元(2018: 13.8百萬美元)。本公司權益持有人截至2019年12月31日止年度應佔虧損為27.3百萬美元(2018: 13.7百萬美元)，主要由於知識產權和商譽減損所致。

#### 流動資金及財務資源

於2019年12月31日，本集團的現金及現金等價物和銀行存款總計為18.1百萬美元(2018: 13.4百萬美元)。

有關現金儲備的使用，本集團將繼續主要分配資源於產品開發、提升生產力、加強於中國大陸及台灣的基建以擴闊客戶基礎及把握市場及銷售商機、進行若干策略性企業投資、及配合一般公司營運用途。於2019年12月31日，除了韓國子公司的銀行貸款0.2百萬美元外，本集團並無任何主要借貸。本集團之現金餘額主要投資於各類銀行存款。

本集團的主要應收及應付款均以美元結算。本集團會密切監察外幣兌換率的變動，以確保能夠以有利的兌換率將美元兌換成其他貨幣，支付當地的營運開支。於回顧期內，由於董事認為本集團的外匯風險不高，因此本集團並無運用任何衍生工具以對沖其營運方面的外匯風險。

#### 資本開支及或然負債

於2019年，本集團的資本開支為0.3百萬美元(2018: 1.9百萬美元)。

於2019年12月31日，本集團已商定合約但未動用之資本開支約為0.2百萬美元(2018: 14,000美元)。

除前述之外，本集團概無其他重大資本承擔或或然負債。

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#### 業務回顧及展望

#### BUSINESS REVIEW AND OUTLOOK

In 2019, the Group recorded an increase in total shipments of around 4% year-on-year to approximately 308.7 million units and an increase in total sales of around 10% to approximately US\$108.3 million. The increase in shipments and sales was mainly attributable to the growth of the large display driver IC business. Our business market was generally stable, with revenue growths in some business segments.

Following the business direction in expanding the PMOLED series of products, the Group came to fruition in the reporting period by making a breakthrough in scientific research and pushing technological boundaries. The technology used in this cutting-edge product can be applied to much larger-sized displays, thus widening the range of applications and optimizing user experience in the ever-changing market. We believe that such innovative technology can be used to produce various types of products and system solutions applicable to different industries, satisfying the needs of the household and industrial application markets, thus bringing benefits and satisfactory return to the Group.

The establishment of Solomon Systech (China) Limited, which is located in Nanjing Jiangbei New Area, is part of the Group's key strategic plan to expand the Mainland China market. We have built strong affinity and maintain open communication with the local government, Nanjing Economic Development Administration and the industry, in an effort to understand the local business environment and the competitive advantages of a Hong Kong company that is exploring the Mainland China market, thus enabling us to adjust our business development strategies and seek for opportunities and partners at the right time. Currently, its product portfolio consists of mainly large display driver ICs. In the future, we will concentrate on expanding our business focus to cover areas such as research and development, design, sales and marketing. While attracting and cultivating local talents, it will also apply current technologies in Hong Kong to the business in Mainland China, thereby fostering the future development of the Group in Mainland China.

The Group's unit shipments by product types during the reporting period were as follows:

Units Shipped (million units)	付運量 (百萬元)	2019	2018	Change 變動
Advanced Display	先進顯示	134.9	184.4	-27%
Large Display	大型顯示	122.6	58.0	111%
Others	其他	51.2	53.4	-4%
<b>Total</b>	<b>總額</b>	<b>308.7</b>	<b>295.8</b>	<b>4%</b>

#### 業務回顧及展望

於2019年，本集團的總付運量按年上升4%至約308.7百萬元。總銷售額亦增長約10%至約108.3百萬元。付運量與銷售額的增長主要受惠於大型顯示驅動器IC業務增長。我們的業務市場整體大致穩定，部份業務亦錄得收入增長。

報告期內，本集團實踐業務方針，拓展PMOLED產品系列，成功突破科研技術及框架，最新產品所採用的技術能應用於面積更大的顯示屏幕上，拓闊應用範圍，在不斷求變的市場中優化用戶體驗。我們相信有關創新技術能配合行業生產不同類型的產品及系統方案，滿足家居及工業應用市場的需要，有效為集團帶來裨益及理想回報。

成立位處南京江北新區的晶門科技(中國)為集團發展中國內地市場的重要戰略佈局之一。我們一直與當地政府、南京市經濟發展局及業界組織，保持密切聯繫和良好互動，知己知彼，了解當地的營商環境及香港公司進軍內地市場的競爭優勢，從而調整業務發展策略，適時尋找機遇和合作夥伴。目前的產品以大型顯示驅動IC為主，未來計劃集中完善業務中心，涵蓋研發、設計、銷售及市場推廣等範疇，吸納及培育當地人才，運用香港目前的科技技術注入內地業務，藉此推動集團中國業務未來的發展。

在報告期內，本集團按產品類別劃分的付運量如下：

### BUSINESS REVIEW & OUTLOOK

#### 業務回顧及展望

##### Advanced Display

The advanced display (“AD”) products include PMOLED display, OLED lighting products and bistable products. In addition to standard ICs, the Group also provides customized IC design services, including analog, mixed-signal and high-voltage IC designs to cater for the specific needs of customers. With its strength in cutting-edge technologies and research capabilities, a number of internationally renowned brands have become the Group’s loyal customers, who placed orders with the Group for wearables and smart home appliances during the reporting period, representing a growth opportunity in customers’ demand for higher resolution gray scale displays as opposed to monochrome displays.

In 2019, the total unit shipments of AD products recorded a year-on-year decrease of more than 20% to approximately 134.9 million units. Although the Group’s PMOLED display driver IC business grew steadily in the first half of 2019, the overall sales of standard PMOLED display driver ICs of the Group was weakened due to the dwindling demand in some application markets in the second half of the year.

It is gratifying that our PMOLED display IC SSD7317, the first of its kind in the world, has won several awards since its launch in 2018. During the reporting period, it came second in the “Hong Kong Electronics Project Competition 2019” organized by the Hong Kong Institution of Engineers.

Benefiting from a surge in the demand for electronic shelf label and the business model of retail automation in target markets including Japan and the United States, the strong growth momentum of the bistable display IC business of the Group continued throughout the year. The Group’s newly developed products, the N-Color bistable color display IC which supports seven colors and the bistable color display panels in sizes ranging from 4 to 7 inches, have been put into mass production in 2019.

##### 先進顯示

先進顯示（「AD」）產品包括PMOLED顯示、OLED照明以及雙穩態產品。除了提供標準IC外，本集團亦提供訂制IC設計服務，包括模擬、混合訊號及高壓IC設計，以滿足客戶的特定需要。憑藉高端科研技術和雄厚實力，多家國際知名品牌屬集團的忠誠客戶，集團於報告期內取得相關品牌的可穿戴設備及智能家電的訂單，迎來客戶追求由單色轉為更高分辨率灰階的顯示的增長契機。

於2019年，AD產品的總付運量錄得約134.9百萬件，較去年同比錄得逾兩成跌幅。儘管本集團的PMOLED顯示驅動器IC業務在2019年上半年增長平穩，但由於下半年受壓於部份應用市場的需求下降，削弱集團旗下標準PMOLED顯示驅動器IC的整體銷情。

可喜的是世界上首項同類產品的PMOLED顯示IC SSD7317，於前年正式推出市場後屢獲殊榮，於報告期內獲膺香港工程師學會舉辦的「2019年香港電子項目比賽」亞軍。

受惠於電子貨架標籤的需求激增，以及目標市場包括日本及美國等地零售業務自動化的商業模式所帶動，本集團的雙穩態顯示器IC業務的強勁增長勢頭在年內持續。本集團最新開發可支持七種顏色的N-Color雙穩態彩色顯示器IC、支持4英寸至7英寸的吋雙穩態彩色顯示面板的產品，已於2019年開始量產。

### BUSINESS REVIEW & OUTLOOK

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#### Large Display

The Group's Large Display ("LD") products include large panel TFT LCD display driver ICs developed for TVs, monitors and other applications.

Since the establishment of the strategic Mainland China business and technology center in Nanjing, it has been delivering a strong growth for the Group's large-display driver IC business for two consecutive years. It demonstrated stellar performance by achieving a year-on-year increase of more than one fold in unit shipments to 122.6 million units in 2019 (2018: 58 million units).

The Group succeeded in significantly increasing its share of the 4K UHD TV and FHD monitor businesses in its customers in 2018, and started to ship the products supporting high-end 144Hz displays in bulk during the reporting period, resulting in a significant increase in the overall product shipments and sales. The Group also continued to collaborate with the fab in Chengdu to develop a point-to-point display driver IC, targeting the high-end 120Hz UHD TV and 8K TV markets.

The Group is committed to establishing an impeccable production supply chain in Mainland China, thereby enhancing the overall competitive advantage of its business and increasing its turnover and net profit margin. During the year, the business unit obtained the qualification as a display control driver integrated circuit engineering research center in Nanjing.

#### Others

Apart from AD and LD products, the Group also provides other products, including MD and MT products.

MD products can be used for smartphones and TFT LCD display driver ICs as well as MIPI bridge ICs which support virtual reality devices, test jigs and smart watches, etc. The Group's In-Cell TDDI IC for FHD+(1080 x 2160) LTPS panels and DDI IC for FHD (1080 x 1920) IGZO panels were well recognized by smartphone manufacturers in Mainland China, with mass production commencing in the second half of the year. The Group also received orders for MIPI bridge ICs, which have a range of applications such as baby monitors, automotive rear camera devices, test jigs, GPS devices and learning devices, etc.

The unit shipments of this category of products saw a slight increase of approximately 1% year-on-year to around 23.1 million units (2018: 22.8 million units).

During the reporting period, the MT business experienced restructuring so as to align with market direction. Nevertheless, the Group continued to sell MT technology-based products mainly for the applications in video games.

The unit shipments of MT products were approximately 28.1 million units (2018: 30.6 million units), more than 70% of which were related to video games.

#### 大型顯示

本集團的大型顯示 ("LD") 產品包括用於電視、顯示器及其他應用的大尺寸TFT LCD顯示驅動器IC。

自南京成立策略性中國大陸業務和科技中心後，連續兩年為集團大型顯示驅動器IC業務帶來強勁增長。2019年的付運量按年增長至122.6百萬件，增幅逾一倍（2018年：58百萬件），成績斐然。

繼前年本集團成功大幅增加其在客戶的4K超高清TV及全高清顯示器業務的份額，並於報告期內始將支援高端144Hz顯示屏的產品大批付運，因此帶來產品整體付運量及銷售額的顯著增幅。本集團亦繼續與成都的晶圓廠合作，開發針對高端120Hz超高清電視和8K電視市場的點對點顯示驅動器IC。

集團致力在中國大陸確立了完善的生產供應鏈，從而提升業務整體競爭優勢，提高營業額及淨利率。年來，業務單位取得南京市顯示驅動控制集成電路工程研究中心資格。

#### 其他

除AD和LD產品外，本集團亦有提供其他產品，包括MD及MT產品。

MD產品適用於智能手機及TFT LCD顯示驅動器IC；以及支援虛擬實境裝置、試驗裝置、智能手錶等的MIPI橋接IC。本集團用於FHD+(1080 x 2160)LTPS面板的In-Cell TDDI IC及FHD(1080 x 1920)IGZO面板的DDI IC獲國內智能手機客戶肯定，報告期內下半年順利放量。另外，集團也接獲MIPI橋接IC的訂單，該IC能應用於嬰兒監控器、汽車後置攝像頭設備、試驗裝置、GPS設備、學習裝置等範疇。

此類別產品的付運量按年輕微增長約1%至約23.1百萬件（2018年：22.8百萬件）。

報告期內MT業務進行架構重組，以符合市場方向。儘管如此，集團仍繼續銷售MT的相關技術產品，主要應用範疇為遊戲電玩。

MT產品的付運量約28.1百萬件（2018年：30.6百萬件），逾七成與遊戲電玩關聯。



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##### Outlook

###### Advanced Display

A key innovative product of the Group is the PMOLED display IC. This new product is planned to be put into trial production in the first half of 2020, with a view to bringing a promising market prospect and growth impetus to the Group. The Group will also continue to capitalize on the growth potentials of smart home appliances and AIoT with grayscale displays to drive business growth.

The Group's bistable display driver IC business, bolstered by the constant development in retail automation, is set to continue its strong growth momentum in 2020. In addition to current use in supermarket chains, the Group aims to extend the use of electronic labels progressively to various forms of commercial applications including retail stores, logistics and transportation, asset management, and medical products. The Group has also been taking initiatives to develop a new generation bistable color display IC that supports multiple colors, keeping abreast with the market trend and future development of e-paper displays, and ensuring that its technology stays at the forefront of the industry and stands out from its peers.

###### Large Display

Benefiting from Mainland China's domestic demand, the Group's TV and display businesses have been enjoying unwavering growth, and are ready to bring a robust surge in its large display driver IC business in 2020.

Looking ahead, the Group will continue its active search for more quality potential customers, with an aim of becoming one of the largest display chip suppliers in Mainland China. With the point-to-point display driver IC for the high-end 120 Hz UHD TV and 8K TV markets jointly developed with the new wafer fab in Chengdu, the Group will be able to take advantage of the market opportunities and increase its market share.

##### 展望

###### 先進顯示

本集團的關鍵創新產品PMOLED顯示IC，此新產品計劃於2020年上半年開始試產，冀為市場帶來憧憬，為集團注入增長動力。本集團亦將繼續利用配備灰階顯示器的智能家電及人工智能物聯網（「AIoT」）的增長潛力推動業務發展。

受上述零售自動化的持續發展所帶動，本集團的雙穩態顯示驅動器IC業務將於2020年繼續保持強勁的增長勢頭。現時電子標籤除應用於連鎖超級市場外，目標是陸續在零售商店、物流運輸、資產管理及醫療產品等商業用途上作不同形式的廣泛應用。本集團亦積極開發新一代可支持多種顏色的雙穩態彩色顯示器IC，貼近電子紙顯示器的市場趨勢和追上未來發展步伐，確保能技術走在前瞻，傲視同儕。

###### 大型顯示

受惠於中國大陸內銷需求，電視機及顯示屏業務穩步攀升，為本集團的大型顯示驅動器IC業務在2020年錄得強勁增長。

未來，本集團仍會奮力發掘更多優質的潛在客戶，目標成為國內最主要的顯示芯片供應商之一。聯同在成都的新晶圓廠共同開發、用於高端120Hz 超高清電視和8K電視市場的點對點顯示驅動器IC，預計今年的市場份額將會上升，有利抓緊市場機遇。

Technology Helps Us Connect  
科技使我倆連繫





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##### Others

The Group's MD products are expected to continue their involvement in generating revenue for the Company in 2020. In addition to strengthening its existing businesses, the Group will also expand the market and grow its customer base, extending the applications of its In-Cell TDDI IC, DDI IC and MIPI bridge IC to areas including smartphones, smart watches and public information displays. To lay a solid foundation for future development, the Group will increase its efforts in creating value for its customers, by participating in more projects that are tailor-made for the customers, developing key customers and cultivating a win-win relationship that will help achieve the Group's long-term development objectives.

The Group's MT products have also been incorporated by internationally renowned brands of video games in their designs and orders are scheduled to be delivered in 2020.

##### Product Development

In 2019, the Group spent approximately US\$24.7 million on R&D, representing about 46% of total expenses and 22.8% of total revenue for the year.

The Group's product R&D engineering teams possess domain expertise in various areas, spanning from design of high-speed serial master bridges, In-Cell and On-Cell touch controller ICs and OLED lighting driver ICs, to display drivers for various panel technologies such as amorphous silicon TFT, metal-oxide TFT, LTPS, POLED, AMOLED, PMOLED and AMEPD. This wide array of critical knowhow enables us to drive sales growth in response to fulfilling market needs promptly and maintaining our competitive edges.

##### IP Development

The IPs that have been developed or were under development during 2019 included, among others, high dynamic electric current source for Micro-LED and Mini-LED backlight technology for 2D local dimming; capless high voltage regulator for ePaper; multi-line addressing scheme for PMOLED; hybrid on-cell and in-cell touch control technology for PMOLED; USI-T high-speed interface and panel fan-out compensation for large display.

During the year, the Group has been granted 17 patents, almost doubling the figure for last year, and filed 8 patents covering various display designs and application areas. With the competitive advantage of over 600 patents, the Group plans to enrich and extend its intellectual property portfolio by allocating more resources in patent application, with an objective to create synergies and enhance growth efficiency.

##### 其他

預期本集團的MD產品將於2020年繼續為公司帶來進賬。除致力加固原有業務，爭取更多訂單外，同時也會開拓市場和客源，促進其內嵌式TDDI IC、DDI IC及MIPI橋接IC的應用範圍。有關重點開拓的領域包括：智能手機、智能手錶及公共資訊顯示器。為未來奠定良好的基礎，集團會加大力度為客戶創造價值，參與更多為客戶度身訂造的項目，培養重點客戶，建立長遠雙贏關係，以助達成集團長遠發展目標。

MT產品亦獲國際知名遊戲機品牌設計採用，計劃於2020年付運。

##### 產品開發

在2019年，本集團於研發方面支出約為24.7百萬美元，約佔年度總開支的46%及銷售額的22.8%。

本集團的產品研發團隊具備多個範疇的專業知識，包括高速串列主橋、In-Cell和On-Cell觸摸屏控制器IC以及OLED照明驅動器IC的設計，以至各種面板技術，如非晶矽TFT、金屬氧化物TFT、LTPS、POLED、AMOLED、PMOLED和AMEPD所需的顯示驅動器。此等範圍廣泛的重要專業知識使我們能快速應對市場需要，維持競爭優勢，從而有效帶動銷售增長。

##### 知識產權開發

2019年已開發或開發中的知識產權，其中包括應用在微發光二極體顯示器的高動態範圍電流源及2維局部調光次毫米發光二極體顯示器背光技術；電子紙的無電容高電壓調節器；PMOLED的多路尋址方案、PMOLED的內嵌式及外掛式混合觸感技術；應用在大屏幕顯示器的USI-T高速傳輸介面，以及面板信號通道扇出補償電路。

年內，本集團成功取得17項專利，較去年增長近倍，並已遞交8項專利申請，涉及各種顯示器設計和應用領域。本集團另一項競爭優勢是擁有超過600項專利，同時撥備資源申請專利，豐富及延伸旗下知識產權組合，旨為業務帶來協同效應及增長效益。



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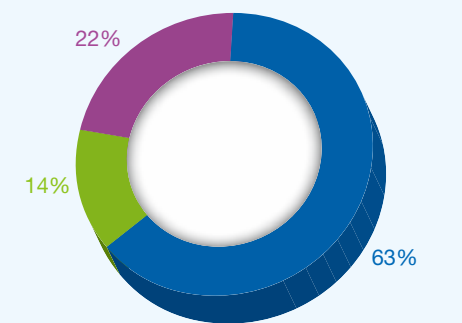
#### Employees

As of 31 December 2019, the Group had a total workforce of 284 employees<sup>1</sup>. Of the total workforce, around 41% were based in Hong Kong head office with the rest located in Mainland China, Japan, Korea, and Taiwan.

#### 員工

於2019年12月31日，本集團共有284名員工<sup>1</sup>。整體員工中約41%駐香港總辦事處，其餘員工分別駐中國大陸、日本、韓國及台灣。

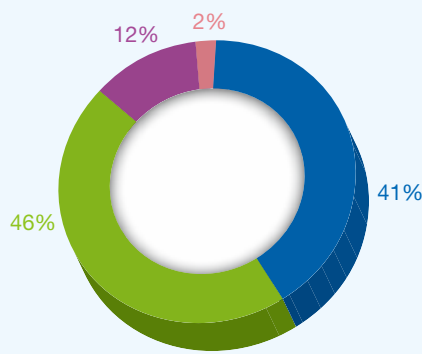
#### FUNCTION 職能



- Product Development (產品開發)
- Quality and Manufacturing (品質管制及製造)
- Others (其他)

- 221 technical engineering staff (221名技術工程師)
- 284 staff worldwide as at 31 December 2019 (於2019年12月31日，全球聘有共284名員工)

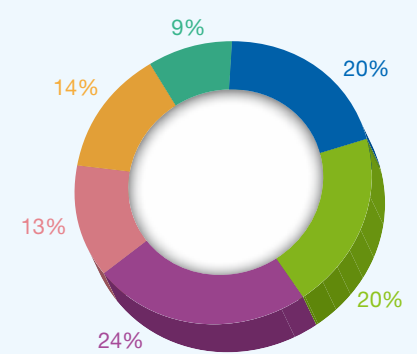
#### EDUCATION 教育程度



- Master's Degree & above (碩士學位或以上)
- Bachelor's Degree (學士學位)
- Diploma/Certificate (文憑/證書)
- Others (其他)

- 41% Master's Degree or above (41%持碩士或以上學位)
- 87% Bachelor's Degree or above (87%持學士或以上學位)

#### EXPERIENCE 經驗



- >20 years (>20年)
- 16-20 years (16-20年)
- 11-15 years (11-15年)
- 6-10 years (6-10年)
- 1-5 years (1-5年)
- <1 year (<1年)

- Employees with an average of about 14 years of working experience (員工平均擁有約14年工作經驗)

About 87% of the Group's employees hold a bachelor's degree or above, and around 41% have earned a master's degree or higher academic qualifications. The Group's emphasis on R&D is also reflected in the composition of our workforce, as 63% are engineers who specialize in product design and development. The entire team has, on average, around 14 years of working experience.

本集團約87%員工擁有學士學位或以上學歷，約41%持碩士學位或以上學歷。本集團著重工程開發的文化亦反映在員工組合之中，63%的員工為專注產品設計及開發的工程師。整體員工平均擁有約14年工作經驗。

Note<sup>1</sup>: Data excludes the manufacturing subsidiary  
註<sup>1</sup>: 數據不包括負責生產之附屬公司



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##### Training & Development

At Solomon Systech, we strive to cultivate a culture of “Continuous Learning”, and to inspire, encourage and develop our staff. In 2019, the Group dedicated a total of over 3,712 man-hours<sup>2</sup> to training and development, covering industrial and technical training, and others including corporate governance, internal controls, etc. Apart from in-house training, the Group has also encouraged and sponsored employees to take external job-related courses.

##### Employee's Well-being

We invest in the health, safety, and wellness of our employees as we care about their well-being. Apart from providing a safe working environment and health insurance covering medical, disability, accidental and life benefits to eligible employees. In 2019, the Group organized a range of activities for employees to help them strike a healthy work-life balance and promote team building. The Group also arranged leisure activities inviting our employees to participate together with their family members.

##### Remuneration and Awards

The Group believes in motivating, retaining and rewarding employees and attracting new talent with the right incentives, in order to facilitate the alignment of their interests with the Company. NPI First Order Awards were granted to project teams in appreciation of the order winning on our new products. The Group also offers cash reward schemes including KPI Incentive for recognizing the attainment of annual KPI on both the team and individual levels, and ES1 MP Award for new products which garner design wins for mass production with the first sample ready. Patent Awards are in place to encourage and reward technological innovation. The Group also offers long service awards to reward employees of long standing.

##### Corporate Social Responsibility

The Group has a strong sense of commitment to fulfilling its corporate social responsibility and ensures that it becomes part of the daily operations of the Group. The Group's ESG working committee has monitored the Group's performance in the areas of employees, the marketplace, the environment and the community during 2019 for preparation of an ESG Report. The Group's ESG Report for 2019 will be published on the Company's website at [www.solomon-systech.com](http://www.solomon-systech.com).

##### 培訓及發展

本集團建立了「持續進修」的文化，並啟發、鼓勵和加強員工的發展。2019年，本集團投入共超過3,712小時<sup>2</sup>於培訓及發展，涵蓋行業及技術培訓，以及其他包括企業管治及內部監控等多個範疇。除內部培訓外，本集團亦讓員工報讀職外與職業相關的課程，並提供資助。

##### 員工福祉

我們十分關注員工的福祉，因此投入資源於員工的健康、安全及福利。除提供安全的工作環境及涵蓋醫療、傷殘、意外和人壽保障的健康保險外，亦幫助我們的員工取得健康的工作與生活平衡，促進團隊精神。於2019年，集團為員工安排了一系列活動，幫助員工實踐上述目標。同時亦安排了休閒活動，邀請員工與家人一同參與。

##### 酬金及獎勵

本集團相信適當的獎勵計劃可以獎勵、挽留及鼓勵員工，並吸納新的人才，更令員工的利益與公司的利益連成一線。本集團頒發「NPI首張訂單獎」予項目團隊，以表彰我們新產品的訂單獲勝。本集團亦提供包括KPI獎勵計劃，以確認團隊及個人層面達到年度KPI，及於新產品首個樣本便成功得訂單達致批量生產的「ES1量產獎勵計劃」的現金獎勵計劃。「專利權獎」的設置為了鼓勵及獎賞員工創新不倦。本集團亦頒發長期服務獎以嘉許服務多年的員工。

##### 企業社會責任

本集團一直致力履行企業社會責任，並確保其成為日常營運的一部份。本集團的ESG工作委員會監察本集團於2019年在員工、市場、環境及社區等範疇的表現以準備ESG報告。本集團2019年的ESG報告將於本公司網站 [www.solomon-systech.com](http://www.solomon-systech.com) 公佈。

Note<sup>2</sup>: Data excludes the manufacturing subsidiary  
註<sup>2</sup>: 數據不包括負責生產之附屬公司

### BUSINESS REVIEW & OUTLOOK

#### 業務回顧及展望

#### Events after the Reporting Year

Since the outbreak of the COVID-19 epidemic (the “Epidemic”) across the Mainland China in January 2020, various emergency public health measures have been imposed by the government of the Mainland China across multiple provinces and municipalities in the Mainland China to curb the spread of the Epidemic, including imposing restriction on the resumption date of work after the Chinese New Year holidays. Our employees in Mainland China also resumed work in an orderly manner according to the local government authorities’ guidelines.

In view of the Group and its subsidiaries are fabless semiconductor companies, we rely on our supply chain partners whose production base in the Mainland China to fulfil our sales order. However, due to the suspension or limited service of transportation facilities in various cities in the Mainland China to prevent the spread of Coronavirus, our business partners were unable to resume work as planned. As a result, the Group experienced delay in shipment which would directly affect our overall revenue in the first quarter of 2020. Under such special circumstances, the Group used its best endeavours to liaise with both customers and suppliers to closely follow up the delivery schedule to minimize any negative economic impact on its business.

The Board is of the view that the delay in resumption of operation in the Mainland China as abovementioned has only had a temporary impact on the Group’s overall productivity. We implemented contingency plan to secure normal operation of our supply chain so as to satisfy customers’ needs.

While keeping health and safety of the Group’s employees as the top priority, the Board will continue to monitor the development of the Epidemic, assess the potential risks and impact that it may have on the Group’s operation.

Up to the date on which these consolidated financial statements are issued, the Group is still in the process of assessing the impacts of the Epidemic on the financial performance and position of the Group and is currently unable to estimate the quantitative impacts to the Group. The management of the Group will pay close attention to the development of the Epidemic and perform further assessment of its financial impact.

The Epidemic is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2019.

#### 報告年度後事件

自2020年1月新型冠狀病毒疫症(「疫症」)於中國大陸爆發以來，中國大陸政府已在中國大陸多個省市採取各項緊急公共衛生措施以遏制疫症蔓延，包括對農曆新年假期後的復工日期實施限制。我們的中國大陸僱員亦根據地方政府機關的指引有序復工。

鑒於本集團及其附屬公司為無晶圓廠半導體公司，我們依賴生產基地位於中國大陸的供應鏈夥伴履行銷售訂單。然而，為防止冠狀病毒擴散，中國多個城市的運輸設施暫停服務或提供有限服務，因此我們的業務夥伴未能按計劃復工。因此，本集團發貨亦出現延誤，並將直接影響於2020年第一季度的整體銷售額。在此特殊狀況下，本集團竭力與客戶及供應商聯絡，密切跟進付貨時間表，以使對業務的負面經濟影響減至最低。

董事會認為，如前所述，中國大陸延遲復工對本集團整體生產力僅有短暫影響。我們已實施應急計劃以確保供應鏈正常運作，以滿足客戶的需求。

董事會將本集團僱員的健康及安全放於首位，同時將繼續監控疫症的發展，並評估此事對本集團的營運可能會構成的潛在風險及影響。

截至本綜合財務報表發佈之日，本集團仍在評估疫症對本集團財務業績和狀況的影響，目前尚無法量化估計對本集團的影響。本集團管理層將密切關注疫症的發展，並對其財務影響進行進一步評估。

疫症是在財政年結日後的非調整性事件，因此不會對截至2019年12月31日止年度之綜合財務報表作出任何調整。



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# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## 董事會及高級管理層

### Chairman

#### Mr. MA Yuchuan, aged 55

- Chairman of the Board: since May 2019
- Non-executive Director
- Appointed to the Board: 2018
- Member of the Nomination Committee and Investment Committee

#### Skills and experience:

- Graduated from Zhejiang University with a bachelor's degree in semiconductor physics and devices
- Extensive experience in semiconductor industry

#### Current appointments include:

- Director of Shanghai Belling Co., Ltd. and Nanjing Micro One Electronics Inc.
- Vice general manager of Huada

#### Former appointments include:

- Held various positions in CEC: division chief of project division of business management department, division chief of integrated circuit & components division of corporate development department, vice general manager of integrated circuit business group and deputy general manager of planning, science & technology department
- Director of China Electronics Huada Technology Company Limited (HKSE: 0085), Hua Hong Semiconductor Limited (HKSE: 1347), CEC Huahong International Co. Ltd., Shanghai Huahong (Group) Co., Ltd. and Chengdu Sino Microelectronics Technology Co., Ltd.

### 主席

#### 馬玉川先生，55歲

- 董事會主席：自2019年5月起
- 非執行董事
- 獲委任為董事：2018年
- 提名委員會委員及投資委員會委員

#### 才能及經驗：

- 畢業於浙江大學，獲半導體物理及器件學士學位
- 具有豐富半導體行業經驗

#### 現任職位包括：

- 上海貝嶺股份有限公司及南京微盟電子有限公司董事
- 華大副總經理

#### 曾任職位包括：

- 於中國電子擔任多項不同職務：業務管理部項目處處長、企業發展部集成電路及元器件處處長、集成電路事業組副總經理及規劃科技部副總經理
- 中國電子華大科技有限公司(香港股份代號：0085)、華虹半導體有限公司(香港股份編號：1347)、中電華虹國際有限公司、上海華虹(集團)有限公司及成都華微電子科技有限公司董事



# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## 董事會及高級管理層

### Executive Directors

#### Mr. WANG Wah Chi, Raymond, aged 53

- CEO: since January 2020
- Acting CEO: since March 2019
- Executive Director: since March 2019
- Chairman of the Investment Committee
- Authorized Representative of the Company pursuant to Rule 3.05 of the Listing Rules
- Director of a number of subsidiaries of the Group

Saved as disclosed in this Annual Report, Mr. Wang Wah Chi, Raymond did not hold any directorships in the companies of which the shares are listed on the Stock Exchange or overseas in the last three years.

#### Skills and experience:

- Graduated from the City University of Hong Kong with a bachelor's degree in electronic engineering
- Received a master of business administration degree from the Victoria University of Wellington and a master of arts degree from the Chinese University of Hong Kong
- A chartered engineer with over 30 years' experience in the semiconductor industry

#### Former appointments include:

- Corporate VP and Head of Advanced Display Business
- Held senior management position in Motorola Inc and worked in Hong Kong, the United States of America and Canada
- Asia Pacific Head of RFWaves Ltd. in Israel

#### Mr. LO Wai Ming, aged 57

- Executive Director
- Appointed to the Board: 2016
- Member of the Investment Committee

Other than the Company, Mr. Lo did not hold any directorships in the companies of which the shares are listed on the Stock Exchange or overseas in the last three years.

#### Skills and experience:

- Member of the Hong Kong Institute of Engineers
- Holds a master of science degree in electronic engineering from The Hong Kong Polytechnic University, and a master of science degree in energy and environmental sustainability from The Open University of Hong Kong
- With over 30 years of working experience in the electronics industry in managing global business operations including product engineering, product applications, business and market development

#### Current appointments include:

- Corporate VP and Head of Large Display Business
- Director of Kitronix Limited and Director of a number of subsidiaries of the Group

#### Former appointments include:

- Executive Director of the Company from 2004 to 2010
- Founding employee and Business Operations Director
- Operations manager of Motorola Semiconductors Hong Kong Limited

### 執行董事

#### 王華志先生，53歲

- 行政總裁：自2020年1月起
- 署理行政總裁：自2019年3月起
- 執行董事：自2019年3月起
- 投資委員會委員主席
- 依據上市規則第3.05條本公司所委任之授權代表
- 本集團多家全資附屬公司的董事

除本年報所披露外，王先生於過往三年並無在於聯交所或海外上市的公司中擔任任何董事職務。

#### 才能及經驗：

- 畢業於香港城市大學，持有電子工程學士學位
- 獲紐西蘭威靈頓維多利亞大學頒發工商管理碩士學位及香港中文大學頒發文學碩士學位
- 特許工程師，在半導體及電子行業擁有超過30年豐富的經驗

#### 曾任職位包括：

- 集團副總裁及先進顯示事業中心主管
- 於摩托羅拉擔任高級管理職務，並於香港、美利堅合眾國及加拿大工作
- 於以色列出任RFWaves Ltd.亞太區主管

#### 盧偉明先生，57歲

- 執行董事
- 獲委任為董事：2016年
- 投資委員會委員

除本公司外，盧先生於過往三年並無在於聯交所或海外上市的公司中擔任任何董事職務

#### 才能及經驗：

- 香港工程師學會會員
- 於香港理工大學取得電子工程碩士學位；並於香港公開大學取得科學能源和環境可持續發展碩士學位
- 在電子行業擁有超過30年管理全球業務營運的經驗，包括產品工程、產品應用、業務及市場開發

#### 現任職位包括：

- 集團副總裁及大型顯示業務主管
- 本集團聯營公司奇創力有限公司的董事；以及本集團多家附屬公司的董事

#### 曾任職位包括：

- 於2004至2010年期間任本公司執行董事
- 始創員工及業務營運總監
- 萬力半導體香港有限公司營運經理

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## 董事會及高級管理層

### Non-executive Directors

#### Dr. LI Jun, aged 44

- Non-executive Director
- Appointed to the Board: 2014
- Member of the Investment Committee

#### Skills and experience:

- Graduated from Wu Han University with a doctoral degree in photogrammetry and remote sensing
- With over 10 years of working experience, spanning government industrial planning, enterprise strategy, informatization planning and science & technology management
- Directed the writing of Development and Application of China's Strategic Emerging Industries, Development and Management Practice of China's Strategic Emerging Industries, Investment & Financing and M&A Strategies of China's Strategic Emerging Industries, and Development and Application of China's Cloud Computing Industry

#### Current appointments include:

- General manager, department of planning, science & technology of CEC
- Non-executive director of TPV Technology Limited (HKSE: 0903) and China Greatwall Technology Group Co., Ltd. (SSE: 000066)

#### Former appointments include:

- President and executive director of CCID Consulting Company Limited (HKSE: 8235)
- Deputy chief engineer of China Center for Information Industry Development, the think tank under the Ministry of Industry and Information Technology

#### Mr. YU Jian, aged 43

- Non-executive Director
- Appointed to the Board: since June 2019
- Member of the Audit Committee and Remuneration Committee

#### Skills and experience:

- Graduated from East China Normal University with a master's degree in economy and is a certified public accountant
- Extensive experience in semiconductor industry

#### Current appointments include:

- Executive director of China Electronics Huada Technology Company Limited (HKSE: 0085)
- Supervisor of Shanghai Belling Co., Limited
- Chief financial officer of Huada Semiconductors Co. Limited

#### Former appointments include:

- Financial department manager and chief financial officer assistant of Shanghai Citic-Jiading Industrial Co., Limited
- Financial department manager and general manager assistant of Shanghai Datang Mobile Communications Equipment Co., Limited
- Chief financial officer and vice president of Shanghai Pudong Software Park Co., Limited

### 非執行董事

#### 李峻博士，44歲

- 非執行董事
- 獲委任為董事：2014年
- 投資委員會委員

#### 才能及經驗：

- 畢業於武漢大學，獲攝影測量與遙感博士學位
- 超過十年的政府產業規劃、企業戰略、信息化規劃及科技管理經驗
- 主持撰寫了《中國戰略性新興產業發展及應用實踐》、《中國戰略性新興產業發展及管理實踐》、《中國戰略性新興產業投融資及併購戰略》及《中國雲計算產業發展及應用實踐》

#### 現任職位包括：

- 中國電子規劃科技部主任
- 冠捷科技有限公司(香港股份編號：0903)及中國長城科技集團股份有限公司(上海證券股份代碼：000066)的非執行董事

#### 曾任職位包括：

- 賽迪顧問股份有限公司(香港股份編號：8235)總裁及執行董事
- 工業和資訊化部中國電子信息產業發展研究院(為工業和信息化部所監察之智囊團)副總工程師

#### 虞儉先生，43歲

- 非執行董事
- 獲委任為董事：自2019年6月起
- 審核委員會及薪酬委員會委員

#### 才能及經驗：

- 畢業於華東師範大學，擁有經濟學碩士學位，是一名註冊會計師
- 具有豐富半導體行業經驗

#### 現任職位包括：

- 中國電子華大科技有限公司(香港股份編號：0085)執行董事
- 上海貝嶺股份有限公司監事
- 華大半導體有限公司的首席財務官

#### 曾任職位包括：

- 國嘉實業股份有限公司財務部經理及首席財務官助理
- 上海大唐移動通信設備有限公司財務部經理及總經理助理
- 上海浦東軟件園股份有限公司首席財務官以及副總裁

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## 董事會及高級管理層

### Independent Non-executive Directors

#### Mr. LEUNG Heung Ying, aged 56

- Independent Non-executive Director
- Appointed to the Board: 2014
- Chairman of the Audit Committee
- Member of the Remuneration Committee, Nomination Committee and Investment Committee

#### Skills and experience:

- Received a bachelor's degree from the University of Bradford, United Kingdom, a master's degree from London School of Economics and Political Science of University of London, United Kingdom and a bachelor's degree in Chinese Laws from Peking University, the PRC
- Fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants, as well as committee member of Hong Kong Securities Professionals Association

#### Current appointments include:

- Managing director and founder of Proton Capital Limited
- Member of the Public Affairs Forum of the HKSAR Government
- Committee member of the Political Consultative Committee of Wu Hua County of Guangdong Province

#### Former appointments include:

- Member to the Listing Committee of Stock Exchange (2010-2016)
- Executive director of Harmonic Strait Financial Holdings Limited (HKSE: 0033)
- Independent non-executive director of Creative Energy Solutions Holdings Limited (HKSE: 8109)
- Member of the Hong Kong Institute of Certified Public Accountants Corporate Finance Committee, the Expert Panel on Listing and the Advisory Committee on Listing and Takeover Regulations
- Arbitrator of the Panel of Arbitrators of China International Economic and Trade Arbitration Commission

### 獨立非執行董事

#### 梁享英先生，56歲

- 獨立非執行董事
- 獲委任為董事：2014
- 審核委員會主席
- 薪酬委員會、提名委員會及投資委員會委員

#### 才能及經驗：

- 於英國百拉福大學取得學士學位，英國倫敦大學倫敦經濟及政治學院之碩士學位，及中國北京大學之中國法律學士學位
- 英格蘭及威爾斯特許會計師公會及香港會計師公會之資深會員，以及香港證券學會的委員

#### 現任職位包括：

- 普頓資本有限公司董事總經理及創辦人
- 香港特別行政區政府公共事務論壇成員
- 廣東省五華縣政協委員

#### 曾任職位包括：

- 聯交所上市委員會成員(2010-2016)
- 和協海峽金融集團有限公司(香港股份編號：0033)執行董事
- 科瑞控股有限公司(香港股份編號：8109)獨立非執行董事
- 香港會計師公會企業融資委員會、香港上市專家評審委員會及香港上市及收購條例諮詢委員會成員
- 中國國際經濟貿易仲裁委員會國際(涉外)爭議仲裁員



# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## 董事會及高級管理層

### Mr. SHEU Wei Fu, age 50

- Independent Non-executive Director
- Appointed to the Board: 2014
- Chairman of the Remuneration Committee
- Member of the Nomination Committee

Other than the Company, Mr. Sheu did not hold any directorships in the companies of which the shares are listed on the Stock Exchange or overseas in the last three years.

### Skills and experience:

- Received a bachelor's degree in business/managerial economics from the University of California, San Diego
- With over 18 years of high technology industry experience focusing on strategy, business development and supply chain integration for original development manufacturers and original equipment manufacturers

### Current appointments include:

- Special Assistant to the Chairman & CEO (Strategy & Planning) of Quanta Computer Inc.

### Former appointments include:

- Alternate director to Dr. Lam Pak Lee, a non-executive director of the Company who retired from the Board at the conclusion of the Annual General Meeting held in May 2014

### Mr. YIU Tin Chong, Joseph, aged 70

- Independent Non-executive Director
- Appointed to the Board: 2011
- Chairman of the Nomination Committee
- Member of the Audit Committee, Investment Committee and Remuneration Committee

Other than the Company, Mr. Yiu did not hold any directorships in the companies of which the shares are listed on the Stock Exchange or overseas in the last three years

### Skills and experience:

- Received a master's degree in electrical engineering, computer science and business administration, respectively
- With rich work experience covering automotive electronics, computer systems, wireless communication and semiconductor products, and for both technical and corporate management fields

### Former appointments include:

- Chairman emeritus of Freescale Semiconductor (Hong Kong) Ltd ("FSHKL") and advisor to FSHKL on regional business strategy, government affairs and corporate governance
- Corporate vice president of Motorola Group and general manager of Motorola Semiconductors Hong Kong Limited

### 許維夫先生，50歲

- 獨立非執行董事
- 獲委任為董事：2014年
- 薪酬委員會主席
- 提名委員會委員

除本公司外，許先生於過往三年並無在於聯交所或海外上市的公司中擔任任何董事職務。

### 才能及經驗：

- 於加州大學聖地牙哥分校取得商業管理經濟學理學士學位
- 擁有超過18年高科技行業專業經驗，專注於策略、業務開發及專為原始發展生產商與原始機器生產商整合其供應鏈

### 現任職位包括：

- 廣達電腦股份有限公司主席及行政總裁之特別助理(策略與規劃)

### 曾任職位包括：

- 曾擔任已於2014年5月舉行的本公司的股東週年大會完結時告退的非執行董事林百里博士之替代董事

### 姚天從先生，70歲

- 獨立非執行董事
- 獲委任為董事：2011年
- 提名委員會主席
- 審核委員會、投資委員會及薪酬委員會委員

除本公司外，姚先生於過往三年並無在於聯交所或海外上市的公司中擔任任何董事職務

### 才能及經驗：

- 分別獲頒電子工程、電腦科學及商學碩士
- 具廣泛工作經驗，涵蓋汽車電子、計算機系統、無線通訊及半導體產品等領域，以及技術研發及企業管理層面

### 曾任職位包括：

- 飛思卡爾半導體(香港)有限公司(「飛思卡爾香港」)榮譽主席，就區域業務拓展策略、政府關係及企業管治等多方面提供諮詢服務
- 摩托羅拉集團副總裁及萬力半導體香港有限公司總經理

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## 董事會及高級管理層

### Founder and Chairman Emeritus

**Dr. LEUNG Kwong Wai, JP**, aged 63, is the Founder and Chairman Emeritus of the Group.

### Company Secretary

**Ms. POON Kim Hung, Shirley**, aged 51, Finance Director. Ms. Poon joined Solomon Systech Limited in 2019. She is currently acting as the Company Secretary and the Authorized Representative of the Company pursuant to Rule 3.05 of the Listing Rules and is also a director of various wholly-owned subsidiaries of the Group. Ms. Poon has extensive experiences in auditing, accounting, financing and company secretarial work. Prior to joining the Company, Ms. Poon served as chief financial officer of a listed company in Hong Kong.

### Senior Management

**Mr. WANG Wah Chi, Raymond**

(please refer to Executive Director on p.28)

**Mr. LO Wai Ming**

(please refer to Executive Director on p.28)

**Ms. POON Kim Hung, Shirley**

(please refer to Company Secretary on this page)

**Dr. WU Wenchi**, aged 51, Vice President, Design Engineering. Dr. Wu joined Solomon Systech Limited in 2017. Prior to joining the company, Dr Wu was assistant general manager of Socle Technology Corporation. Dr. Wu holds a doctorate degree in electrical engineering from the National Central University in Taiwan.

**Ms. LO Oi Yee, Mabel**, aged 55, Human Resources Director. Ms. Lo joined Solomon Systech Limited in 2000 as Human Resources Manager.

**Mr. WONG Ka Kei**, aged 54, Planning & Customer Services Director. Mr. Wong joined Solomon Systech Limited in 2005 as Business Process Solutions Manager.

**Mr. PANG Tat Kwong**, age 55, Quality & Manufacturing Director. Mr. Pang joined Solomon Systech Limited in 2019.

### Changes in Information of Directors

Pursuant to the disclosure requirement under Rule 13.51B(1) of the Listing Rules, changes in information of Directors of our Company subsequent to the date of the Company's 2019 Interim Report are as follows:

- Mr. Ma Yuchuan ceased to be a director of CEC Huada International Co., Ltd. in January 2020.

### 永久榮譽主席

梁廣偉博士，太平紳士，63歲，本集團永久榮譽主席。

### 公司秘書

潘儉虹女士，51歲，為集團財務總監。潘女士於2019年加入晶門科技有限公司。她目前兼任本公司的公司秘書職務及為依據上市規則第3.05條本公司所委任之授權代表，亦為多家集團全資附屬公司的董事。潘女士在審計、會計、財務和公司秘書方面擁有豐富的經驗。在加入本公司之前，潘女士曾任一家香港上市公司首席財務官。

### 高級管理人員

王華志先生

(請參閱第28頁執行董事一節)

盧偉明先生

(請參閱第28頁執行董事一節)

潘儉虹女士

(請參閱本頁公司秘書一節)

吳文琦博士，51歲，副總裁 – 設計工程。吳博士於2017年加入晶門科技有限公司。加入公司前，吳博士為虹晶科技股份有限公司協理。吳博士擁有台灣國立中央大學電機工程博士學位。

盧愛兒女士，55歲，人力資源總監。盧女士於2000年加入晶門科技有限公司出任人力資源經理。

黃家驥先生，54歲，策劃及客戶服務總監。黃先生於2005年加入晶門科技有限公司出任業務流程經理。

彭達光先生，55歲，品質及製造總監。彭先生於2019年加入晶門科技有限公司。

### 董事資料變更

根據聯交所上市規則第13.51B(1)條的資料披露規定，於本公司2019年中期報告日期後之本公司董事資料的變更如下：

- 馬玉川先生於2020年1月停任中電華大國際有限公司董事。

### Corporate governance practices

The Board of Directors and the management of the Group are committed to achieving and maintaining high standards of corporate governance and continuously improve these standards, which the Group considers as critical in safeguarding the integrity of its business operations and maintaining investors' trust in the Company, and good corporate governance is indispensable for long-term business success and sustainable performance of the Group. The management also actively and constantly observes the latest corporate governance developments in Hong Kong and overseas, particularly those in UK and USA.

The Company has adopted and applied the corporate governance principles that emphasize a quality board, effective internal controls, stringent disclosure practices, transparency and accountability. The Company has complied with all the applicable Code Provisions in the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2019. To maintain high standards of corporate governance, the Company has adopted the recommended best practices in the Code where appropriate. In addition, the Company is committed to continuously improving these practices and inculcating an ethical corporate culture.

### Directors' securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for Directors' securities transactions. All the Directors have confirmed their compliance with the required standards set out in the Model Code during the year ended 31 December 2019. Regarding the shares held by the Directors, the details are listed in the "Report of the Directors" from pages 53 to 65 of this Annual Report. Pursuant to the Code Provision A.6.4, the Company established its own written guidelines on no less exacting terms than the Model Code for Directors and relevant employees who are likely to be in possession of unpublished inside information in respect of their dealings in the securities of the Company. All Directors and relevant employees conformed to the Group's own guidelines throughout the year 2019.

### 企業管治常規

本集團的董事會及管理層承諾達到及保持高水平的企業管治，以及不斷優化該等水平，這也是維護本集團業務營運的誠信和提高投資者對本公司信心的關鍵因素，而良好的企業管治是達致本集團長期業務成功不可或缺的一環。管理層亦主動和經常地留意香港與海外（特別是英國及美國）的最新企業管治的發展。

本公司採納及應用企業管治原則，強調要有一個優秀的董事會、有效的內部監管、嚴格的披露常規，具透明度及問責度。截至2019年12月31日止年度內，本公司一直遵守上市規則附錄14所載之企業管治守則（「守則」）中所有適用的守則條文。為維持高水平的企業管治標準，本公司已採納守則中適當的建議最佳常規守則。此外，本公司不斷優化該等常規，培養高度操守的企業文化。

### 董事的證券交易

本公司已採納上市規則附錄10所載的上市發行人董事進行證券交易的標準守則（「標準守則」）作為董事進行證券交易的守則。全體董事已向本公司確認彼等於截至2019年12月31日止年度內一直遵守標準守則所載的規定。就董事所持有的股份而言，有關詳情乃列於本年報第53至65頁之「董事會報告」一節。根據守則條文第A.6.4條，本公司已就董事及有關員工可能在買賣本公司證券時取得尚未公開的內幕消息，制訂不比標準守則寬鬆的書面指引。於2019年全年，所有董事及有關員工已確認遵守本集團之內部指引。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Board of Directors

The Board is responsible for overseeing the management of the Company's business and affairs with the goal of maximizing long-term value for shareholders, while balancing broader stakeholder interests. Schedule of matters reserved for the Board include:

- Strategy and management
- Group structure and capital
- Financial reporting and control
- Internal controls
- Major contracts
- Corporate communications
- Board membership and other appointments
- Remuneration
- Authority and delegation
- Corporate governance
- Company policies

Matters not specifically reserved for the Board and relate primarily to the daily operations of the Group are delegated to the management under the supervision and leadership of the CEO.

### 董事會

董事會負責監督本公司對業務及事務的管理，目標為盡量為股東提升長遠的價值，同時均衡廣泛的持份者的權益。董事會審議的事宜包括：

- 策略及管理
- 集團架構及資本
- 財務報表及監控
- 內部監控
- 主要合約
- 企業傳訊
- 董事會成員及其他任命
- 薪酬
- 職權及授權
- 企業管治
- 公司政策

其他非特定之董事會職責以及有關本集團主要的日常運作事務，則在行政總裁監督及領導下委派管理層處理。

### Board Composition

As at the date of this Annual Report, the Board comprises two Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. The size and composition of the Board are reviewed from time to time, taking into account the scope and nature of the Company's operations, to ensure that the size of the Board is adequate to provide a diversity of views and facilitate effective decision-making. The biographical details of all Directors and the relationships among them, if any, are set out in the "Board of Directors and Senior Management" on pages 27 to 32 of this Annual Report and the Company's website. Except as disclosed in the section of "Board of Directors and Senior Management", none of the Directors has any financial, business, family or other material or relevant relationships among members of the Board and the Company has received annual confirmation of independence from each of the Independent Non-executive Directors.

The Company is committed to selecting the most appropriate persons as members of the Board for the role. Since 2013, the Board has adopted a Board Diversity Policy which has been published on the Company's website for better transparency and corporate governance.

The selection of Board members is based on a range of diverse perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates can bring to the Board.

### 董事會組合

於本年報日，董事會計有兩名執行董事，三名非執行董事及三名獨立非執行董事。本集團會不時檢討董事會的規模及組成，當中會考慮本公司的業務範圍及性質，以確保董事會的規模足以提供不同的觀點，並作出有效決策。所有董事的履歷詳情及彼等之間的關係(如有)均載於本年報第27至32頁之「董事會及高級管理層」一節及本公司網站。除「董事會及高級管理層」一節所披露外，概無董事與董事會成員之間有任何財務、商業、家族或其他重大或相關關係，而本公司亦已收到各獨立非執行董事之年度對獨立性的確認函。

本公司致力於選擇最合適人選作為董事會成員。為進一步提升透明度及企業管治水平，自2013年起，董事會已採納登載於本公司網站供公眾查閱的董事會成員多元化政策。

甄選董事會成員將按一系列多元化範疇為基準，除教育背景、專業經驗、技能、知識及服務任期外，亦包括但不限於性別、年齡、文化背景及種族。最終將按人選的長處及可為董事會作出的貢獻而作決定。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

To assist the Board in the execution of its duties, the Board has delegated specific functions to four Board Committees. The principal Board Committees are the Audit Committee, Remuneration Committee, Nomination Committee and Investment Committee, details of which are as follows:

董事會向四個董事委員會委派指定職責，以便董事會執行其職務。主要董事委員會為審核委員會、薪酬委員會、提名委員會及投資委員會，詳情載列如下：

	Position 職位	Date of first appointment to the Board 首次獲委任為董事會成員的日期	Date of last re-election as Director 最近一次膺選連任為董事的日期	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Investment Committee 投資委員會
Ma Yuchuan 馬玉川	Non-executive Director/Chairman 非執行董事/主席	14 March 2018 2018年3月14日	6 June 2018 2018年6月6日			√	√
Li Jun 李峻	Non-executive Director 非執行董事	8 October 2014 2014年8月10日	7 June 2017 2017年6月7日				√
Yu Jian 虞儉	Non-executive Director 非執行董事	6 June 2019 2019年6月6日	N/A 不適用	√	√		
Wang Wah Chi, Raymond 王華志	Executive Director/CEO 執行董事/行政總裁	20 March 2019 2019年3月20日	5 June 2019 2019年6月5日				C
Lo Wai Ming 盧偉明	Executive Director 執行董事	7 June 2016 2016年6月7日	5 June 2019 2019年6月5日				√
Leung Heung Ying 梁享英	Independent Non-executive Director 獨立非執行董事	8 October 2014 2014年8月10日	6 June 2018 2018年6月6日	C	√	√	√
Sheu Wei Fu 許維夫	Independent Non-executive Director 獨立非執行董事	8 October 2014 2014年8月10日	5 June 2019 2019年6月5日		C	√	
Yiu Tin Chong, Joseph 姚天從	Independent Non-executive Director 獨立非執行董事	6 July 2011 2011年7月6日	6 June 2018 2018年6月6日	√	√	C	√

C – chairman of the committee 委員會主席

√ – member of the committee 委員會成員

The Company has taken appropriate insurance cover to indemnify our Directors against possible claims and liabilities arising out of the Group's business and activities.

本公司已購董事責任保險，以保障董事因本集團業務及活動而可能產生的索償及責任。

### Board meetings and Board practices

The Board has scheduled to meet for at least four times a year, and the Board will also meet on other occasions when a board-level decision on a particular matter is required. The meetings are structured to allow open discussion. All Directors participate to discuss the strategy, operational and financial performance and internal control of the Group.

The company secretary of the Company (the “Company Secretary”) assists the Chairman to prepare the agenda of the meetings and each Director may request to include any relevant matters on the agenda. Generally, at least 14 days’ notice is given for the regular meetings by the Company. All substantive agenda items have comprehensive briefing papers, which are, in general, circulated three days before convening each Board meeting.

The Company Secretary is responsible for distributing detailed documents to the Directors prior to the Board meetings to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings so that they may receive accurate, timely and clear information.

Minutes of the Board, Board Committee and General Meetings are kept by the Company Secretary and are made available and circulated to all Directors periodically.

All Directors may access to the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters. The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board with opinions on matters in relation to the compliance with the procedures of the Board meetings.

Directors are able, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company’s expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board, the Company will deal with the matter by a physical board meeting rather than written resolution or a Board Committee (except if that Board Committee was specifically established for such purpose). Independent Non-executive Directors with no material interest in the matter will attend the meeting to deal with the matter if it is considered appropriate. Other than the exceptional criteria allowed under the Listing Rules, any Director who or whose associates have any material interest in any proposed Board resolutions will not be counted as a quorum in the relevant Board meeting or no vote for the relevant Board resolutions.

All the Board Committees adopted the same principles and procedures used in the Board meetings.

### 董事會會議及董事會常規

董事會每年召開至少四次會議，於需要就某事項作出董事會決議時，董事會亦將於其他情況下召開會議。會議形式均有利於進行坦誠討論。所有董事參與討論本集團的策略、營運及財務表現以及內部監控。

本公司的公司秘書（「公司秘書」）協助主席編製會議議程，每名董事可要求將任何有關事項列入議程。一般而言，本公司舉行定期會議前需要發出至少14天的通知。所有主要議程項目均有全面簡介文件，一般於每次董事會會議召開前三天傳閱。

公司秘書負責於董事會會議前分派詳細文件予董事，以確保董事能夠就會議上討論的事項作出知情決定，以便彼等可獲得準確、及時與清晰的資料。

董事會、董事委員會及股東大會的會議記錄，均由公司秘書妥為保存，並可供全體董事查閱及定期向彼等傳閱。

所有董事可獲得公司秘書的建議及服務，公司秘書將就管治及監管事項定期向董事會提供更新資料。公司秘書亦負責確保董事會會議依程序進行，並就有關遵守董事會會議程序的事項向董事會提供意見。

經提出合理要求，董事可在適當情況下尋求獨立專業意見，有關費用由本公司承擔。董事會應通過決定向董事提供適合之獨立專業意見，以協助有關董事履行職務。

倘若主要股東或董事在董事會將予考慮的事項中存在利益衝突，本公司會透過舉行董事會會議處理該事項，而非透過書面決議案或經由董事委員會方式處理（特別為此目的而組建的董事委員會除外）。倘認為適當，於該事項中無重大權益的獨立非執行董事將出席處理該事項的會議。除上市規則准許的例外情況外，在所提呈的任何董事會決議案中擁有任何重大權益的任何董事或其聯繫人，均不得計入有關董事會會議的法定人數內，亦不得就有關董事會決議案投票。

所有董事委員會均採納董事會會議中所採用的相同原則及程序。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Board meetings, Board Committees meetings and General Meetings

The attendance of Directors at Board meetings, Board Committees meetings and General Meetings during the year are set out below:

		Annual General Meeting 股東週年大會	Board Meeting 董事會會議	Audit Committee Meeting 審核委員會會議	Remuneration Committee Meeting 薪酬委員會會議	Nomination Committee Meeting 提名委員會會議	Investment Committee Meeting 投資委員會會議
<b>Number of meetings held</b>	舉行會議次數	1	10	2	6	3	3
		<b>Number of meetings attended/Eligible to attend in 2019</b> 出席會議次數／2019年符合資格出席會議					
<b>Members of the Board</b>	<b>董事會成員</b>						
<b>Non-executive Directors</b>	<b>非執行董事</b>						
Ma Yuchuan (Chairman) <sup>(i)</sup>	馬玉川(主席) <sup>(i)</sup>	1/1	9/10	1/1	3/3	1/1	2/2
Li Rongxin <sup>(ii)</sup>	李榮信 <sup>(ii)</sup>		4/4			2/2	
Li Jun	李峻	0/1	1/10				1/3
Yu Jian <sup>(iii)</sup>	虞儉 <sup>(iii)</sup>		3/3	1/1	2/2		
<b>Executive Directors</b>	<b>執行董事</b>						
Wang Wah Chi, Raymond (CEO) <sup>(iv)</sup>	王華志(行政總裁) <sup>(iv)</sup>	1/1	6/6				3/3
Yeh Tsuei Chi <sup>(v)</sup>	葉垂奇 <sup>(v)</sup>		2/2				
Lo Wai Ming	盧偉明	1/1	8/8				3/3
<b>Independent Non-executive Directors</b>	<b>獨立非執行董事</b>						
Leung Heung Ying	梁享英	1/1	9/10	2/2	6/6	3/3	2/3
Sheu Wei Fu	許維夫	1/1	10/10		6/6	3/3	
Yiu Tin Chong, Joseph	姚天從	1/1	10/10	2/2	6/6	3/3	3/3

(i) Appointed as Chairman on 28 May 2019

(ii) Resigned as director on 28 May 2019

(iii) Appointed as director on 6 June 2019

(iv) Appointed as director/CEO on 20 March 2019

(v) Resigned as director/CEO on 20 March 2019

(i) 於2019年5月28日獲委任為主席

(ii) 於2019年5月28日辭任董事

(iii) 於2019年6月6日獲委任為董事

(iv) 於2019年3月3日獲委任為董事／行政總裁

(v) 於2019年3月3日辭任董事／行政總裁

Pursuant to the Code Provision A.6.7, Independent Non-executive Directors and Non-executive Directors should attend general meetings. According to the above table, all the Independent Non-executive Directors, Non-executive Directors and Executive Directors were present at the 2019 AGM and available to answer questions from shareholders of the Company except Dr. Li Jun who was busy at a business trip.

### Directors' continuous training and development

The Group has been responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director to all the Directors of the Company. All the Directors of the Company understand that they should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they are equipped with all information required for making relevant contributions to the Board.

### 董事會會議、董事委員會會議及股東大會

本年度董事出席的董事會會議、董事委員會會議及股東大會詳情列於下表：

		Annual General Meeting 股東週年大會	Board Meeting 董事會會議	Audit Committee Meeting 審核委員會會議	Remuneration Committee Meeting 薪酬委員會會議	Nomination Committee Meeting 提名委員會會議	Investment Committee Meeting 投資委員會會議
<b>Number of meetings held</b>	舉行會議次數	1	10	2	6	3	3
		<b>Number of meetings attended/Eligible to attend in 2019</b> 出席會議次數／2019年符合資格出席會議					
<b>Members of the Board</b>	<b>董事會成員</b>						
<b>Non-executive Directors</b>	<b>非執行董事</b>						
Ma Yuchuan (Chairman) <sup>(i)</sup>	馬玉川(主席) <sup>(i)</sup>	1/1	9/10	1/1	3/3	1/1	2/2
Li Rongxin <sup>(ii)</sup>	李榮信 <sup>(ii)</sup>		4/4			2/2	
Li Jun	李峻	0/1	1/10				1/3
Yu Jian <sup>(iii)</sup>	虞儉 <sup>(iii)</sup>		3/3	1/1	2/2		
<b>Executive Directors</b>	<b>執行董事</b>						
Wang Wah Chi, Raymond (CEO) <sup>(iv)</sup>	王華志(行政總裁) <sup>(iv)</sup>	1/1	6/6				3/3
Yeh Tsuei Chi <sup>(v)</sup>	葉垂奇 <sup>(v)</sup>		2/2				
Lo Wai Ming	盧偉明	1/1	8/8				3/3
<b>Independent Non-executive Directors</b>	<b>獨立非執行董事</b>						
Leung Heung Ying	梁享英	1/1	9/10	2/2	6/6	3/3	2/3
Sheu Wei Fu	許維夫	1/1	10/10		6/6	3/3	
Yiu Tin Chong, Joseph	姚天從	1/1	10/10	2/2	6/6	3/3	3/3

根據守則條文第A.6.7條，獨立非執行董事及非執行董事應出席股東大會。根據上述列表，本公司所有獨立非執行董事、非執行董事及執行董事均已出席2019股東大會並回答本公司股東之問題，除了李峻博士因公務出差。

### 董事之持續培訓及發展

本集團一直負責安排合適的培訓並提供有關經費，以及適切着重上市公司董事的角色、職能及責任給予本公司各董事。所有本公司的董事均已知悉他們應參與持續專業發展，發展並更新其知識及技能，以確保其具備全面資訊及切合所需的情況下對董事會作出貢獻。



The Company provides various guideline materials to Directors, for instance, Directors' duties and responsibilities, the relevant laws and regulations applicable to Directors and duty of disclosure of interest and business of the Group. Every newly appointed Director will receive a comprehensive induction session at his appointment. All Directors are encouraged to have continuous professional development to enhance and refresh their knowledge and skills.

In 2019, all of the Directors attended the seminars or read materials on the corporate governance, updates on laws, rules and regulations and other professional skills. Directors were also encouraged to take educational courses on duties of the directors.

The Board has received from each of the Directors (Independent Non-executive Directors, Non-executive Directors and Executive Directors) of the Company a record of the training received for the year ended 2019 indicating their compliance to the Code Provision A.6.5.

### Chairman and Chief Executive Officer

The roles and responsibilities of the Non-executive Chairman, Mr. Ma Yuchuan, and the CEO, Mr. Wang Wah Chi, Raymond are segregated as stipulated in the Listing Rules, to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Non-executive Chairman, Mr. Ma Yuchuan, is responsible for ensuring that all Directors act in the best interest of shareholders. Acting independently from the Company, he is fully accountable to the shareholders and contributes to the Board and the Group on all top-level or strategic decisions. Specifically, he is assigned with three key roles to perform, namely leading the Board, ensuring the Group's effective communication with shareholders and implementing a high standard of corporate governance.

Mr. Wang Wah Chi, Raymond, as CEO, is responsible for managing the Group and executing the strategies adopted by the Board. He leads the Group's management team in accordance with the directions set by the Board. He is responsible for ensuring that a proper internal control system is in place and that the Group's business conforms to applicable laws and regulations. The CEO chairs the monthly operations and financial reviews and also the weekly management staff meetings, as well as the quarterly employees' communication meeting.

### Directors' appointment, re-election and removal

At every annual general meeting of the Company, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation, provided that every Director shall retire from office at least once every three years or within such other period as the rules of the Stock Exchange may from time to time prescribe. A retiring Director shall be eligible for re-election and shall continue to act as a Director at the annual general meeting at which he retires.

本公司提供多元化的指引資料予董事，如董事責任及義務、應用於董事的相關法律和規例及本集團的利益和企業的披露責任。每位新委任之董事均會獲得全面的就任須知。所有董事均鼓勵持續專業發展，以加強及重溫他們的知識及技能。

於2019年，所有董事出席了講座或閱覽有關企業管治、法律、規則和規例之最新資料及其他專業技能。本集團亦鼓勵董事修讀有關董事職務之教育課程。

董事會亦收悉本公司每位董事（獨立非執行董事、非執行董事及執行董事）於2019年度止所接受的培訓記錄均顯示他們已經遵守守則條文第A.6.5條。

### 主席及行政總裁

非執行主席馬玉川先生及行政總裁王華志之職責及職權，根據上市規則的規定已作區分，以確保權力均衡，權力均衡，加強問責性，以及提高董事會作出獨立決策的能力。

非執行主席馬玉川先生的職責是確保全體董事均以股東的最佳利益行事。獨立於本公司，他對股東負全責，在所有高層次或策略決定上，向董事會及本集團提供建議。具體而言，他獲委予三項主要職務，包括領導董事會、確保本集團與股東進行有效溝通及實行高標準之企業管治。

行政總裁王華志負責管理本集團運作，以及執行董事會採納的策略。他帶領本集團的管理團隊按照董事會的指示履行職務。他須確保本集團具備適當的內部監控體系，及本集團的業務經營遵守適用的法律和規例。行政總裁於每月召開的業務及財務檢討會議和每星期召開的高級管理層會議擔任主席，並會主持每季召開的員工溝通大會。

### 董事的委任、重選及罷免

於本公司的每次股東週年大會上，三分之一當時的董事，或倘其人數並非三或三的倍數，則最接近的人數不少於三分之一，須輪席告退。每一位董事最少需要每三年或按聯交所不時規定之期限內退任。退任董事可參加重選連任，並在其退任董事的股東週年大會上繼續以董事資格行事。

In order to promote the independence of Non-executive Directors and Independent Non-executive Directors, the Company implemented the policy regarding the terms of office of Non-executive Directors and Independent Non-executive Directors (“Service Term Policy”). The terms of appointment of all Non-executive Directors and Independent Non-executive Directors should not be more than nine consecutive years. They should not offer themselves for re-election for any period beyond the annual general meeting at which they retire.

### Non-executive Directors

The Non-executive Directors bring a wide range of skills, industry and business experience to the Group. The composition of Executive and Non-executive Directors (including Independent Non-executive Directors) demonstrates a strong independent element on the Board, which can effectively exercise independent judgment pursuant to the Code Provision A.3 so as to further strengthen the Company’s corporate governance. The Non-executive Directors are of sufficient caliber and number for their views to carry weight. At least once a year, Non-executive Directors and also Independent Non-executive Directors will have a private discussion with the Chairman on the Group’s matters. In addition, Non-executive Directors, according to the Group’s policy, may approach the Group’s employees at anytime they think appropriate. During the year, the Group’s management also met with certain Non-executive Directors to seek their views on certain business or operational matters.

During the year 2019, the Board had a total of three Independent Non-executive Directors and they represented more than one-third of the Board, which is a sufficient number to meet the minimum requirements under Rule 3.10(1) and Rule 3.10A of the Listing Rules.

All Independent Non-executive Directors bring their wealth of experience to the Board and make active contributions to the Group. They closely monitor the Group’s development and freely express their opinions at the Board meetings. All Independent Non-executive Directors, except as disclosed in this Annual Report, do not have any business with or financial interests in the Group and confirmed their independence to the Group pursuant to Rule 3.13 of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Subject to re-election according to the procedures set out in the Company’s Articles of Association, the Company has entered into service contracts for a specific term ended on 30 June 2019 with each of the Non-executive Directors and Independent Non-executive Directors.

為了促進非執行董事和獨立非執行董事的獨立性，本公司已實施一項關於非執行董事和獨立非執行董事任期的政策（「任期政策」）。所有非執行董事和獨立非執行董事的任期均不能連續超過九年。在其退任董事的股東週年大會之後的任何期間，他們都不應膺選連任。

### 非執行董事

非執行董事為本集團帶來各方面的技術、行業及業務經驗。公司董事會中執行董事與非執行董事（包括獨立非執行董事）的組成具備強大的獨立元素，能夠有效達成守則條文A.3條所載的獨立判斷，進一步加強本公司的企業管治。非執行董事具有足夠才幹和人數，以使其意見具有影響力。非執行董事及獨立非執行董事就本集團事宜與主席進行每年不少於一次的私下討論。此外，根據本集團之政策，非執行董事可於彼等認為合適時隨時接觸本集團之員工。年內，本集團的管理層亦不時會見若干非執行董事，尋求他們在若干業務或營運事宜的意見。

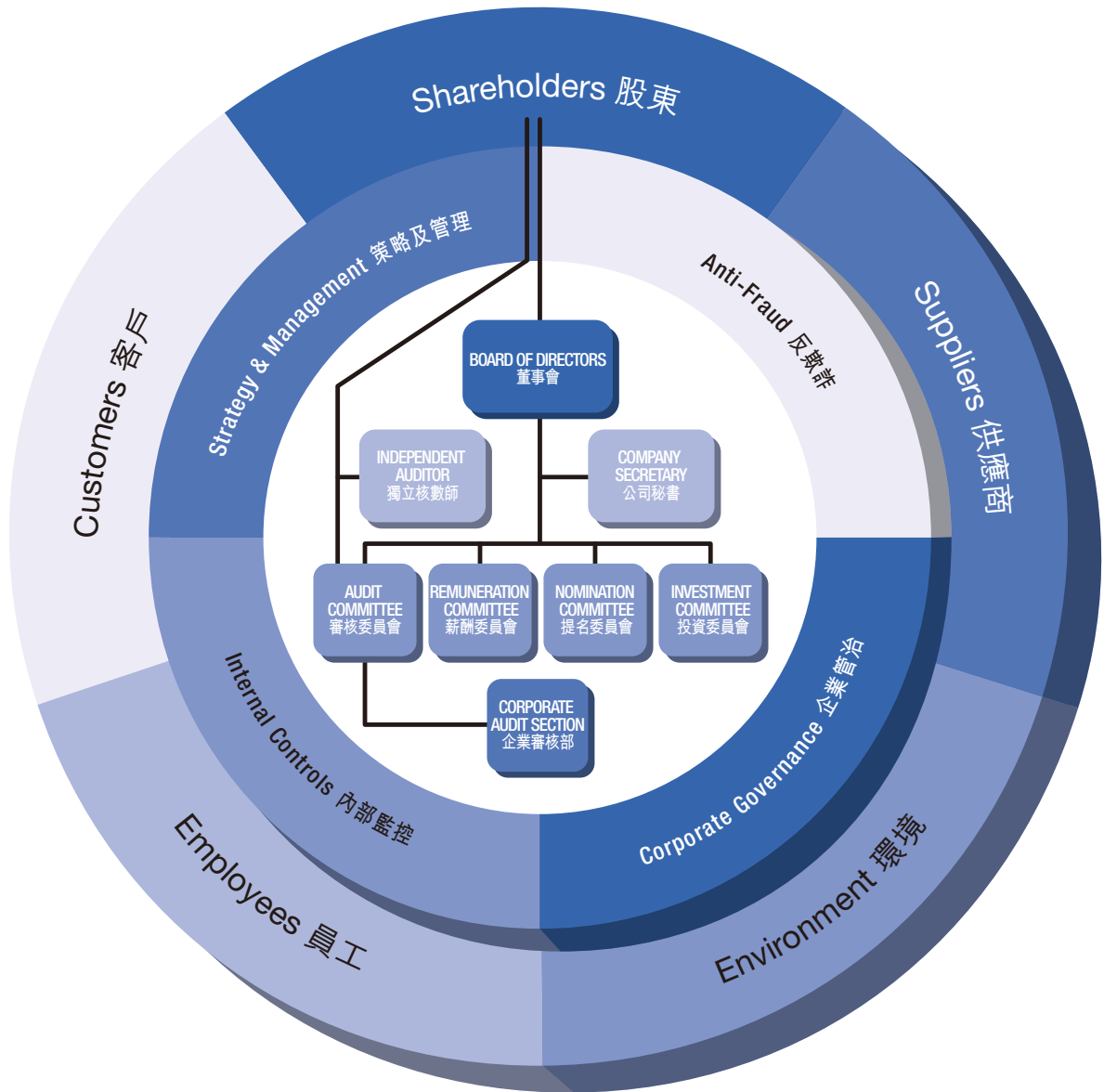
於2019年度內，董事會共有三名獨立非執行董事，而他們佔董事會成員人數超過三分之一，已有足夠人數，符合上市規則第3.10(1)條及第3.10A條的最低要求之規定。

所有獨立非執行董事都憑藉他們豐富的經驗為董事會效力，並積極為本集團作出貢獻。他們密切監察本集團的發展，並在董事會會議上自由發表意見。根據上市規則第3.13條，所有獨立非執行董事（除本年報所披露外）與本集團之間並無任何業務或財務方面的利益關係。本公司認為所有獨立非執行董事根據上市規則之獨立指引是獨立於本集團。

受本公司組織章程細則所載的膺選連任程序的規限，本公司已與各非執行董事及獨立非執行董事訂立服務合約至2019年6月30日。

### Corporate governance structure

### 企業管治架構



### Remuneration Committee

The Remuneration Committee comprises one Non-executive Director and three Independent Non-executive Directors. A majority of the votes in the Remuneration Committee are exercisable by Independent Non-executive Directors. The Committee does not deal with the remuneration of Non-executive Directors which shall be a matter for the Executive Directors of the Board. No Director or senior executive will be involved in any discussion in connection with his or her own remuneration. The Committee also consults the Chairman about their proposals relating to the remuneration of other Executive Directors and has access to professional advice if considered necessary. The Committee consulted the head of human resources in respect of human resources policy and market as well as other company information.

The meetings of the Remuneration Committee shall normally be held not less than once a year to review and approve principally the remuneration of Executive Directors of the Company. The Committee, currently chaired by Mr. Sheu Wei Fu, has delegated to the CEO the authority to approve the remuneration of all the employees of the Group below the rank of Executive Director. Policy related remuneration schemes will be decided by the Remuneration Committee.

The main duties of the Remuneration Committee are as follows:

- To determine the framework and broad policy for the remuneration of Directors, senior management and general staff
- To establish guidelines for the recruitment of the Chief Executive Officer and senior management
- To approve the policy and structure for the remuneration of Directors (including Non-executive Directors) whilst ensuring no Director or any of his associates is involved in deciding his own remuneration
- To determine the remuneration of Executive Directors including benefits in kind, pension right and compensation payment
- To review and approve the compensation arrangements in connection with any loss or termination of their office or appointment, or dismissal or removal for misconduct to Executive Directors and senior management which shall be fair and not excessive
- To review the criteria for assessing the performance of the Executive Directors and/or senior management which should reflect the Company's business objectives and targets
- To determine the annual performance bonus for Executive Directors and review the annual performance bonus for senior management achievements against the performance criteria and by reference to market norms
- To engage such external professional advisors to assist and/or advise the Remuneration Committee on issues as it considers necessary

### 薪酬委員會

薪酬委員會的委員包括一名非執行董事及三名獨立非執行董事。獨立非執行董事在薪酬委員會內佔大比數投票權。該委員會不會處理非執行董事的酬金事宜，釐定非執行董事的酬金應屬於董事會執行董事的職務。董事或高級行政人員將不會參與有關其酬金的任何討論。該委員會亦會向主席諮詢有關其他執行董事酬金的意見，並在有需要時，尋求專業意見。該委員會會向人力資源部主管諮詢有關人事政策、市場及其他公司資料。

薪酬委員會每年召開不少於一次會議，主要是檢討和核准本公司執行董事的酬金。該委員會現時由許維夫先生擔任主席，並已授予行政總裁權力，以核准屬於執行董事職級以下本集團全體員工的酬金。薪酬委員會將作出有關薪酬政策事宜的決定。

薪酬委員會之主要職務如下：

- 審批董事、高級管理層及一般員工的廣泛薪酬政策
- 制定招聘行政總裁及高級管理層的指引
- 審批就董事（包括非執行董事）薪酬的政策及結構，同時確保任何董事或其任何聯繫人不得參與釐定自己的薪酬
- 釐定執行董事的薪酬待遇，包括非金錢利益、退休金權利及賠償金額
- 檢討及批准有關執行董事及高級管理層因喪失或被終止其職務或委任或因行為失當而被解僱或罷免所涉及的賠償安排。有關賠償須公平合理而不致過多
- 審閱評估執行董事及／或高級管理層表現的準則；有關準則須反映本公司的業務目的及目標
- 根據表現準則評核執行董事、高級管理層的表現並參考市場標準，釐定執行董事以及審閱高級管理層的年度表現花紅
- 就薪酬委員會認為有需要的事宜外聘專業顧問，向委員會提供協助及／或意見

In 2019, the Remuneration Committee confirmed the remuneration policy for the Executive Directors, assessed their performances as well as reviewed their employment contracts with the Group. Details of remuneration of Directors and the senior management can be obtained in note 9(b) of the Notes to the Consolidated Financial Statements section.

### Nomination Committee

The Nomination Committee comprises one Non-executive Director and three Independent Non-executive Directors, with a majority being Independent Non-executive Directors. The Committee generally meets before the annual general meeting, or at other times as required by the Chairman of the Committee.

The Nomination Committee, led by the Chairman Mr. Yiu Tin Chong, Joseph, will identify qualified candidates to fill the Board membership whenever such vacancy arises. It will nominate such candidates for the Board to consider, and regularly review the composition of the Board as well as make suggestions on any change that may be required.

The main duties of the Nomination Committee are as follows:

- To review the structure, size and composition of the Board at least annually and make recommendations on any proposed changes to the Board to implement the Company's corporate strategy
- To assess the independence of Independent Non-executive Directors
- To identify and nominate candidates to the Board for it to appoint or to recommend to shareholders for election
- To regularly review the time required from a Director to perform his responsibilities
- To make recommendations to the Board on relevant matters relating to the succession planning for the Chairman, the Chief Executive Officer as well as the senior management
- To review the Board Diversity Policy, as appropriate; and the progress on achieving the objectives set for implementing the policy

In 2019, the Nomination Committee reviewed the policy for the nomination of Directors, the nomination procedures, the process and criteria to select and recommend candidate for directorship and the Board Diversity Policy. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skills and experiences appropriate for the business of the Company.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

於2019年，薪酬委員會已確認執行董事的薪酬政策、評估其表現及審閱其與本集團的聘用合約。董事及高級管理層之薪酬詳情載於綜合財務報表附註9(b)內。

### 提名委員會

提名委員會的委員包括一名非執行董事及三名獨立非執行董事，而獨立非執行董事在提名委員會內佔大比數。委員會會議須於股東週年大會前或委員會主席要求的其他時間舉行。

提名委員會由主席姚天從先生領導，會物色合資格候選人出任董事，以填補空缺。委員會就提名候選人提呈董事會考慮，並定期檢討董事會成員組成及提交需要作出變動的建議。

提名委員會之主要職務如下：

- 至少每年檢討董事會的架構、規模及組成，並按本公司的企業策略向董事會提出任何改動建議
- 評定獨立非執行董事的獨立性
- 物色候選人並向董事會提名，供董事會委任或向股東推薦選任為董事
- 定期檢討董事履行其責任所需付出的時間
- 就主席、行政總裁及高級管理層繼任計劃的有關事宜向董事會提出建議
- 審閱董事會成員多元化政策(視乎適用情況而定)及落實政策的達標進度

於2019年，提名委員會已檢討董事提名政策、挑選及建議候選人擔任董事的提名程序、過程及標準以及董事會成員多元化政策。提名委員會認為，董事會目前的成員組合為本公司提供均衡及多元化的技能及經驗，適合本公司業務所需。

提名委員會將在適當時候檢討董事會成員多元化政策，以確保該政策具持續效能。提名委員會將會討論任何或需作出修訂的事宜，再向董事會提出修訂建議及審批。

### Investment Committee

The Investment Committee comprises two Executive Directors, two Non-executive Directors and two Independent Non-executive Directors. It shall meet at the request of any member of the Committee and its meetings will be facilitated by the Finance Director, who will also participate in the discussion.

The Investment Committee, currently chaired by Mr. Wang Wah Chi, Raymond, will evaluate and approve any strategic investment of US\$2 million or less. Any strategic investment exceeding that amount will be proposed by the Committee for the Board's approval. The Committee is authorized, at the expense of the Group, to seek external professional advice it considers necessary and to arrange external advisers to attend its meetings. The Committee will also periodically report the status and performance of investments to the Board.

The main duties of the Investment Committee are as follows:

- To assist the Board in discharging its duties and responsibilities in relation to investment activities (excluding treasury or cash management)
- To assist the Board with all of its policy setting responsibilities related to investment
- To establish and document the basic investment principles and beliefs held by the Committee as well as the Code of Conduct for avoiding possible conflict of interest
- To have all necessary access and authority to seek information from management to fulfill its objectives, duties and responsibilities
- To review the appointment of external professional advisers
- To review and monitor investment performance
- To review and advise on additions to and dispositions of existing investments
- To review annually the terms of reference of the Committee and to recommend to the Board any required changes
- To submit an annual work report to the Board summarizing the Committee's activities, findings, recommendations and results for the past year

In 2019, the Investment Committee has reviewed and monitored the performance of investments and made recommendations to the Board on investment proposals.

### 投資委員會

投資委員會的委員包括兩名執行董事、兩名非執行董事及兩名獨立非執行董事。委員會須於任何委員會委員提出要求時召開會議，會議由財務總監作出安排並會參與討論。

投資委員會現時由王華志先生擔任主席，評估及批准任何二百萬美元或以下的策略性投資。任何超越該金額的策略性投資將會由委員會提呈以待董事會通過。委員會獲授權有需要時以本集團支出尋求外界專業意見及安排該等外聘顧問出席會議。委員會就投資的狀況及表現定期向董事會匯報。

投資委員會之主要職務如下：

- 協助董事會履行其於投資（不包括庫務或現金管理）方面的職責及責任
- 協助董事會制定所有有關投資責任的政策
- 訂立委員會遵循的基本投資原則及條例，及設立行為守則以避免可能發生的利益衝突
- 有權向管理層接觸及尋求資料以達致履行其目標、職務及責任
- 審閱委任外界的專業顧問
- 審閱及監察投資表現
- 審閱投資及就增加和出售現有的投資提供意見
- 每年檢討委員會的職權範圍及建議董事會作出任何所需的改動
- 向董事會呈交年度工作報告，概述委員會的活動、調查結果、建議及以往年度的成果

於2019年，投資委員會已審閱及監察投資表現及就投資提案的有關事宜向董事會提出建議。

### Audit Committee

The Audit Committee comprises two Independent Non-executive Directors and one Non-executive Director and is chaired by Mr. Leung Heung Ying (“Mr. Leung”). Mr. Leung is a fellow member of the Institute of Chartered Accountants in England and Wales, and the Hong Kong Institute of Certified Public Accountants and has many years of corporate finance experience at company board level. Mr. Leung meets the requirement of having appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules for the purpose of such appointment.

The Audit Committee meets not less than twice a year to review and discuss the internal audit findings, internal controls, corporate governance, interim and annual consolidated financial statements respectively. It may hold additional meetings from time to time to discuss special projects or other issues it considers necessary. The independent auditor and internal auditor of the Group may request a meeting if they consider it necessary.

The Audit Committee will conduct, on behalf of the Board, annual review of the adequacy of resources, qualifications and experience of staff for the Group’s accounting and financial reporting function, and training programs and budget.

The authorities of the Audit Committee include (i) investigating any activity within its terms of reference; (ii) seeking any information it requires from any employee; and (iii) obtaining outside legal or other independent professional advice if required.

The main duties of the Audit Committee are as follows:

- To make recommendations to the Board on the appointment, re-appointment and removal of the independent auditor, and to approve the remuneration and terms of engagement of the independent auditor, and deal with any question of resignation or dismissal of that auditor
- To review with the Group’s management, independent auditor and internal auditor, the adequacy of the Group’s policies and procedures regarding risk management and internal control systems, and any statement by the Directors to be included in the annual accounts prior to endorsement by the Board
- To review independent auditor’s independence, objectivity, effectiveness of the audit process and the scope of the independent audit including the engagement letter, prior to commencement of audit

### 審核委員會

審核委員會的委員包括兩名獨立非執行董事及一名非執行董事。審核委員會由梁享英先生（「梁先生」）擔任主席。梁先生是英格蘭及威爾斯特許會計師公會及香港會計師公會之資深會員，並具有多年董事會級之企業財務經驗。梁先生具備符合上市規則第3.10(2)條的規定之適當的專業資格或會計或有關財務管理的專門技術。

審核委員會每年舉行不少於兩次會議，以審閱和商議內部審核結果、內部監控、企業管治、中期及全年綜合財務報表。委員會亦會不時舉行額外的會議，商討有關委員會認為有需要討論的特別事項或其他事宜。若本集團聘請的獨立核數師和內部審核師認為有需要，可要求召開會議。

審核委員會將代表董事會每年審核是否有足夠的資源、合資格及具經驗的員工擔任本集團的會計及財務報表職能，以及培訓計劃和預算。

審核委員會的職權包括(i)調查屬於其職權範圍內的任何活動；(ii)向任何員工尋求委員會所需的任何資料；以及(iii)在有需要時向外尋求法律或其他獨立專業意見。

審核委員會之主要職務如下：

- 負責向董事會提出就委任、重新委任及罷免獨立核數師的建議，並批准獨立核數師的薪酬及聘任條款，以及處理任何有關辭任或辭退該核數師的問題
- 與本集團的管理層、獨立核數師及內部核數師檢討本集團有關風險管理及內部監控系統的政策及程序是否足夠，以及在提交董事會批署前審閱任何董事擬載於年度賬目內的聲明
- 於開始審核工作前審視獨立核數師是否獨立、客觀、審核程序是否有效，以及獨立審核的範疇，包括聘任書



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

- To review the annual, quarterly (if any) and interim financial reports prior to approval by the Board and liaise with the Board and senior management, and the Committee must meet, at least twice a year, with the independent auditor
- To evaluate the cooperation received by the independent auditor; obtain the comments of management regarding the responsiveness of the independent auditor to the Group's needs; inquire the independent auditor as to whether there have been any disagreements with the management which if not satisfactorily resolved would result in the issue of a qualified report on the Group's financial statements
- To seek from the independent auditor, on an annual basis, information about policies and processes for maintaining independence and monitoring compliance with relevant requirements, including provision of non-audit services and requirements regarding rotation of audit partners and staff
- To review and monitor the scope, effectiveness and results of internal audit function, ensure co-ordination between the internal and independent auditors and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group
- To discuss with management the scope and quality of systems of internal control and ensure that management has discharged its duty to have an effective internal control system including the adequacy of resources, qualifications and experience of staff of the accounting and financial reporting function, and their training programs and budget
- To review the findings of internal investigations and the management's response into any suspected frauds or irregularities or failures of internal controls or infringements of laws, rules and regulations
- To consider other topics, as defined by the Board
- 在提交董事會批准前審閱年度、季度(如有)及中期財務報表, 及與董事會和高級管理層磋商, 而該委員會必須與獨立核數師每年會面至少兩次
- 評估獨立核數師從管理層所得到的配合; 取得管理層對有關獨立核數師回應本集團需要的意見; 查詢獨立核數師曾否與管理層有任何意見分歧, 以致若無法圓滿解決而導致獨立核數師就本集團的財務報表發出具保留意見的報告
- 每年要求獨立核數師提供就其維持獨立性及監察是否遵守相關規定所採納的政策及程序的資料, 包括是否提供非審核服務及審核工作所涉及的合夥人及員工的輪任要求
- 檢討及監察內部審核職能的範疇、效能及結果, 確保內部及獨立核數師互相協調, 以及確保內部審核職能獲足夠資源並於本集團內有恰當地位
- 與管理層商討內部監控的範疇及質素, 以及確保管理層已履行其職責確保內部監控系統有效, 包括所需資源、會計及財務匯報人員的資歷及經驗和相關員工的培訓計劃及預算開支是否足夠
- 審查任何懷疑不誠實行為或不合規情況或內部監控缺失或涉嫌違反法律、規則及規例情況的內部調查結果及管理層的回應
- 考慮董事會界定的其他議題

The Audit Committee held two meetings during the year ended 31 December 2019 to review and discuss the financial results and reports, financial reporting and compliance procedures, internal control system and risk management review and process, to evaluate the effectiveness of internal audit function by reviewing the work performed by Corporate Audit Section and to re-appoint of the independent auditor of the Group.

審核委員會於截止2019年12月31日止年度曾舉行兩次會議, 審閱及討論本集團的財務業績及報告、財務報表及遵守守則的程序、內部監控系統及風險管理審閱與程序、審閱內審部的工作以評估內部審計職能的有效性和續聘本集團的獨立核數師。



As the Audit Committee is also responsible for corporate governance duties, the Committee performed the following duties during the year ended 31 December 2019:

- To note the amendments to Corporate Governance Code under Appendix 14 of the Listing Rules from time to time in particular in the area of risk management, and to review the Group's policies and practices on corporate governance to ensure compliance
- To review and monitor the training and continuous professional development of the Directors and senior management
- To review and monitor the policies and practices on compliance with legal and regulatory requirements
- To review and monitor the Code of Conduct applicable to employees and the Directors
- To review the compliance with the Code Provisions and disclosure in the Corporate Governance Report

## Accountability and audit

### Financial reporting

The Directors of the Company acknowledge their responsibilities to present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim reports. The Directors have prepared the consolidated financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. When the Directors are aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties will be clearly and prominently set out and discussed at length in this Corporate Governance Report.

### Auditor's remuneration

The Group's independent auditor is Ernst & Young. Ernst & Young is responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements. Apart from the statutory audit of the annual consolidated financial statements, Ernst & Young was also engaged to perform a review on the condensed consolidated interim financial information of the Group for the six months ended 30 June 2019 as well as advise the Group on taxation and related matters.

The fees payable by the Group to the independent auditor in respect of audit and non-audit services provided by them for the year ended 31 December 2019 are US\$129,000 (2018: US\$138,500) and US\$65,800 (2018: US\$65,400) respectively.

由於審核委員會亦負責企業管治之職務，截至2019年12月31日止年度，該委員會履行如下的職務：

- 依據上市規則附錄14公司管治守則中的守則條文不時進行修正，特別是關於風險管理範疇，檢討本集團的企業管治政策及常規符合要求
- 檢討及監察董事及高級管理層的培訓及持續專業發展
- 檢討及監察遵守法律及監管規定方面的政策及常規
- 檢討及監察員工及董事的行為守則
- 檢討遵守守則條文的情況及在企業管治報告內的披露

## 問責性及審核

### 財務報告

本公司董事確認，彼等有責任在年報及中期報告的綜合財務報表中提供客觀持平、清晰及簡明的評估。董事已按持續經營基準編製綜合財務報表，並於有需要時輔以假設或保留意見。倘董事知悉有重大不明朗事件或情況可能會嚴重影響本公司持續經營的能力，董事必須在企業管治報告中清楚披露及詳細討論該等不明朗因素。

### 核數師酬金

本集團之獨立核數師乃安永會計師事務所。安永負責審核及對年度綜合財務報表發出獨立意見。除對年度綜合財務報表作出法定審核外，安永亦獲聘為審閱本集團截至2019年6月30日止六個月簡明綜合中期財務資料，並就稅務法規及有關事宜提供意見。

截至2019年12月31日止年度，本集團付予獨立核數師有關審核及非審核服務之費用分別為129,000美元（2018：138,500美元）及65,800美元（2018：65,400美元）。

### Company Secretary

The Company Secretary is responsible for advising the Board through the Chairman on governance matters and should also facilitate induction and continuous training of Directors. In 2019, the Company Secretary has undertaken more than 15 hours of relevant professional training which exceeded the requirement of Rule 3.29 of the Listing Rules.

### Shareholders' rights and investor relations

Shareholders' rights of the Company are at all times highly regarded by the Group. The Group will make sure the Company's shareholders know how to exercise their rights. The Group provides effective channels for the Company's shareholders to communicate their ideas to the Group and exert their rights.

Pursuant to the Company's Articles of Association, any two or more members of the Company shall also be able to convene general meetings on the written requisition deposited at the principal office of the Company in Hong Kong.

The Company amended the Memorandum and Articles of Association of the Company in order to bring the same in line with the recent amendments to the Listing Rules and Companies Law of the Cayman Island, and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) in 2014.

With regard to general enquiry, a shareholder may contact the Company's Share Registrar directly. Information on proceedings at general meetings, votes of members, proxies, dividends and reserves, transfer of shares and other information are detailed in the Company's Memorandum and Articles of Association, which is accessible for inspection at the Company's Share Registrar, through website of the Group or the website of the Stock Exchange. The contact details of the Share Registrar is on page 174 of this Annual Report. In the event that a shareholder wishes to put forward a proposal to the Board, he may put forth his enquiry in writing to the Corporate Communications Section of the Group who will act on the subject matter accordingly.

### Shareholders communication

The Company considers that communication with its shareholders is essential for enhancing investor relations and its shareholders' understanding of the Group's business performance and strategies. The Board adopted a Shareholders' Communication Policy, which is published on the Company website, reflecting mostly the current practices of the Company for communication with its shareholders. Such policy aims at providing the shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. The Board will regularly reviewed the policy and considered the effectiveness and compliance with the prevailing regulatory and other requirements.

### 公司秘書

公司秘書負責通過董事會主席就管治事宜向董事會提出意見，並協助初始及持續之董事培訓。在2019年，公司秘書已超過上市條例第3.29條的要求，接受多於15小時相關專業培訓。

### 股東權利及投資者關係

本集團時刻重視本公司之股東權利，並會協助他們了解如何行使應有的權利。本集團設有有效的溝通渠道，讓本公司股東表達對本集團的意見及行使其權利。

依據本公司組織章程細則，股東大會亦可由兩位或更多成員遞交書面要求到本公司位於香港的總辦事處。

本公司已於2014年修訂組織章程大綱及細則藉以與最近上市規則及開曼群島公司法最新修訂、以及與公司條例（香港法例第622章）一致。

股東可直接聯絡本公司的股份過戶登記處，查詢一般資料。有關股東大會的程序、投票方法、委任代表、股息及儲備、股份轉讓及其他資料，已詳列於本公司的組織章程大綱及細則，組織章程大綱及細則可於本公司的股份過戶登記處、通過本集團的網站或聯交所網站查閱。股份過戶登記處的聯絡資料載於本年報第174頁。如股東欲向董事會提呈任何建議，可致函本集團的企業傳訊部，以妥善處理有關事宜。

### 股東通訊

本公司認為與其股東保持溝通對促進投資者關係及加強股東對本集團業績和策略的了解不可或缺。董事會採納一項反映本公司現時與股東溝通之大部分常規之股東溝通政策（該政策登載於本公司網站）。該政策旨在確保股東及有意投資者可方便和及時地獲得本公司無任何偏見及可理解之資料。董事會定期檢討該項政策，確保政策具有效力及符合現行之法規及其他規定。

For the year under review, the Group has taken a proactive approach to communicate with the investment community, for example, institutional investors, analysts and retail investors. For the year ended 31 December 2019, the Group conducted meetings and conference calls with investors and analysts. To enhance the Group's profile among the general public in Hong Kong, interviews were conducted with local media, and group visits to its principal office were arranged with local universities and technology institutions.

The views of investors are invaluable to the Company. To improve its communication with investors, the Company has been collecting ideas from shareholders and feedback from the investment community since listing. The Company also appreciates the opportunity to meet shareholders face-to-face. The Company's Articles of Association has accommodated the use of websites for communication with shareholders since 2009.

The Company establishes different communication channels with shareholders and investors, including (i) annual reports, interim reports, notices of meetings, circulars and proxy forms which are required under the Listing Rules. Shareholders can also choose (or are deemed to have consented) to receive such documents using electronic means through the Company's website; (ii) the annual general meeting which provides a forum for shareholders to raise comments and exchange views with the Board; (iii) the Company's website which provides updated and key information on the Group and offers a communication channel between the Company and its shareholders and stakeholders; (iv) media conferences and briefing meetings with analysts to be held to update interested parties on the performance of the Group; (v) the Company's Registrar which deals with shareholders for share registration and related matters; and (vi) the Corporate Communications Section of the Group which handles enquiries from shareholders and investors generally.

To the best of the Company's knowledge, as at 31 December 2019, Huada/CEC held about 28.5% of the Company's shares, the Board held roughly 2.0%, and the remaining approximately 69.5%, is believed to be in public hands.

The website of the Group ([www.solomon-systech.com](http://www.solomon-systech.com)) is also updated constantly to inform investors and the general public of the latest information of the Group, for example, the important dates for shareholders in the coming year. Further information for shareholders can be found on pages 174 to 176 of this Annual Report.

於回顧年內，本集團一直採取積極態度與投資大眾（例如：機構投資者、分析員及散戶投資者）溝通。截至2019年12月31日止年度，本集團與投資者及分析員舉行了多個會議及電話會議。為提升香港公眾對本集團的認識，本集團多次接受本地傳媒訪問和安排多個本地大學及科技協會團體參觀本公司的總辦事處。

投資者的意見對本公司來說是非常寶貴的。為了加強與投資者的溝通，自上市以來，本公司經常收集股東的意見及了解市場資訊。本公司亦珍惜與股東面對面會晤的機會。自2009年起，本公司的組織章程細則容許運用網站與股東溝通。

本公司與股東及投資者建立不同的溝通途徑，包括：(i)按上市規則規定，寄發年報、中期報告、會議通告、通函及代表委任表格，股東亦可選擇（或被視為已同意）以電子方式透過本公司網站收取該等文件；(ii)股東可於股東週年大會上發表建議及與董事會交換意見；(iii)本公司網站載有本集團之最新及重要資訊並為股東及持份者提供與本公司溝通之途徑；(iv)本公司亦會召開新聞發佈會及投資分析員簡佈會向有關人士提供本集團最新業績資料；(v)本公司之股份登記處為股東處理一切股份登記及相關事宜；及(vi)本公司企業傳訊部處理股東及投資者之一般查詢。

據本公司所知，截至2019年12月31日止，華大／中國電子持有本公司股份約28.5%，董事會的董事持有大約2.0%本公司的股份，餘下約69.5%的股份，則相信是由公眾人士所持有。

本集團的網站([www.solomon-systech.com](http://www.solomon-systech.com))亦會定期更新資料，向投資者和公眾人士提供本集團的最新訊息，例如股東於來年需注意的重要日期。有關股東須知的其他資料可參閱本年報第174至176頁。

### Risk management and internal control

The Board has responsibilities for maintaining and reviewing the effectiveness of the Group's risk management and internal control systems. The risk management and internal control systems within the Group are designed to help the Group achieve key initiatives, and represent the Group's efforts in protecting its physical assets, information and technology. As maintaining an effective control system is a shared responsibility of all in the Group, the Group is dedicated to educating all employees via trainings to ensure they understand the importance of internal control policies and adhere to them.

To facilitate effective internal control system, the Group adopted the Internal Control-Integrated Framework issued by COSO (the "2013 Framework"). The presence of risk management and internal control systems empowers the Group to implement best business practices in dynamic and challenging business environments.

The Group implemented the 'Three Lines of Defence' model as a way of explaining the relationship between functions and as a guide to how responsibilities of risk management should be divided:

- Under the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks;
- The second line of defence consists of activities covered by components of internal governance (compliance, financial controller, quality, IT and other control departments). This line of defence monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organization; and
- Internal audit forms the Group's third line of defence. The Corporate Audit Section, through a risk-based approach to its work, provides reasonable assurance to the Group's board of directors and senior management.

The Group takes proactive measures to identify, evaluate and manage significant risks arising from its recurrent and growth businesses and from the constantly changing business environment. The Group uses risk management matrix to determine risk level. Each risk is evaluated by the likelihood of the identified risk and the consequence of the risk event. The risk ratings reflect the required management attention and risk treatment effort. All risks are ranked and their treatment is determined by a combination of likelihood and consequence according to a risk matrix, which takes account of risk appetite. Operation units and management held regular meetings to review the progress of risk treatment actions and the effectiveness of the risk management.

### 風險管理及內部監控

董事會有責任維持及審閱本集團風險管理及內部監控體系之效能。本集團的風險管理及內部監控體系旨在協助本集團達致目標，致力保障其資產、資訊及科技。由於保持具效能的內部監控體系是每位集團成員共同的責任，固本集團致力從培訓以教育員工明白內部監控政策及對其堅持的重要性。

為促進有效的內部監控體系，本集團已採用由COSO發表的內部監控架構（「2013架構」）。現有的風險管理及內部監控體系能讓本集團在瞬息萬變及富挑戰的營商環境下實踐最佳的營商方法。

本集團實施「三層防線」模式，作為解釋各職能之間關係的一種方式，並作為風險管理責任如何分工的指南：

- 在第一道防線下，經營管理層有直接評估，控制和減輕風險的所有權，責任和問責制；
- 第二道防線由內部治理的部門活動組成（合規，財務控制，質量，IT和其他控制部門）。這層防線監測和促進經營管理層實施有效的風險管理，並協助風險所有者在組織內部充分報告風險的相關信息；及
- 內部審計是本集團的第三道防線。內審部通過基於風險的方法開展工作，為本集團的董事會和高級管理層提供合理保證。

本集團採取積極措施、識別，評估和管理其經常性和增長業務以及不斷變化的業務環境所帶來的重大風險。本集團使用風險管理矩陣以確定風險水平。每個風險由所識別的風險的可能性和風險事件的後果來評估。風險評級反映了所需的管理層關注和風險應對所需的努力。所有風險都進行排名，並會考慮風險偏好，根據可能性和後果的組合確定風險應對方式。業務單位和管理層定期召開會議以審查風險應對措施的進度以及風險管理的有效性。

The board oversees the Group's risk management and internal control systems on an ongoing basis. Risk management was established as one of the agenda items in board meeting on 13 March 2019 and board of directors have reviewed the risk management framework and process, company's strategic goals, risk appetite, and the update of risk management matrix, covering risks in business, operation, finance and compliance, in the meeting held on 21 August 2019.

The Board reviewed and assessed the effectiveness of the risk management and internal control systems for the year ended 31 December 2019, including financial, operational and compliance controls, and risk management functions, by considering:

- (a) the changes in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;
- (b) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and the work of its internal audit function and independent auditor;
- (c) the extent and frequency of communication of monitoring results to the board which enables it to assess control of the Group and the effectiveness of risk management;
- (d) significant control failings or weaknesses that have been identified during the period (if any). Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition;
- (e) the effectiveness of the Group's processes for financial reporting and Listing Rule compliance;
- (f) The adequacy of resources, staff qualifications and experience, training program and budget of the Groups' accounting, internal audit and financial reporting functions; and
- (g) The proper handling and dissemination of inside information.

The Board also reviewed the Group's operating and financial performance against the financial budget on a quarterly basis while senior management closely monitored the financial performance on a monthly basis.

The management is committed to improve the Group's overall risk management approach and strategy. They continuously monitors the global business environment, industry development, as well as internal processes, to ensure the existing risk management and internal control systems can identify and manage risks and opportunities effectively.

董事會持續監督集團的風險管理和內部控制系統。在2019年3月13日的董事會議上，風險管理被確立為議程之一，並且在2019年8月21日舉行的會議上，董事會審查了風險管理框架和流程，公司的戰略目標，風險偏好和更新的風險管理矩陣，涵蓋業務，運營，財務和合規風險。

截至2019年12月31日止年度，董事會已評估風險管理及內部監控的成效，包括財務，運營和合規控制以及風險管理職能，考慮如下：

- (a) 重大風險的性質及嚴重程度的轉變、以及本集團應付其業務轉變及外在環境轉變的能力；
- (b) 管理層持續監察風險及內部監控系統的工作範疇及素質，及內部審核和獨立審計師的工作；
- (c) 向董事會傳達監控結果的詳盡程度及次數，此有助董事會評核本集團的監控情況及風險管理的有效程度；
- (d) 期內發生的重大監控失誤或發現的重大監控弱項（若有），以及因此導致未能預見的後果或緊急情況的嚴重程度，而該等後果或情況對本集團的財務表現或情況已產生、可能已產生或將來可能會產生的重大影響；
- (e) 本集團有關財務報告及遵守《上市規則》規定的程序是否有效；
- (f) 集團之會計、內部審計和財務報告的資源，工作人員資格和經驗，培訓方案和預算是否充足；及
- (g) 妥善處理和傳播內幕消息。

董事會亦會每季以財務預算為審核本集團運作及財務表現，同時高級管理層亦會緊密監察每月的實際財務表現。

管理層致力改善本集團的整體風險管理方針及策略。他們不斷監察環球商業環境、行業發展以及內部工作程序，以確保現有的風險管理及內部監控系統能有效地識別及管理風險和機會。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

In 2019, the management reviewed the existing risk management and internal control systems and further modification of the system will be implemented in the coming year. The management continues to review the adequacy of its risk management and control framework and looks for opportunities to make improvements and add appropriate resources when necessary.

The Group has an independent Corporate Audit Section, reporting directly to the Audit Committee. The Corporate Audit Section provides an independent assessment of the effectiveness of the Group's risk management and internal control systems in accordance with the Code, and assists the Audit Committee to conduct regular reviews of the Group's risk management and internal control systems, which include the review of the effectiveness of financial, operational and compliance controls and risk management functions. The Corporate Audit Section follows a risk-based approach. Different audit areas are assigned with different risk ratings and an audit plan is formulated accordingly so that priority and appropriate audit frequency is given to areas with higher risks. The annual work plan is reviewed and endorsed by the Audit Committee. The Corporate Audit Section conducts regular financial and operational reviews on the Group and reports directly to the Chairman of the Audit Committee regularly. The Corporate Audit Section monitors the follow up actions agreed upon in response to its recommendations.

The Corporate Audit Section updates CEO about the internal audit working progress on a weekly basis. The Audit Committee reviews the work performed by Corporate Audit Section and summary of major findings and control weaknesses, if any, at least twice every year to ensure the effectiveness of internal audit function, risk management and internal control system.

The Group has established and published a whistleblowing policy and a system on anti-fraud for employees and third parties to raise concerns in confidence, which complied with the recommended best practice in the Code. In 2019, no incident of fraud or misconduct was reported from employees or stakeholders that had material effect on the Group's financial statements and overall operations.

The Board confirmed a review of the effectiveness of the risk management and internal control systems has been conducted and considered that the risk management and internal control systems of the Group in 2019 are effective and adequate and the Company had complied with the Code Provisions.

The Board acknowledged the responsibility to review the effective of risk management and internal controls systems of the Group. However, investors and shareholders are reminded that the systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

於2019年，管理層已檢討現有的風險管理及內部監控系統並將下年度進一步優化該系統。管理層繼續檢討風險管理和監控架構的充足程度，時刻尋找改善機會，必要時並會增加適當資源。

本集團已設立獨立的內審部，直接向審核委員會報告。內審部根據企業管治守則對本集團所有風險管理及內部監控系統作出獨立評估有關系統是否有效，並協助審核委員會進行常規的審閱本集團之風險管理及內部監控體系，包括財務、營運及法規遵從性的監控和風險管理功能之成效。內審部遵從風險為基礎之手法。對不同的審核部分劃分不同的風險評級及製定權衡風險的審核方案，對較高風險的部分適當予以較優先及較頻密之審核。審核委員會已經審核及批准年度審核計劃。內審部亦會定期為本集團的財務和營運作出審閱及定期向審核委員會主席提交報告。內審部亦會對落實執行之建議作出監督。

內審部每週向行政總裁更新內審工作進度。審核委員會至少每年兩次，審閱內審部的工作並就主要之查核結果及監控弱點(如有)作出檢討以確定內部審計職能、風險管理及內部控制系統的有效性。

本集團已制定及公開有關告密政策及反欺詐行為制度，讓員工及第三方可暗中舉報，此為符合建議最佳常規。於2019年，並無員工或持份者舉報任何足以對本集團財務報表及整體業務運作構成重大影響的欺詐或失當行為。

董事會確認已對風險管理和內部控制系統的有效性進行了審查並認為在2019年度本集團的風險管理及內部監控體系是有效及充足，而本公司亦已遵守守則條文。

董事會確認有責任檢討本集團的風險管理及內部監控制度的有效性。然而，投資者和股東必須注意該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

The Directors submit their report together with the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2019.

### Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 18 to the consolidated financial statements.

An analysis of the Group's performance for the year by business segment is set out in note 5 to the consolidated financial statements.

### Results and appropriations

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 75.

The Board of the Company does not recommend the payment of a final dividend.

### Donations

Charitable and other donations made by the Group during the year amounted to Nil (2018: US\$5,000).

### Share capital

Details of the movements in the Company's share capital during the year are set out in note 24 to the consolidated financial statements.

### Distributable reserves

Distributable reserves of the Company as at 31 December 2019, comprising share premium reserve of US\$109,103,000 that is subject to the regulation of Section 34 of the Cayman Islands Companies Law and the Articles of Association of the Company, the accumulated losses of US\$103,444,000, totaling US\$5,659,000 net are available for distribution to the Company's shareholders.

### Equity linked agreements – Share options granted to directors and employees

Details of the share options granted in prior years and current year are set out in note 25 of the consolidated financial statements and "The Share Option Scheme" section contained in this Report of the Directors. All the share options granted during the year are with vesting conditions, there was no share issued for the year ended 31 December 2019 in respect of share options granted in 2019.

董事謹提呈本公司及其附屬公司截至2019年12月31日止年度的經審核綜合財務報表。

### 主要業務及按地區分析的營運

本公司的主要業務為投資控股。附屬公司的業務載於綜合財務報表附註18。

本集團本年度按業務分部的表現分析載於綜合財務報表附註5。

### 業績及分派

本集團本年度的業績載於綜合損益表第75頁。

董事會不建議派付末期股息。

### 捐獻

本集團於年內作出的慈善及其他捐獻為零(2018: 5,000美元)。

### 股本

本公司於本年度之股本變動詳情載於綜合財務報表附註24內。

### 可分派儲備

本公司於2019年12月31日的可分派儲備，包括股份溢價儲備109,103,000美元(受開曼群島公司法第34條及本公司的組織章程細則規限)，累計虧損103,444,000美元合共5,659,000美元淨額可供分派予本公司股東。

### 權益掛鉤協議—授予董事及員工的購股權

過往年度及本年度授出的購股權詳情載於綜合財務報表附註25及本董事會報告「購股權計劃」一節內。所有本年度授出的購股權均具歸屬條款，對於在2019年年度授出的購股權，並無於截至2019年12月31日止就此發行任何普通股。

# REPORT OF THE DIRECTORS

## 董事會報告

### Pre-emptive rights

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

### Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years ended 31 December is set out on page 169.

### Purchase, sale or redemption of Company's listed shares

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during the year ended 31 December 2019.

### Permitted indemnity provisions

At no time during the year and up to the date of this Annual Report were there any permitted indemnity provisions in force for the benefit of any of the Directors of the Company (whether made by the Company or otherwise).

### The Share Option Scheme

The Company adopted a share option scheme (the "2013 Share Option Scheme") at the annual general meeting held on 28 May 2013. Details can be referred to note 25 to the consolidated financial statements on pages 156 to 159 of this Annual Report.

### Valuation of share options

The Company uses Binomial Valuation Model to value the share options granted. Details of the key parameters used in the Model and the corresponding fair values of the share options granted during the year should be referred to note 25(a) to the consolidated financial statements. The details of the share options granted to the respective parties during 2019 and 2018 are as follows:

		2019		2018	
		Number (in thousand units) 數量 (以千位計)	Value 價值 千美元	Number (in thousand units) 數量 (以千位計)	Value 價值 千美元
Leung Heung Ying	梁享英	800	4	800	7
Sheu Wei Fu	許維夫	800	4	800	7
Yiu Tin Chong, Joseph	姚天從	800	4	800	7
Wang Wah Chi, Raymond	王華志	2,000	15	-	-
Subtotal for Directors	董事小計	4,400	27	2,400	21
Senior management	高級管理層	100	1	-	-
<b>Total</b>	<b>總計</b>	<b>4,500</b>	<b>28</b>	<b>2,400</b>	<b>21</b>

### 優先購買權

本公司的組織章程細則，並無優先購買權的條文規定本公司須按比例向現有股東提呈發售新股份，而開曼群島法例亦無限制該等權利。

### 五年財務摘要

本集團截至12月31日止最近五個財政年度的業績和資產及負債摘要載於第169頁。

### 購買、出售或贖回本公司上市股份

截至2019年12月31日止年度內，本公司或其任何附屬公司並無購買、出售或贖回本公司上市股份。

### 獲准許的彌償條文

本年度內及截至本報告日止任何時間，均未有生效的獲准許彌償條文惠及本公司的任何董事(不論是否由本公司或其他公司訂立)。

### 購股權計劃

本公司於2013年5月28日舉行的股東週年大會已採納一購股權計劃(「2013購股權計劃」)，詳情可參考本年報第156至159頁的綜合財務報表附註25。

### 購股權價值

本公司採用二項訂價模式計算已授出購股權的價值。本年度應用此模式的主要參考數據及對應該等授出的購股權之公平值詳情參見綜合財務報表附註25(a)。於2019及2018年內授予相關人士的購股權詳情如下：



# REPORT OF THE DIRECTORS

## 董事會報告

Details of the share options outstanding as at 31 December 2019 under the 2013 Share Option Scheme are as follows:

於2019年12月31日關於2013購股權計劃授出之購股權的詳情如下：

Name of Directors 董事名稱	Held on 1 January 2019 於2019年 1月1日持有	Number of share options (in thousand units) 購股權數目(以千位計)			Held on 31 December 2019 於2019年 12月31日持有	Exercise price HK\$ 行使價 港元	Grant date 授出日期	Exercise period 行使期	
		Granted during the year 年內 已授出	Exercised during the year 年內 已行使	Lapsed/ Forfeited during the year 年內 已註銷/放棄				Begins 開始	Ends 結束
<b>Independent Non-executive Directors</b> 獨立非執行董事									
Leung Heung Ying 梁享英	800	-	-	(800)	-	0.305	30 September 2016 2016年9月30日	3 October 2017 2017年10月3日	30 September 2019 2019年9月30日
	800	-	-	-	800	0.370	9 October 2017 2017年10月9日	2 October 2018 2018年10月2日	30 September 2020 2020年9月30日
	800	-	-	-	800	0.254	9 October 2018 2018年10月9日	2 October 2019 2019年10月2日	30 September 2021 2021年9月30日
	-	800	-	-	800	0.159	30 December 2019 2019年12月30日	2 October 2020 2020年10月2日	30 September 2022 2022年9月30日
	<b>2,400</b>	<b>800</b>	<b>-</b>	<b>(800)</b>	<b>2,400</b>				
Sheu Wei Fu 許維夫	800	-	-	(800)	-	0.305	30 September 2016 2016年9月30日	3 October 2017 2017年10月3日	30 September 2019 2019年9月30日
	800	-	-	-	800	0.370	9 October 2017 2017年10月9日	2 October 2018 2018年10月2日	30 September 2020 2020年9月30日
	800	-	-	-	800	0.254	9 October 2018 2018年10月9日	2 October 2019 2019年10月2日	30 September 2021 2021年9月30日
	-	800	-	-	800	0.159	30 December 2019 2019年12月30日	2 October 2020 2020年10月2日	30 September 2022 2022年9月30日
	<b>2,400</b>	<b>800</b>	<b>-</b>	<b>(800)</b>	<b>2,400</b>				
Yiu Tin Chong, Joseph 姚天從	800	-	-	(800)	-	0.305	30 September 2016 2016年9月30日	3 October 2017 2017年10月3日	30 September 2019 2019年9月30日
	800	-	-	-	800	0.370	9 October 2017 2017年10月9日	2 October 2018 2018年10月2日	30 September 2020 2020年9月30日
	800	-	-	-	800	0.254	9 October 2018 2018年10月9日	2 October 2019 2019年10月2日	30 September 2021 2021年9月30日
	-	800	-	-	800	0.159	30 December 2019 2019年12月30日	2 October 2020 2020年10月2日	30 September 2022 2022年9月30日
	<b>2,400</b>	<b>800</b>	<b>-</b>	<b>(800)</b>	<b>2,400</b>				
<b>Subtotal</b> 小計	<b>7,200</b>	<b>2,400</b>	<b>-</b>	<b>(2,400)</b>	<b>7,200</b>				

# REPORT OF THE DIRECTORS

## 董事會報告

Name of Directors 董事名稱	Held on 1 January 2019 於2019年 1月1日持有	Number of share options (in thousand units) 購股權數目(以千位計)				Held on 31 December 2019 於2019年 12月31日持有	Exercise price HK\$ 行使價 港元	Grant date 授出日期	Exercise period 行使期	
		Granted during the year 年內 已授出	Exercised during the year 年內 已行使	Lapsed/ Forfeited during the year 年內 已註銷/放棄	Begins 開始				Ends 結束	
<b>Executive Directors</b> 執行董事										
Lo Wai Ming 盧偉明	3,000	-	-	(3,000)	-	0.305	30 September 2016 2016年9月30日	1 April 2019 2019年4月1日	31 March 2021 2021年3月31日	
Wang Wah Chi, Raymond 王華志	1,260	-	-	-	1,260	0.305	30 September 2016 2016年9月30日	2 April 2018 2018年4月2日	31 March 2020 2020年3月31日	
	3,000	-	-	-	3,000	0.305	1 April 2019 2019年4月1日	31 March 2021 2021年3月31日		
	-	2,000	-	-	2,000	0.248	9 May 2019 2019年5月9日	2 January 2020 2020年1月2日	31 December 2021 2021年12月31日	
	4,260	2,000	-	-	6,260					
<b>Subtotal</b> 小計	7,260	2,000	-	(3,000)	6,260					
<b>Ex-directors</b> 前董事										
	1,000	-	-	-	1,000	0.369	11 January 2016 2016年1月11日	2 April 2018 2018年4月2日	31 March 2020 2020年3月31日	
	1,000	-	-	-	1,000	0.369		2 January 2019 2019年1月2日	31 December 2020 2020年12月31日	
	2,500	-	-	(2,500)	-	0.369		1 April 2019 2019年4月1日	31 March 2021 2021年3月31日	
	2,500	-	-	(2,500)	-	0.369		2 January 2020 2020年1月2日	31 December 2021 2020年12月31日	
<b>Subtotal</b> 小計	7,000	-	-	(5,000)	2,000					
<b>Senior management &amp; others</b> 高級管理層及其他										
	200	-	-	(200)	-	0.315	2 October 2015 2015年10月2日	2 October 2017 2017年10月2日	30 September 2019 2019年9月30日	
	100	-	-	(100)	-	0.309	30 March 2015 2015年3月30日	3 April 2017 2017年4月3日	29 March 2019 2019年3月29日	
	-	50	-	-	50	0.159	30 December 2019 2019年12月30日	2 January 2021 2021年1月2日	31 December 2022 2022年12月31日	
	-	50	-	-	50	0.159		2 January 2022 2022年1月2日	31 December 2023 2023年12月31日	
<b>Subtotal</b> 小計	300	100	-	(300)	100					
<b>Total</b> 總計	21,760	4,500	-	(10,700)	15,560					

### The Group's environmental policies and performance

Other than financial performance, the Group believes that a high standard of corporate social responsibility is essential for building up a good corporate and social relationship and motivating staff and creating a sustainable return to the Group. We are committed to contributing to the sustainability of the environment and community in which we conduct business and where our stakeholders live. The Group's Environmental, Social and Governance Report for 2019 will be published on the Company's website at [www.solomon-systech.com](http://www.solomon-systech.com).

### Relationships with employees

People are the Group's most valuable asset. The Group believes in communicating with staff and giving them training and career development opportunities. It also recognizes good performance. It provides a variety of activities for staff to help them achieve work-life balance. Remuneration packages are generally structured with reference to prevailing market terms and individual's qualifications. Salaries and wages are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

Apart from salary payments, there are other staff benefits including mandatory provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees of the Group.

### Directors

Directors during the year and up to the date of this Annual Report were:

#### Independent Non-executive Directors

Mr. Leung Heung Ying  
Mr. Sheu Wei Fu  
Mr. Yiu Tin Chong, Joseph

#### Non-executive Directors

Mr. Ma Yuchuan  
Dr. Li Jun  
Mr. Yu Jian (appointed on 6 June 2019)  
Mr. Li Rongxin (resigned on 28 May 2019)

#### Executive Directors

Mr. Wang Wah Chi, Raymond (appointed on 20 March 2019)  
Mr. Lo Wai Ming  
Dr. Yeh Tsuei Chi (resigned on 20 March 2019)

In accordance with Article 112 of the Company's Articles of Association, Mr. Ma Yuchuan, Dr. Li Jun and Mr. Leung Heung Ying will retire by rotation at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Messrs. Leung Heung Ying, Sheu Wei Fu and Yiu Tin Chong, Joseph are Independent Non-executive Directors of the Company and their service contracts were renewed in 2019 for a term expiring on 30 June 2020.

### 本集團的環境政策及表現

除財務表現外，本集團相信高標準之企業社會責任對建立良好企業及社會關係及激勵員工及為本集團創造可持續之回報均至為重要。本公司致力於為本公司業務經營及本公司權益人所在地區的環境及社群之可持續發展作出貢獻。本集團2019年的環境、社會及管治報告將於本公司網站[www.solomon-systech.com](http://www.solomon-systech.com)公佈。

### 與僱員之關係

本集團視員工為最寶貴的資產，著重與員工的溝通，為員工提供培訓及發展的機會，並表揚出色的員工。本集團亦提供各種活動供員工參與，讓他們可以在工作和生活中取得平衡。薪酬待遇一般參考現行市場條款及個人資歷制定。薪金及工資通常會每年根據表現評估及其他相關因素檢討。

除薪金外，本集團另設有其他員工福利，包括強積金、醫療保險及與表現掛鉤之花紅。本集團亦可能會向合資格僱員授出購股權。

### 董事

本年度內及截至本報告日期止之董事如下：

#### 獨立非執行董事

梁享英先生  
許維夫先生  
姚天從先生

#### 非執行董事

馬玉川先生  
李峻博士  
虞儉先生（於2019年6月6日獲委任）  
李榮信先生（於2019年5月28日辭任）

#### 執行董事

王華志先生（於2019年3月20日獲委任）  
盧偉明先生  
葉垂奇博士（於2019年3月20日辭任）

根據本公司的組織章程細則第112條，本公司之董事馬玉川先生、李峻博士和梁享英先生於即將舉行的股東週年大會上輪席退任，並符合資格及願意膺選連任。

梁享英先生、許維夫先生及姚天從先生為本公司獨立非執行董事，他們已於2019年續簽訂其服務合約，任期至2020年6月30日止。



# REPORT OF THE DIRECTORS

## 董事會報告

### Directors' service contracts

None of the Directors who are 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 within one year without payment of compensation, other than statutory compensation.

### Directors' interests in transactions, arrangements or contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, or its 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.

### Biographical details of Directors and senior management

Brief biographical details of Directors and senior management are set out on pages 27 to 32 of this Annual Report.

### Directors' interests

As at 31 December 2019, the interests and short positions of each Director and chief executive in the shares and underlying shares of the Company or its associated corporations (within the meaning of the Securities and Futures Ordinance), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

### 董事的服務合約

擬於即將舉行的股東週年大會上膺選連任的董事，概無與本公司或其任何附屬公司簽訂不可於一年內免付補償(法定補償除外)而終止的服務合約。

### 董事於交易、安排或合約的權益

於本年底或年內任何時間，本公司或其任何附屬公司並沒有為訂約方或本公司董事於當中直接或間接擁有重大權益且涉及本集團業務的重大交易、安排或合約。

### 董事及高級管理層的履歷詳情

董事及高級管理層的履歷載於本年報第27至第32頁。

### 董事權益

於2019年12月31日，各董事及行政總裁於本公司或其相聯法團(定義見證券及期貨條例)的股份及相關股份中擁有登記於根據SFO第XV部第352條規定本公司須存置的登記名冊上，或須根據上市發行人董事進行證券交易的標準守則知會本公司及聯交所的權益及淡倉如下：

# REPORT OF THE DIRECTORS

## 董事會報告

Ordinary shares in the Company as at  
31 December 2019  
於2019年12月31日本公司普通股

		Position	Shares	Share	Total	% of the
		權益狀況	股份	Options <sup>(i)</sup>	總計	issued share
				購股權 <sup>(i)</sup>	發行股本百分比	capital of the
					總計	Company
						佔本公司已
						發行股本百分比
<b>Independent Non-executive Directors</b>	<b>獨立非執行董事</b>					
LEUNG Heung Ying	梁享英	Long 權益	-	2,400,000	2,400,000	0.10%
SHEU Wei Fu	許維夫	Long 權益	-	2,400,000	2,400,000	0.10%
YIU Tin Chong, Joseph	姚天從	Long 權益	2,000,000	2,400,000	4,400,000	0.18%
<b>Non-executive Directors</b>	<b>非執行董事</b>					
LI Jun	李峻	Long 權益	-	-	-	-
Ma Yuchuan	馬玉川	Long 權益	-	-	-	-
Yu Jian	虞儉	Long 權益	-	-	-	-
<b>Executive Directors</b>	<b>執行董事</b>					
Wang Wah Chi, Raymond	王華志	Long 權益	600,000	6,260,000 <sup>(ii)</sup>	6,860,000	0.28%
LO Wai Ming	盧偉明	Long 權益	33,572,179	-	33,572,179	1.35%

**Notes:**

- (i) Share options granted under the 2013 Share Option Scheme with more details on pages 54 to 56.
- (ii) The 4,260,000 share options of the Company granted to Wang Wah Chi, Raymond on 30 September 2016 have been vested and exercisable as at 31 December 2019 and also the date of this annual report. The 2,000,000 share options granted on 9 May 2019 have been vested as at 31 December 2019 and exercisable from 2 January 2020.

**附註：**

- (i) 該等購股權為根據2013購股權計劃(詳情見第54到56頁)授出之購股權。
- (ii) 於2016年9月30日授予王華志先生之本公司購股權4,260,000股,於2019年12月31日及本年報日已歸屬及已能行使。於2019年5月9日授予彼之本公司2,000,000股購股權於2019年12月31日已歸屬及於2020年1月2日已能行使。

Saved as disclosed above, at no time during the year, Directors and Chief Executive Officer (including their spouse and children under 18 years of age) had any interests in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporation required to be disclosed pursuant to the SFO.

除上文所披露者外,於年內任何時間,董事及行政總裁(包括彼等之配偶及年齡在18歲以下的子女)概無擁有或獲授予或行使根據SFO須予披露可認購本公司及其相聯法團之股份的任何權利。

Mr. Lo Wai Ming ("Mr. Lo"), Executive Director of the Company and a member of senior management of the Group, through investment vehicles under their control disposed its shares in BJ-LED, an associated company of the Group. Mr. Lo declared that his percentage ownership in BJ-LED as at 31 December 2019 was 0% (2018: 11.5%).

本公司執行董事及本集團高級管理層成員盧偉明先生(「盧先生」)於年內透過彼控制的投資公司出售其於本集團的一家聯營公司BJ-LED的股份。盧先生申報他於2019年12月31日擁有BJ-LED為0%(2018: 11.5%)。

Saved as disclosed above, at no time during the year was the Company, its subsidiaries or its associated corporation a party to any arrangement to enable Directors and Chief Executive Officer of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

除上文所披露外,於年內任何時間,概無本公司、其附屬公司或其相聯法團為任何安排的其中一方,讓本公司董事及行政總裁(包括彼等之配偶及年齡在18歲以下的子女)持有本公司或其相聯法團的股份或相關股份或債權證的任何權益或淡倉。

# REPORT OF THE DIRECTORS

## 董事會報告

### Substantial shareholders' interests

The register of substantial shareholders required to be kept by the Company under section 336 of Part XV of the SFO shows that as at 31 December 2019, the Company had been notified of the following substantial shareholders' interests and short positions in the shares or underlying shares of the Company, being interests of 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive Officer of the Company.

Name of shareholder 股東名稱	Capacity 身份	Position 權益狀況	Ordinary shares in the Company as at 31 December 2018 於2018年12月31日本公司普通股		Total 總計	% of the issued share capital of the Company 佔本公司已發行股本百分比
			Number of shares held 所持股份數目	Number of share options held 所持購股權數目		
Huada Semiconductor Co., Ltd 華大半導體有限公司	Beneficial owner 實益擁有人	Long 權益	706,066,000	-	706,066,000	28.47%
China Electronics Corporation 中國電子信息產業集團有限公司	Interest of controlled corporation 所控制的法團的權益	Long 權益	706,066,000	-	706,066,000	28.47%

#### Note:

- (i) CEC is a state-owned information technology conglomerate under the administration of the central government of the People's Republic of China. Huada is a wholly-owned subsidiary of CEC.
- (ii) Subject to an acting-in-concert agreement between Huada and Dr. Yeh Tsuei Chi ("Dr. Yeh", the former Chief Executive Officer and Director) as announced on 2 February 2016, Dr. Yeh is taken to be interested in 2,000,000 share options of the Company (within the meaning of Part XV of the SFO), being interests under the share options granted to him, and they represent approximately 0.08% of the issued share capital in the Company as at 31 December 2019 and the date of this annual report. The share options granted are exercisable as at 31 December 2019 and the date of this annual report. Upon the exercise of these share options, Dr. Yeh and Huada will together hold an aggregate of 708,066,000 shares of the Company representing approximately 28.54% of the then issued share capital of the Company (on the assumption that no further shares will be issued or repurchased by the Company).

Saved as disclosed above, as at 31 December 2019, no other persons (other than the Directors) were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares and underlying shares of the Company.

### 主要股東權益

根據SFO第XV部第336條須存置的主要股東登記名冊所示，於2019年12月31日，本公司已獲知會下列主要股東的權益及淡倉（即於本公司已發行股本擁有5%或以上權益）。該等權益為上文披露的本公司董事及行政總裁權益以外的。

#### Ordinary shares in the Company as at 31 December 2018

於2018年12月31日本公司普通股

Name of shareholder 股東名稱	Capacity 身份	Position 權益狀況	Ordinary shares in the Company as at 31 December 2018 於2018年12月31日本公司普通股		Total 總計	% of the issued share capital of the Company 佔本公司已發行股本百分比
			Number of shares held 所持股份數目	Number of share options held 所持購股權數目		
Huada Semiconductor Co., Ltd 華大半導體有限公司	Beneficial owner 實益擁有人	Long 權益	706,066,000	-	706,066,000	28.47%
China Electronics Corporation 中國電子信息產業集團有限公司	Interest of controlled corporation 所控制的法團的權益	Long 權益	706,066,000	-	706,066,000	28.47%

#### 附註：

- (i) 中國電子是一家直接隸屬於中華人民共和國中央政府管理的國有電子信息技術企業集團。華大乃中國電子之全資附屬公司。
- (ii) 依據2016年2月2日一項華大與葉博士簽訂的一致行動人協議，葉垂奇博士（「葉博士」，前行總裁及執行董事）按證券及期貨條例第XV部被視為擁有本公司2,000,000股購股權，均為頒授予彼之購股權，於2019年12月31日及本年報表日約佔本公司已發行股本0.08%。該項頒授予彼之購股權尚已歸屬並因此於2019年12月31日及本年報表日已能行使。於該項頒授予彼之購股權全數歸屬及行使時，葉博士及華大兩方合共持有708,066,000股本公司股份，約佔本公司當時已發行股本28.54%（假設本公司再無發行新股及無購回股份）。

除上文所披露者外，於2019年12月31日，根據證券及期貨條例第336條本公司須予備存的登記冊所記錄，概無其他人士（董事除外）擁有本公司股份及相關股份的權益或淡倉。

### Management contracts

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

### Major suppliers and customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases	採購	
- the largest supplier	- 最大供應商	24%
- five largest suppliers combined	- 五大供應商合計	67%
Sales	銷售	
- the largest customer	- 最大客戶	34%
- five largest customers combined	- 五大客戶合計	62%

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

### Discloseable transactions

Except as disclosed under the following heading "Related parties and connected transactions", the Company did not conduct any transaction which constituted a discloseable transaction under the Listing Rules during the year.

Please refer to the announcement of the Company dated 22 October 2019.

### 管理合約

年內概無簽訂或現存有關本公司全部或任何主要部分業務的管理及行政的合約。

### 主要供應商及客戶

本集團主要供應商及客戶應佔本年度的採購及銷售百份比如下：

除上文所披露者外，概無本公司之董事、其聯繫人或任何股東（就董事所知擁有本公司股本5%以上者）於上述主要供應商或客戶中擁有權益。

### 須予披露交易

除下文「關聯方及關連交易」所披露外，本公司於年內概無進行構成上市規則項下須予披露之交易。

請參閱本公司日期為2019年10月22日之公告。

### Related parties and connected transactions

During the year ended 31 December 2019, the Group entered into certain transactions with related parties as defined under the applicable accounting standards, which include transactions that constitute connected/continuing connected transactions for which the disclosure requirements under the Listing Rules have been complied with. Details of the related party transactions are disclosed in note 34 to the consolidated financial statements. The following transactions between certain connected parties (as defined in the Listing Rules) and the Group have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 14A of the Listing Rules.

#### Connected transactions

Beijing Huada Emphyrean Software Co., Ltd. ("HES"), an indirect subsidiary of CEC – in connection with the renewal of the grant of the License to the Group pursuant to the license renewal agreements signed on 22 October 2019 for a two years' term from 30 October 2019 to 29 October 2021.

#### Continuing connected transactions

- (a) Panda-LCD, an associate of CEC – the sales of products by the Group to Panda-LCD, a renewed continuing connected transactions for years 2018 to 2020 as approved by the shareholders at the Extraordinary General Meeting held on 29 December 2017.
- (b) Panda-FPD, an associate of CEC – the sales of products by the Group to Panda-FPD, a continuing connected transactions for years 2018 to 2020 as approved by the shareholders at the Annual General Meeting held on 29 December 2017.
- (c) On 17 July 2018, the Group entered into an agreement with CEACI under which CEACI would purchase IC and driver products from the Group for the years 2018 to 2020 as approved by the shareholders at the Extraordinary General Meeting held on 29 August 2018.

### 關聯方及關連交易

截至2019年12月31日止年度內，本集團曾與適用會計準則界定為關聯方進行若干交易，當中包括構成關連／持續關連交易並已遵守上市規則披露規定的交易。關聯方交易摘要載於綜合財務報表附註34。按照上市規則第14A章的披露規定，若干關連方（按上市規則定義）與本集團進行的下列交易經已訂立及／或持續進行，而本公司已根據上市規則的規定作出相關公佈（如需要）。

#### 關連交易

北京華大九天軟件有限公司（「華大九天」），乃CEC的間接附屬公司－有關本集團依據於2019年10月22日簽訂之軟件銷售合同獲授予的軟件使用權續期，由2019年10月30日至2021年10月29日為期兩年。

#### 持續關連交易

- (a) 熊貓液晶，為CEC的聯繫人－本集團銷售產品予熊貓液晶，乃一更新之持續關連交易，涵蓋2018年至2020年間，並於2017年12月29日之股東特別大會上獲股東批准。
- (b) 熊貓平板顯示，為CEC的聯繫人－本集團銷售產品予熊貓平板顯示，乃一涵蓋2018年至2020年間之持續關連交易，並於2017年12月29日之股東週年大會上獲股東批准。
- (c) 於2018年7月17日，本集團與CEACI訂立協議，據此CEACI將於2018年至2020年間向本集團採購IC及驅動器產品，並於2018年8月29日之股東特別大會上獲股東批准。



The aforesaid connected transactions and continuing connected transaction have been reviewed by independent non-executive directors of the Company. The independent non-executive directors confirmed that the aforesaid connected transactions were entered into are (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole; and (d) within the annual cap.

The Independent Non-executive Directors of the Company, together with the Group's Corporate Audit Section and Audit Committee, have conducted annual reviews of the continuing connected transactions of the Group for the year ended 31 December 2019, were satisfied that the Group's continuing connected transactions during 2019 have complied with the Listing Rules requirement in all respects.

The Company's independent auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed for the year ended 31 December 2019 in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

上述關連交易及持續關連交易已由本公司獨立非執行董事審閱。獨立非執行董事確認上述關連交易是(a)在本集團的一般及通常業務過程中訂立的；(b)以正常商業條款或以不遜於本集團從獨立第三方可得或獲取的條款訂立；(c)根據管制有關協議且為公平和合理並符合本公司股東整體利益的條款訂立；以及(d)於年度上限之下。

本公司獨立非執行董事已經聯同集團的企業審核部和審核委員會對截至2019年12月31日止年度的持續關連交易作年度審閱，滿意本集團在2019年度內的持續關連交易於各方面均符合上市規則的要求。

根據香港會計師公會發佈的香港鑒證業務準則3000號(經修訂)「歷史財務資料審核或審閱以外的鑒證工作」並參考實務說明740號「香港上市規則規定的持續關連交易的核數師函件」，本公司之獨立核數師已受聘對本集團持續關連交易作出報告。根據上市規則第14A.38條，核數師已就截至2019年12月31日止年度的持續關連交易，發出無保留意見的函件，並載有其發現和結論。本公司已將核數師函件副本向聯交所提供。

### Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as at 27 March 2020.

### Compliance with the Corporate Governance Code

For the year ended 31 December 2019, the Company has complied with all the applicable Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules ("Appendix 14"). To maintain high standards of corporate governance, the Company has adopted the recommended best practices in Appendix 14 where appropriate.

### Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has its own written guidelines on securities transactions by Directors and relevant employees on no less exacting terms than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules. Specific enquiry has been made to all Directors, and all Directors have confirmed that they have been in compliance with such guidelines during the year ended 31 December 2019.

### Compliance with laws and regulations

To the best knowledge of the Directors, for the year ended 31 December 2019, the Group has complied, in all material respects, with the relevant laws and regulations that have significant impact on the operations of the Group.

### 充足的公眾持股量

根據本公司可循公開途徑獲得的資料及據董事所知，已確認於2020年3月27日，本公司超逾25%的已發行股份由公眾人士持有，故公眾持股量充足。

### 遵守企業管治守則

截至2019年12月31日止年度內，本公司一直遵守上市規則附錄14所載之企業管治守則（「附錄14」）中所有適用的守則條文。為維持高水平的企業管治標準，公司已採納附錄14中適當的建議最佳常規守則。

### 遵守上市公司董事進行證券交易之標準守則

本公司就董事及有關員工進行的證券交易制訂其本身的書面指引，條款與上市規則附錄10所載之上市發行人董事進行證券交易的標準守則規定之標準同樣嚴格。本公司已向全體董事作出具體查詢，截至2019年12月31日止年度內，彼等確定均一直遵守該等指引。

### 遵守法律及法規

據董事所知悉，截至2019年12月31日止年度，本集團已在所有重大方面遵守對本集團營運構成重大影響之法律及法規。

### Business review

The business review disclosure of the Group for the year as required by Schedule 5 to the new Companies Ordinance are set out on pages 13 to 25 of this Annual Report. The business review forms part of this Report of the Directors.

### Independent auditor

The consolidated financial statements for the year ended 31 December 2019 have been audited by Ernst & Young who retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment.

### 業務回顧

新《公司條例》附表5規定的本集團本年度的之業務回顧披露載於本年報第13至第25頁。該業務回顧為本董事會報告的組成部分。

### 獨立核數師

截至2019年12月31日止年度的綜合財務報表已由安永會計師事務所審核。安永會計師事務所須於即將舉行之股東週年大會中退任，並符合資格及願意應聘連任。

On behalf of the Board  
代表董事會

**Ma Yuchuan** 馬玉川  
*Chairman* 主席  
Hong Kong, 27 March 2020  
香港，2020年3月27日



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



**To the shareholders of Solomon Systech (International) Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Solomon Systech (International) Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 74 to 168, which comprise the consolidated statement of financial position as at 31 December 2019, 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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.



致Solomon Systech (International) Limited股東  
(於開曼群島註冊成立的有限公司)

### 意見

我們已審計列載於第74頁至第168頁的Solomon Systech (International) Limited (「貴公司」) 及其附屬公司 (「貴集團」) 的綜合財務報表，此綜合財務報表包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會頒佈的《香港財務報告準則》真實而中肯地反映了 貴集團於二零一九年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現和綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

### 意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的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職業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

### 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。這些事項是在對綜合財務報表整體進行審計並形成意見的背景下來進行處理的，我們不對這些事項提供單獨的意見。我們對下述每一事項在審計中是如何應對的描述也以此為背景。

我們已經履行了本報告「核數師就審計綜合財務報表承擔的責任」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 MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
<b>Impairments of goodwill and other intangible assets</b>	
<p>As at 31 December 2019, the Group had goodwill before impairment of US\$2.3 million and other intangible assets before impairment of US\$9.4 million. During the year, impairments of US\$2.3 million and US\$8.0 million were made against goodwill and certain other intangible assets, respectively.</p> <p>Impairment assessment is performed by assessing the recoverable amounts of the cash-generating units or group of cash-generating units to which the goodwill and other intangible assets relate. The recoverable amounts of the cash-generating units have been determined based on a value in use calculation using cash flow projections based on financial budgets.</p> <p>The impairment assessment is significant to our audit due to (i) the magnitude of the carrying amounts involved; and (ii) significant estimates involved in the estimation of the value in use of the cash-generating units to which the goodwill and other intangible assets are allocated, including, among others, expected future cash flows and discount rates.</p> <p>The Group's accounting policies, disclosures of estimation uncertainty and impairment assessment of goodwill and other intangible assets are included in notes 2.4, 4 and 14 to the consolidated financial statements, respectively.</p>	<p>We assessed the key assumptions used in management's cash flow projections for impairment assessment of goodwill and other intangible assets, including, among others, budgeted revenue growth rates, budgeted gross profit margin and discount rates, taking into consideration the historical results, market conditions and trends and reliability of previous projections. We have also evaluated the sensitivity of management estimates and assumptions used in the cash flow projections.</p> <p>In addition, we involved our valuation experts to assist us in evaluating the methodology and the discount rates adopted in the value in use calculation using cash flow projections. We also assessed the adequacy of disclosures in connection with the impairment assessment of goodwill and other intangible assets.</p>
<b>Write-down of inventories to net realisable value</b>	
<p>The Group had inventories with carrying amount of US\$26.8 million as at 31 December 2019, which represented 52.2% of the Group's net assets. The Group performs regular review of the carrying amounts of inventories to determine if any write-down of inventories to net realisable value is required after considering the aged analyses of inventories, relevant historical sales, usage reports and obsolescence.</p> <p>The determination of net realisable value requires management to make significant judgements and estimates based on expectation about future market conditions.</p> <p>The related disclosure of estimation uncertainty is included in note 4 to the consolidated financial statements.</p>	<p>We evaluated management's assessment of whether the estimated net realisable values of inventories declined below their carrying amounts. Our procedures included understanding and assessing the Group's processes over identifying and valuing obsolete, damaged, slow-moving, excessive and other potentially impaired inventory items for which their net realisable values might decline below their carrying amounts; evaluating the methodologies, inputs and assumptions used by the Group in determining the net realisable values of inventories; and assessing the write-down of inventories required by testing the ageing analyses of inventories, sales made and materials used subsequent to the end of the reporting period and historical sales and usage reports.</p>

### 關鍵審計事項 (續)

關鍵審計事項	我們的審計如何處理關鍵審計事項
<p><b>商譽及其他無形資產的減值</b></p> <p>截至2019年12月31日，商譽及其他無形資產的撥備前賬面值分別為2.3百萬美元及9.4百萬美元。年內，商譽及其他無形資產減值分別為2.3百萬美元及8百萬美元。</p> <p>減值評估乃透過評估商譽及其他無形資產所涉及的現金產生單位或現金產生單位組別的可收回金額而釐定。現金產生單位的可收回金額乃根據使用價值計算，並使用基於財務預算的現金流量預測釐定。</p> <p>由於(i)所涉賬面金額的大小，減值評估對我們的審計而言意義重大；(ii)估計商譽及其他無形資產所分配的現金產生單位的使用價值所涉及的重大估計，包括(其中包括)預期未來現金流量及貼現率。</p> <p>貴集團的會計政策，估計不確定性的披露以及商譽及其他無形資產的減值評估分別載於綜合財務報表附註2.4,4 及14。</p>	<p>我們評估了管理層對商譽及其他無形資產減值評估的現金流量預測所採用的主要假設，其中包括預算收入增長率，預算毛利率和貼現率，並考慮了歷史結果，市場狀況和趨勢和之前預測的可靠性。我們還評估了現金流量預測中使用的管理估計和假設的敏感性。</p> <p>此外，我們讓估值專家參與評估使用現金流量預測計算使用價值的方法和貼現率。我們還評估了與商譽和其他無形資產的減值評估相關的披露是否充分。</p>
<p><b>撇銷存貨至可變現淨值</b></p> <p>截至2019年12月31日，貴集團擁有存貨賬面值總額約為26.8百萬美元，即貴集團淨資產的52.2%。貴集團對存貨的賬面值進行定期審查，並在顧及存貨的賬齡分析、相關歷史銷售及使用報告後，判斷是否有任何存貨須撇銷至可變現淨值。</p> <p>釐定可變現淨值時，管理層須作出將影響所報告存貨金額及相關披露的關鍵判斷及估計。</p> <p>該等關鍵判斷及估計載於財務報表附註4。</p>	<p>我們已測評管理層估計存貨的可變現淨值是否跌至低於其賬面值的評估。我們的程序包括了解、評估及測試本集團的過程及關鍵控制，其涉及確定及估算陳舊、損壞、滯銷、過量及其他潛在減值的存貨項目，因其可變現淨值可能跌至低於其賬面值；測評貴集團用以釐定存貨可變現淨值的方法、參數及假設；及透過測試存貨截至報告期末其後的賬齡分析、銷量及所用材料及歷史銷量及使用報告評估所須存貨的撇銷。</p>



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

### RESPONSIBILITIES OF THE 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



### 其他信息

貴公司董事需對其他信息負責。其他信息包括刊載於年度報告內的信息，但不包括綜合財務報表及我們的核數師報告。

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

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

### 董事就綜合財務報表須承擔的責任

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

在擬備綜合財務報表時，貴公司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，除非貴公司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。

審核委員會協助貴公司董事履行職責、監督貴集團的財務報告過程。

### 核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們遵照百慕達《一九八一年公司法》第90條僅對全體成員作出報告，除此以外，本報告並無其他用途。我們不會就核數師報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

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

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The engagement partner on the audit resulting in this independent auditor's report is Wong Yat Kin.

**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

27 March 2020

### 核數師就審計綜合財務報表承擔的責任(續)

- 瞭解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、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計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關職業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

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

出具本獨立核數師報告的審計項目合夥人是王一建。

安永會計師事務所  
執業會計師  
香港

2020年3月27日

# CONSOLIDATED FINANCIAL STATEMENTS

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

## 綜合損益表

For the year ended 31 December 2019  
截至2019年12月31日止年度

		Notes 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
Revenue	銷售額	5	<b>108,323</b>	98,148
Cost of sales	銷售成本		<b>(86,995)</b>	(69,980)
Gross profit	毛利		<b>21,328</b>	28,168
Research and development costs	研究及開發成本		<b>(24,728)</b>	(31,482)
Selling and distribution expenses	銷售及分銷開支		<b>(3,133)</b>	(4,043)
Administrative expenses	行政開支		<b>(12,409)</b>	(13,154)
Other expenses	其他開支		<b>(13,532)</b>	-
Other income and gains – net	其他收入及收益 – 淨額	7	<b>4,138</b>	4,551
			<b>(28,336)</b>	(15,960)
Finance income – net	投資收入 – 淨額	8	<b>1</b>	1,970
			<b>(28,335)</b>	(13,990)
Share of profits of associates	應佔聯營公司盈利	17	<b>155</b>	222
Loss before tax	除稅前虧損	6	<b>(28,180)</b>	(13,768)
Income tax credit	所得稅抵免	11	<b>375</b>	-
Loss for the year	本年度虧損		<b>(27,805)</b>	(13,768)
Attributable to:	應佔:			
– Owners of the parent	– 本公司擁有人		<b>(27,272)</b>	(13,677)
– Non-controlling interests	– 非控股權益		<b>(533)</b>	(91)
			<b>(27,805)</b>	(13,768)
Loss per share attributable to ordinary equity holders of the parent: (expressed in US cent(s) per share)	本公司普通權益持有人應佔的每股虧損: (以美仙, 每股呈列)	12		
– Basic	– 基本		<b>(1.1)</b>	(0.55)
– Diluted	– 攤薄		<b>(1.1)</b>	(0.55)

The notes on pages 82 to 168 form an integral part of these consolidated financial statements.  
第82至168頁的附註為該等綜合財務報表的組成部份。

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 綜合全面收入報表

For the year ended 31 December 2019  
截至2019年12月31日止年度

		2019 US\$'000 千美元	2018 US\$'000 千美元
Loss for the year	本年度虧損	<b>(27,805)</b>	(13,768)
Other comprehensive income/(loss)	其他全面收入／(虧損)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:	於往後期間，其他全面收入／(虧損)將重新分類至損益表：		
- Exchange differences arising on translation of foreign operations	- 換算海外業務時產生之匯兌差額	<b>(53)</b>	393
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:	於往後期間，其他全面收入將不會重新分類至損益表：		
- Equity investment designated at fair value through other comprehensive income: Changes in fair value	- 按公平價值計入其他全面收益的股權投資公平價值變動	<b>90</b>	-
Other comprehensive income for the year	其他全面收入	<b>37</b>	393
Total comprehensive loss for the year	本年度全面虧損總額	<b>(27,768)</b>	(13,375)
Attributable to:	應佔：		
- Owners of the parent	- 本公司擁有人	<b>(27,234)</b>	(13,283)
- Non-controlling interests	- 非控股權益	<b>(534)</b>	(92)
		<b>(27,768)</b>	(13,375)

The notes on pages 82 to 168 form an integral part of these consolidated financial statements.  
第82至168頁的附註為該等綜合財務報表的組成部份。

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

As at 31 December 2019  
於2019年12月31日

	Notes 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
<b>NON-CURRENT ASSETS</b>			
Intangible assets	14	1,453	15,609
Property, plant and equipment	15	3,650	5,036
Right-of-use assets	16	1,697	-
Investments in associates	17	892	737
Equity investment designated at fair value through other comprehensive income	19	929	839
Prepayments and deposits	22	333	525
Financial assets at fair value through profit or loss	23	-	467
<b>Total non-current assets</b>		<b>8,954</b>	23,213
<b>CURRENT ASSETS</b>			
Inventories	21	26,791	32,654
Trade and other receivables, prepayments and deposits	22	22,968	28,838
Financial assets at fair value through profit or loss	23	-	8,780
Pledged bank deposit		130	130
Cash and cash equivalents	20	18,078	13,395
<b>Total current assets</b>		<b>67,967</b>	83,797
<b>CURRENT LIABILITIES</b>			
Trade and other payables	28	23,196	26,912
Interest-bearing bank borrowings	29	-	198
Lease liabilities	16	1,292	-
Deferred income		258	405
Tax payables		91	152
<b>Total current liabilities</b>		<b>24,837</b>	27,667
<b>NET CURRENT ASSETS</b>		<b>43,130</b>	56,130
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>52,084</b>	79,343
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	29	169	-
Lease liabilities	16	606	-
Deferred tax liability	27	-	313
<b>Total non-current liabilities</b>		<b>775</b>	313
<b>Net assets</b>		<b>51,309</b>	79,030

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 綜合財務狀況表

As at 31 December 2019  
於2019年12月31日

		Notes 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
<b>EQUITY</b>	<b>權益</b>			
<b>Equity attributable to owners of the parent</b>	<b>本公司擁有人應佔權益</b>			
Issued capital	已發行股本	24	31,967	31,967
Reserves	儲備	26	19,306	46,493
<b>Non-controlling interests</b>	<b>非控股權益</b>		<b>51,273</b>	78,460
			<b>36</b>	570
<b>Total equity</b>	<b>總權益</b>		<b>51,309</b>	79,030

The notes on pages 82 to 168 form an integral part of these consolidated financial statements.  
第82至168頁的附註為該等綜合財務報表的組成部份。

On behalf of the Board  
代表董事會

**WANG Wah Chi, Raymond**  
王華志  
Chief Executive Officer  
行政總裁

**LO Wai Ming**  
盧偉明  
Director  
董事



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## 綜合權益變動表

For the year ended 31 December 2019  
截至2019年12月31日止年度

		Attributable to owners of the parent 本公司擁有人應佔											
		Equity compensation								Accumulated losses 累計虧損 US\$'000 千美元	Total 總計 US\$'000 千美元	Non-controlling interests 非控股權益 US\$'000 千美元	Total equity 總權益 US\$'000 千美元
Notes 附註		Issued capital 股本 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Merger reserve 合併儲備 US\$'000 千美元	Exchange reserve 匯兌儲備 US\$'000 千美元	reserve 股本權益 US\$'000 千美元	Fair value reserve 公平值儲備 US\$'000 千美元	Other reserve 其他儲備 US\$'000 千美元					
At 1 January 2018	於2018年1月1日	31,958	83,470	2,082	(303)	17,692	697	230	(44,123)	91,703	662	92,365	
Loss for the year	年內虧損	-	-	-	-	-	-	-	(13,677)	(13,677)	(91)	(13,768)	
Other comprehensive income for the year:	年內其他全面收入：												
- Exchange differences arising on translation of foreign operations	- 換算海外業務時產生之匯兌差額	-	-	-	394	-	-	-	-	394	(1)	393	
<b>Total comprehensive income/(loss)</b>	<b>全面收入/(虧損)總計</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>394</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,677)</b>	<b>(13,283)</b>	<b>(92)</b>	<b>(13,375)</b>	
Equity-settled share option arrangements	股本權益報酬	25	-	-	-	12	-	-	-	12	-	12	
Exercise of share options	行使購股權	24	9	19	-	-	-	-	-	28	-	28	
At 31 December 2018 and at 1 January 2019	於2018年12月31日及2019年1月1日	31,967	83,489	2,082	91	17,704	697	230	(57,800)	78,460	570	79,030	
Loss for the year	年內虧損	-	-	-	-	-	-	-	(27,272)	(27,272)	(533)	(27,805)	
Other comprehensive income for the year:	年內其他全面收入：												
- Changes in fair value of equity investment at fair value through other comprehensive income	- 按公平價值計入其他全面收益的股權投資公平值變動	-	-	-	-	-	90	-	-	90	-	90	
- Exchange differences arising on translation of foreign operations	- 換算海外業務時產生之匯兌差額	-	-	-	(52)	-	-	-	-	(52)	(1)	(53)	
<b>Total comprehensive income/(loss)</b>	<b>全面收入/(虧損)總計</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52)</b>	<b>-</b>	<b>90</b>	<b>-</b>	<b>(27,272)</b>	<b>(27,234)</b>	<b>(534)</b>	<b>(27,768)</b>	
Equity-settled share option arrangements	股本權益報酬	25	-	-	-	47	-	-	-	47	-	47	
At 31 December 2019	於2019年12月31日	31,967	83,489*	2,082*	39*	17,751*	787*	230*	(85,072)*	51,273	36	51,309	

The notes on pages 82 to 168 form an integral part of these consolidated financial statements.

第82至168頁的附註為該等綜合財務報表的組成部份。

\* These reserve accounts comprise the consolidated reserves of US\$19,306,000 (2018: US\$46,493,000) in the consolidated statement of financial position.

\* 該等儲備包括綜合儲備19,306,000美元(2018: 46,493,000美元)載於綜合財務狀況表。

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

For the year ended 31 December 2019  
截至2019年12月31日止年度

	Notes 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
<b>Cash flows from operating activities</b>	經營活動之現金流量		
Loss before tax	除稅前虧損	(28,180)	(13,768)
Adjustments for:	調整:		
Finance costs	理財成本	8	4
Share of profits of associates	應佔聯營公司盈利	17	(222)
Interest income	利息收入	8	(361)
Dividend income	股息收入	8	(122)
Fair value loss/(gain) on FVTPL, net	通過損益以反映公平價值的 公平值虧損/(收益), 淨額	8	(1,491)
Loss/(gain) on disposal of items of property, plant and equipment	出售物業、廠房及 設備的虧損/(收益)	7	(117)
Provision for obsolete or slow moving inventories	過時或滯銷 存貨撥備	6	5,920
Depreciation of property, plant and equipment	物業、機器及設備折舊	6	1,750
Depreciation of right-of-use assets	使用權資產折舊	6	-
Amortization of intangible assets	無形資產攤銷	6	4,201
Equity-settled share option expense	股本權益報酬	6	12
Impairment of goodwill	商譽減值	6	-
Impairment of intangible assets	無形資產減值	6	-
Impairment of right-of-use assets	所有權資產減值	6	-
Impairment of trade receivables	應收款減值	6	-
Impairment of property, plant and equipment	物業、機器及設備減值	6	-
Gain on lease modifications	租賃修訂	6	-
		(4,170)	(4,194)
Increase in inventories	存貨增加	(833)	(18,047)
Decrease/(increase) in trade and other receivables, prepayments and deposits	應收款及其他應收款, 預付款及訂金 減少/(增加)	5,979	(8,234)
Increase/(decrease) in trade and other payables	應付款及其他應付款 增加/(減少)	(3,863)	3,719
Cash used in operations	經營使用的現金	(2,887)	(26,756)
Overseas income tax paid	繳付海外所得稅	-	(44)
Interest paid	繳付利息	(149)	(4)
<b>Net cash used in operating activities</b>	經營活動使用的現金淨額	<b>(3,036)</b>	(26,804)
<b>Cash flows from investing activities</b>	投資活動之現金流量		
Purchases of items of property, plant and equipment	購置物業、廠房 及設備	15	(1,933)
Proceeds from disposal of property, plant and equipment	出售物業、機器 及設備	9	154
Proceeds from disposal of financial assets at fair value through profit or loss	出售通過損益以反映公平價 值的財務資產的款項	9,226	17,603
Interest received	已收利息	146	361
Dividend received	已收股息	25	122
<b>Net cash from investing activities</b>	投資活動產生的現金淨額	<b>9,083</b>	16,307

# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

For the year ended 31 December 2019  
截至2019年12月31日止年度

		2019 US\$'000 千美元	2018 US\$'000 千美元
<b>Cash flows from financing activities</b>	融資活動之現金流量		
Repayment of interest-bearing bank borrowing	償還銀行計息貸款	(29)	(101)
Proceeds from exercise of share options	購股權獲行使所得款	-	28
Principal portion of lease payments	租賃付款的本金部份	(1,289)	-
<b>Net cash used in financing activities</b>	融資活動使用現金淨額	<b>(1,318)</b>	(73)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物淨增加/(減少)	<b>4,729</b>	(10,570)
<b>Cash and cash equivalents at beginning of year</b>	年初現金及現金等價物	<b>13,395</b>	23,347
Effect of foreign exchange rate changes, net	匯率變動之影響，淨額	(46)	618
<b>Cash and cash equivalents at end of year</b>	年末現金及現金等價物	<b>18,078</b>	13,395
<b>Analysis of balance of cash and cash equivalents</b>	現金及現金等價物的結餘分析：		
- Bank balances and cash	- 銀行結餘及現金	<b>18,078</b>	13,395

The notes on pages 82 to 168 form an integral part of these consolidated financial statements.

第82至168頁的附註為該等綜合財務報表的組成部份。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 1. General information

Solomon Systech (International) Limited and its subsidiaries are fabless semiconductor companies specializing in the design, development and sales of integrated circuits (“IC”) products and system solutions that enable a wide range of display applications for smartphones, tablets, smart TVs/monitors, notebooks and other smart devices, including wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

The Company was incorporated in the Cayman Islands on 21 November 2003 as an exempted company with limited liability under Cap.22, the Cayman Islands Companies Law (Law 3 of 1961, as consolidated and revised). The address of its registered office is 2/F., Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands (with effect from 1 April 2020) and the address of its principal office in Hong Kong is 6/F., No. 3 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

The Company has been listed on the main board of The Stock Exchange of Hong Kong Limited since 8 April 2004.

#### Information about subsidiaries

Please refer to note 18 to the financial statements for the particulars of the Company’s principal subsidiaries.

### 2. Summary of significant accounting policies

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

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial assets which have been measured at fair value.

These financial statements are presented in US dollars (“US\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 1. 一般資料

Solomon Systech (International) Limited 及其附屬公司為無晶圓廠半導體公司，專門設計、開發及銷售集成電路晶片產品及系統解決方案，能於智能手機、平板電腦、電視／顯示器、筆記本電腦以及其他智能產品，包括可穿戴產品、醫療保健產品、智能家居產品，以及工業用設備等提供廣泛的顯示及觸控應用。

本公司於2003年11月21日根據開曼群島公司法（1961年法律3，經綜合及修訂）第22章在開曼群島註冊成立為一間獲豁免有限公司。本公司註冊辦事處的地址為2/F., Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103，開曼群島（於2020年4月1日生效），而其香港總辦事處的地址為香港新界沙田香港科學園科技大道東3號6樓。

本公司自2004年4月8日起，在香港聯合交易所有限公司主板上市。

#### 附屬公司之資料

本公司主要附屬公司之詳情載於財務報表附註18。

### 2. 主要會計政策概要

編製本綜合財務報表時採用的主要會計政策載於下文。除另有列明外，此等政策已貫徹應用於所有呈報年度。

#### 2.1 編製基準

本財務報表乃根據香港會計師公會頒佈的香港財務報告準則（包括所有香港財務報告準則、香港會計準則及詮釋）、香港公認會計原則及香港公司條例的披露規定編製。除部份金融資產按公平值計量外，它們均按歷史成本法編製。

此等財務報表以美元表示，除非另有說明，否則所有數值均四捨五入至最接近的千位數。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

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

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

## 2. 主要會計政策概要 (續)

### 2.1 編製基準 (續)

#### 綜合基準

綜合財務報表包括本集團於截至2019年12月31日止年度的財務報表。附屬公司是由本公司直接或間接控制的實體(包括結構化實體)。倘本集團在參與被投資方業務中承擔或享有可變回報，並有能力通過對被投資方的權力影響該等回報(即賦予本集團現有有能力主導被投資方相關活動的現有權利)時，即取得控制權。

當本公司直接或間接擁有少於被投資方的過半數投票權或類似權利時，本集團於評估其是否對被投資方擁有權力時，考慮所有相關事實及情況，包括：

- (a) 與被投資方其他投票持有人的合約安排；
- (b) 其他合約安排產生的權利；及
- (c) 本集團的投票權和潛在投票權。

附屬公司的財務報表乃按與本公司相同的報告期間採用一致的會計政策編製。附屬公司的業績自本集團取得控制權的日期起綜合入賬，且於該項控制權終止日期前一直綜合入賬。

損益及其他全面收入各組成部分歸屬於本集團母公司擁有人及非控股權益，即使此舉導致非控股權益出現虧絀結餘。有關本集團成員公司之間交易的所有集團內公司間資產及負債、權益、收入、開支及現金流量於綜合入賬時全數對銷。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### Basis of consolidation (continued)

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

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

### 2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 9  
香港財務報告準則第9號之修訂

HKFRS 16  
香港財務報告準則第16號

Amendments to HKAS 19  
香港會計準則第19號之修訂

Amendments to HKAS 28  
香港會計準則第28號之修訂

HK(IFRIC)-Int 23  
香港(國際財務報告詮釋委員會)  
— 詮釋第23號

Annual Improvements  
2015-2017 Cycle  
2015年至2017年週期的年度改進

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the adoption of the above new and revised HKFRSs has had no significant financial effect on these financial statements.

*Prepayment Features with Negative Compensation*  
具負補償的預付款項特徵

*Leases*  
租賃

*Plan Amendment, Curtailment or Settlement*  
計劃修正、縮減或索償

*Long-term Interests in Associates and Joint Ventures*  
於聯營公司及合營企業的長期權益

*Uncertainty over Income Tax Treatments*  
所得稅處理的不確定性

Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

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

除下文所述有關香港財務報告準則第16號租賃的影響外，採納上述新訂及經修訂之準則對本財務報表並沒有重大財務影響。

## 2. 主要會計政策概要(續)

### 2.1 編製基準(續)

#### 綜合基準(續)

倘事實及情況顯示上述控制權三項因素中的一項或多項出現變動，則本集團會重新評估其是否控制被投資方。附屬公司所有權權益的變動在並無喪失控制權的情況下按權益交易列賬。

倘本集團喪失對附屬公司的控制權，則終止確認(i)附屬公司的資產(包括商譽)及負債，(ii)任何非控股權益的賬面值及(iii)於權益內入賬的累計匯兌差額；並確認(i)已收代價的公平值，(ii)任何保留投資的公平值及(iii)計入損益的任何因而產生的盈餘或虧絀。本集團應佔之前於其他全面收入內確認的部分按假設本集團直接出售相關資產或負債所規定的相同基準重新分類為損益或保留溢利(如適用)。

### 2.2 會計政策及披露之變動

本集團已於本年度之財務報表首次採納以下新訂及經修訂之香港財務報告準則：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.2 Changes in Accounting Policies and Disclosures (continued)

#### HKFRS 16

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)- Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and leases liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of accumulated losses at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17 and related interpretations.

## 2. 主要會計政策概要 (續)

### 2.2 會計政策及披露之變動 (續)

#### 香港財務報告準則第16號

香港財務報告準則第16號取代香港會計準則第17號租賃、香港(國際財務報告詮釋委員會)–詮釋第4號釐定安排是否包括租賃、香港(常務詮釋委員會)–詮釋第15號經營租賃–優惠及香港(常務詮釋委員會)–詮釋第27號評估涉及租賃法律形式交易的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人以單一資產負債表模式計算所有租賃去確認計量使用權資產及租賃負債，除了某些確認豁免。香港財務報告準則第16號大致沿用香港會計準則第17號內出租人的會計處理方式。出租人將繼續使用與香港會計準則第17號類似的分類原則將租賃分類為經營租賃及融資租賃。

本集團於首次應用日期2019年1月1日採納香港財務報告準則第16號的修訂追溯方法。根據該方法，本集團就首次採納的累計影響追溯應用，並對2019年1月1日的累計虧損進行期初調整，而2018年的比較資料並無重列並繼續根據香港會計準則第17號及相關解釋呈報。

### 2. Summary of significant accounting policies (continued)

#### 2.2 Changes in Accounting Policies and Disclosures (continued)

##### HKFRS 16 (continued)

##### (i) New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

##### (ii) As a lessee – Leases previously classified as operating leases

##### Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property and vehicles. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and leases with a lease term of 12 months or less (“short-term leases”) (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation and impairment of the right-of-use assets and interest accrued on the outstanding lease liabilities as finance costs.

### 2. 主要會計政策概要 (續)

#### 2.2 會計政策及披露之變動 (續)

##### 香港財務報告準則第16號 (續)

##### (i) 租賃的新定義

根據香港財務報告準則第16號，倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約為租賃或包含租賃。當客戶有權從使用可識別資產獲得絕大部分經濟利益以及擁有指示使用可識別資產的權利時，即獲給予控制權。本集團選擇應用過渡性的可行權宜方法以允許該準則僅適用於先前於首次應用日期已根據香港會計準則第17號及香港(國際財務報告詮釋委員會)–詮釋第4號確定為租賃的合約。根據香港會計準則第17號及香港(國際財務報告詮釋委員會)–詮釋第4號未確定為租賃的合約並無重新評估。因此，香港財務報告準則第16號項下的租賃定義僅適用於在2019年1月1日或之後訂立或變更的合約。

##### (ii) 作為承租人 – 先前分類為經營租賃的租賃

##### 採納香港財務報告準則第16號的影響性質

本集團擁有多份物業及汽車項目的租賃合約。作為承租人，本集團先前根據對租賃是否將資產所有權絕大部分回報及風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據香港財務報告準則第16號，本集團採用單一方法確認及計量所有租賃的使用權資產及租賃負債，惟低價值資產租賃(按個別租賃基準選擇)及短期租賃(按相關資產類別選擇)的兩項選擇性豁免除外。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.2 Changes in Accounting Policies and Disclosures (continued)

#### HKFRS 16 (continued)

#### (ii) As a lessee – Leases previously classified as operating leases (continued)

##### Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend the lease
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics

## 2. 主要會計政策概要 (續)

### 2.2 會計政策及披露之變動 (續)

#### 香港財務報告準則第16號 (續)

#### (ii) 作為承租人 – 先前分類為經營租賃的租賃 (續)

##### 過渡影響

於2019年1月1日的租賃負債按剩餘租賃付款的現值，使用2019年1月1日的遞增借貸利率貼現後予以確認。

使用權資產根據租賃負債金額計量，並就與緊接2019年1月1日前於財務狀況表確認的租賃相關的任何預付或應計租賃付款金額作出調整。

所有該等資產於該日根據香港會計準則第36號就任何減值作出評估。本集團選擇於財務狀況表中分開列示使用權資產。

於2019年1月1日應用香港財務報告準則第16號時，本集團使用以下選擇性可行權宜方法：

- 對租賃期於首次應用日期起計12個月內結束的租賃應用短期租賃豁免
- 倘合約包含延長租賃的選擇權，則於事後釐定租賃期
- 對具有合理相似特徵的租賃組合應用單一貼現率

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2. Summary of significant accounting policies (continued)

#### 2.2 Changes in Accounting Policies and Disclosures (continued)

##### HKFRS 16 (continued)

##### (iii) Financial impact as at 1 January 2019

The impact arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

		Increase/ (decrease) 增加／(減少) US\$'000 千美元
<b>Assets</b>	<b>資產</b>	
Increase in right-of-use assets	使用權資產增加	3,241
Decrease in trade and other receivables, prepayments and deposits	應收款及其他應收款、預付款項及訂金減少	(3)
Increase in total assets	總資產增加	3,238
<b>Liabilities</b>	<b>負債</b>	
Increase in lease liabilities	租賃負債增加	3,238

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

於2019年1月1日的租賃負債與2018年12月31日的經營租賃承擔對帳如下：

		US\$'000 千美元
<b>Operating lease commitments as at 31 December 2018</b>	<b>於2018年12月31日的經營租賃承擔</b>	3,817
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	減：與短期租賃及剩餘租賃期於2019年12月31日或之前屆滿的租賃相關承擔	(274)
		3,543
Weighted average incremental borrowing rate as at 1 January 2019	於2019年1月1日的加權平均遞增借貸利率	5.5%
<b>Lease liabilities as at 1 January 2019</b>	<b>於2019年1月1日的租賃負債</b>	3,238

### 2. 主要會計政策概要(續)

#### 2.2 會計政策及披露之變動(續)

##### 香港財務報告準則第16號(續)

##### (iii) 過渡影響於2019年1月1日

於2019年1月1日採納香港財務報告準則第16號的影響如下：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2. Summary of significant accounting policies (continued)

#### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

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

### 2. 主要會計政策概要 (續)

#### 2.3 已頒佈但尚未生效的國際財務報告準則

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

		<b>Effective for annual periods beginning on or after</b> 開始於或之後的年度期間生效
Amendments to HKFRS 3 香港財務報告準則第3號之修訂	<i>Definition of a Business</i> 業務的定義	1 January 2020 2020年1月1日
Amendments to HKFRS 9, HKAS 39 and HKFRS 7 香港財務報告準則第9號、 香港會計準則39號及 香港財務報告準則第7號之修訂	<i>Interest Rate Benchmark Reform</i> 利率基準改革	1 January 2020 2020年1月1日
Amendments to HKFRS 10 and HKAS 28 (2011) 香港財務報告準則第10號及 香港會計準則第28號(2011)之修訂	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> 投資者與其聯營或合營企業之間的資產出售或注資	No mandatory effective date yet determined but available for adoption 尚未釐定強制性生效日期，惟可供採納
HKFRS 17 香港財務報告準則第17號	<i>Insurance Contracts</i> 保險合同	1 January 2021 2021年1月1日
Amendments to HKAS 1 and HKAS 8 香港會計準則第1號及第8號之修訂	<i>Definition of Material</i> 材料的定義	1 January 2020 2020年1月1日



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

## 2. 主要會計政策概要 (續)

### 2.3 已頒佈但尚未生效的國際財務報告準則 (續)

下文載述有關預期將適用於本集團之該等香港財務報告準則之進一步資料。

香港財務報告準則第3號之修訂澄清及訂明有關業務釋義之額外指引。該等修訂釐清，對於視作一項業務的一整套活動及資產而言，其必須至少包含可共同對創造產出的能力做出重大貢獻的輸入資源及實質性過程。在不包含需要創造產出的所有輸入資源及過程的情況下，亦可視作一項業務存在。該等修訂移除了對市場參與者是否能夠取得業務及持續產出產品的評估。反之，其重心放在所取得的輸入資源及所取得的實質性過程是否共同對創造產出的能力做出重大貢獻。該等修訂亦縮小了產出的定義，集中在向客戶提供的商品或服務、投資收入或正常業務的其他收入。此外，該等修訂就評估所取得的過程是否具有實質提供指引，並引入選擇性公允價值集中度測試，以允許按簡化法評估所取得的一套業務活動及資產是否構成一項業務。本集團預期將自2020年1月1日起追溯性採納該等修訂。由於該等修訂預期適用於首次應用日期或之後發生之交易或其他事件，故本集團於交易日期將不受該等修訂影響。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

## 2. 主要會計政策概要(續)

### 2.3 已頒佈但尚未生效的國際財務報告準則(續)

由於該等修訂預期適用於首次應用日期或之後發生之交易或其他事件，故本集團於交易日期將不受該等修訂影響。香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂旨在解決銀行同業拆息改革對財務申報之影響。該等修訂提供可在替換現有利率基準前之不確定期限內繼續進行對沖會計處理之暫時性補救措施。此外，該等修訂規訂公司須向投資者提供有關直接受該等不確定因素影響之對沖關係之額外資料。本集團預期將自二零二零年一月一日起採納該等修訂。預期該等修訂將不會對本集團財務報表造成任何重大影響。

香港財務報告準則第10號及香港會計準則第28號(2011年)的修訂針對香港財務報告準則第10號及香港會計準則第28號(2011年)之間有關投資者與其聯營公司或合營企業之間資產出售或注資兩者規定的不一致情況。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成業務時，須確認全數收益或虧損。當交易涉及不構成業務的資產時，由該交易產生的收益或虧損於該投資者的損益內確認，惟僅以不相關投資者於該聯營公司或合營企業的權益為限。該等修訂已前瞻應用。香港會計師公會已於2016年1月剔除香港財務報告準則第10號及香港會計準則第28號(2011年)的修訂的先前強制生效日期，而新強制生效日期將於對聯營公司及合營企業的會計處理完成更廣泛檢討後釐定。然而，該等修訂現時可供採納。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2. Summary of significant accounting policies (continued)

#### 2.3 Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

#### 2.4 Summary of Significant Accounting Policies

##### Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

### 2. 主要會計政策概要(續)

#### 2.3 已頒佈但尚未生效的國際財務報告準則(續)

香港會計準則第1號及香港會計準則第8號之修訂訂明重大性的新釋義。新釋義列明，倘可合理預期對資料遺漏、錯誤陳述或陳述不明會影響一般用途財務報表的主要使用者基於該等財務報表作出的決策，則有關資料視作重大資料。該等修訂釐清，重大性將取決於資料的性質或大小。倘可合理預期對資料的錯誤陳述會影響主要使用者所作的決策，則視為重大錯誤陳述。本集團預期將自2020年1月1日起追溯性採納該等修訂。該等修訂預期不會對本集團財務報表造成重大影響。

#### 2.4 重大會計政策概要

##### 於聯營公司的投資

聯營公司為本集團於其擁有一般不少於其20%股份投票權的長期權益，且本集團可對其發揮重大影響力的實體。重大影響力指參與被投資方的財務及營運政策決策的權力，惟並非控制或共同控制該等政策。

本集團於聯營公司的投資乃根據權益會計法按本集團所佔資產淨值減任何減值虧損於綜合財務狀況表列賬。倘若會計政策存在任何不一致，將會作出相應調整。本集團應佔聯營公司的收購後業績及其他全面收入計入綜合損益及其他全面收入表。此外，倘一項變動直接於聯營公司的權益中確認，則本集團將於綜合權益變動表(倘適用)確認其任何應佔變動。因本集團與其聯營公司的交易而產生的未變現收益及虧損乃以本集團於聯營公司的投資為限進行對銷，惟未變現虧損提供所轉讓資產的減值證據則除外。收購聯營公司產生的商譽計入本集團於聯營公司的部分投資。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Investments in associates (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### Business combinations and goodwill

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

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

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

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 於聯營公司的投資 (續)

如果對聯營公司的投資成為對合資企業的投資(反之亦然)，保留權益不會重新計量。相反，投資繼續按權益法入賬。於喪失對聯營公司的重大影響力後，本集團按公平值計量及確認任何保留投資。於喪失重大影響力後聯營公司的賬面值與保留投資的公平值及出售所得款項間的任何差額乃於損益中確認。

#### 業務合併及商譽

業務合併使用收購法列賬。轉讓的代價按收購日期公平值計量，即本集團所轉讓資產於收購日期的公平值、本集團對被收購方前擁有人承擔的負債及本集團為換取被收購方控制權而發行的股權總和。就每項業務合併而言，本集團選擇是否以公平值或應佔被收購方可識別資產淨值的比例，計量被收購方屬現時擁有權權益的非控股權益及賦予持有人權利於清盤時按比例分佔資產淨值的非控股權益。非控股權益的所有其他組成部分均按公平值計量。收購相關成本於產生時支銷。

當本集團收購一項業務時，本集團根據合約條款、收購日期的經濟狀況及相關條件對所承擔的金融資產及負債進行評估，以作出適當的分類及指定。此項評估包括將嵌入式衍生工具與被收購方主合約分開。

倘業務合併分階段進行，之前持有的股權按其收購日期的公平值重新計量，而任何因此所產生的收益或虧損在損益中確認。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Business combinations and goodwill (continued)

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

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

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

## 2. 主要會計政策概要(續)

### 2.4 重大會計政策概要(續)

#### 業務合併及商譽(續)

收購方轉讓的任何或然代價於收購日期按公平值確認。分類為資產或負債的或然代價按公平值計量，且公平值變動於損益確認。被分類為權益的或然代價不予重新計量，且後續結算在權益內入賬。

商譽初步按成本(即已轉讓代價、非控股權益的確認金額及本集團之前於被收購方持有的任何股權公平值的總和超過所收購可識別資產淨值及所承擔負債的差額)計量。倘該代價及其他項目的總和低於所收購資產淨值的公平值，則重新評估後的差額會在損益中確認為議價收購收益。

初步確認後，商譽按成本減任何累計減值虧損計量。商譽每年進行減值測試，或倘有事件或情況變化顯示賬面值可能出現減值時，則進行更頻繁的減值測試。本集團於十二月三十一日就商譽進行年度減值測試。就減值測試而言，業務合併中取得的商譽自收購日期起，分配至預期將從合併的協同效應中受益的本集團各現金產生單位(或現金產生單位組別)，而不論本集團的其他資產或負債是否分配予該等單位或單位組別。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Business combinations and goodwill (continued)

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

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

#### Fair value measurement

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

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 業務合併及商譽 (續)

減值乃通過評估商譽相關的現金產生單位 (現金產生單位組別) 的可收回金額釐定。倘現金產生單位 (現金產生單位組別) 的可收回金額低於賬面值，則確認減值虧損。就商譽確認的減值虧損於其後期間不予撥回。

倘商譽已分配至現金產生單位 (或現金產生單位組別)，而該單位的部分業務被出售，則於釐定該出售的收益或虧損時，將與被出售業務相關的商譽計入該業務賬面值。在該等情況下出售的商譽根據出售業務的相對價值及現金產生單位的保留部分計量。

#### 公平值計量

本集團於每個報告期末計量股權投資和若干反映公平價值的財務資產。公平值乃市場參與者於計量日期在有序交易中出售資產所收取或轉讓負債所支付的價格。公平值計量乃基於假設出售資產或轉讓負債的交易於資產或負債的主要市場進行，或倘無主要市場，則於資產或負債的最有利市場進行。主要或最有利市場須為本集團可進入的市場。資產或負債的公平值採用市場參與者為資產或負債定價所用的假設進行計量 (假設市場參與者按其最佳經濟利益行事)。

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Fair value measurement (continued)

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

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

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

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

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

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 公平值計量 (續)

非金融資產的公平值計量計及市場參與者通過最大限度使用該資產達致最佳用途，或通過將資產出售予將最大限度使用該資產達致最佳用途的其他市場參與者而產生經濟利益的能力。

本集團採用於有關情況下適當的估值方法，且該估值方法具備充足數據可供計量公平值，以盡量使用相關可觀察輸入數據及盡量避免使用不可觀察輸入數據。

所有於財務報表計量或披露公平值的資產及負債，乃按就整體公平值計量而言屬重要的最低級輸入數據分類至下述公平值等級：

- 第一級 – 基於相同資產或負債於活躍市場中的報價 (未經調整)
- 第二級 – 基於就公平值計量而言屬重大的最低級輸入數據為可直接或間接觀察數據的估值方法
- 第三級 – 基於就公平值計量而言屬重大的最低級輸入數據為不可觀察數據的估值方法

就按經常性基準於財務報表確認的資產及負債而言，本集團於各報告期末通過重估分類 (基於就整體公平值計量而言屬重要的最低級輸入數據) 確定各層級之間是否出現轉移。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 非金融資產減值

倘有跡象顯示存在減值，或須就資產（遞延稅項資產除外）進行年度減值測試，則會估計資產的可收回金額。資產的可收回金額按資產或現金產生單位的使用價值與公平值減出售成本（以較高者為準）計算，並就個別資產而釐定，除非有關資產並不產生在很大程度上獨立於其他資產或資產組別的現金流入，在此情況下，則會就該資產所屬現金產生單位釐定可收回金額。

減值虧損僅於資產賬面值超過其可收回金額時予以確認。於評估使用價值時，估計未來現金流量按可反映現時市場對貨幣時間值的評估及資產特定風險的稅前貼現率貼現至其現值。減值虧損於其產生期間的損益內在與減值資產功能一致的開支類別中扣除。

於各報告期末，會評估是否有任何跡象顯示先前確認的減值虧損可能不再存在或可能已經減少。倘存在該跡象，則會估計可收回金額。先前就資產確認的減值虧損，僅於用於釐定該資產的可收回金額的估計有變時予以撥回，但撥回金額不得高於假設過往年度並無就該資產確認減值虧損而應釐定的賬面值（扣除任何折舊／攤銷）。撥回的減值虧損於其產生期間計入損益。

### 2. Summary of significant accounting policies (continued)

#### 2.4 Summary of Significant Accounting Policies (continued)

##### Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

### 2. 主要會計政策概要 (續)

#### 2.4 重大會計政策概要 (續)

##### 關聯方

於下列情況下，以下人士被視為與本集團有關聯：

- (a) 該人士為下列人士或下列人士近親：
  - (i) 對本集團擁有控制權或共同控制權；
  - (ii) 對本集團有重大影響力；或
  - (iii) 為本集團或本集團母公司的主要管理人員；

或

- (b) 該人士為符合下列任何條件的實體：
  - (i) 該實體及本集團屬同一集團的成員公司；
  - (ii) 該實體為另一實體（或另一實體的母公司、附屬公司或同系附屬公司）的聯營公司或合營企業；
  - (iii) 該實體及本集團屬同一第三方的合營企業；
  - (iv) 該實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
  - (v) 該實體為本集團或與本集團關聯的實體就僱員利益設立的離職後福利計劃；
  - (vi) 該實體受第(a)項所指明人士控制或共同控制；
  - (vii) 第(a)(i)項所指明人士對該實體有重大影響力或屬該實體（或該實體的母公司）的主要管理人員；及
  - (viii) 該實體或其所屬集團的任何成員公司為本集團或本集團的母公司提供主要管理人員服務。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	永久業權土地	Not depreciated 不予折舊
Building	樓宇	2%
Leasehold improvements	租賃物業裝修	20% or over the lease period, whichever is shorter 20%或按租期（以較短者為準）
Furniture, fixtures, licenses and equipment	傢具、固定裝置、特許證及設備	33.33%
Machinery and laboratory equipment	機器及實驗室設備	12.50% to 33.33%
Motor vehicles	汽車	33.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

## 2. 主要會計政策概要（續）

### 2.4 重大會計政策概要（續）

#### 物業、廠房及設備以及折舊

物業、廠房及設備按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目的成本，包括其購買價及將資產運抵指定地點並使其達到擬定用途的營運狀況的任何直接應佔成本。

物業、廠房及設備項目投入營運後所產生的支出（如維修及保養費用），一般於其產生期間自損益中扣除。重大檢查支出若滿足確認標準，則作為重置部分予以資本化並計入資產賬面值。倘物業、廠房及設備的主要部分須定期重置，則本集團將該等部分確認為具特定使用年期的個別資產，並計提相應折舊。

折舊按每項物業、廠房及設備項目的估計使用年期以直線法撇銷其成本至其剩餘價值計算。為此而採用的主要年折舊率如下：

倘物業、廠房及設備項目各部分的使用年期不同，則該項目的成本以合理基準於各部分之間分配，而各部分須單獨計算折舊。至少於各財政年度結算日檢討剩餘價值、使用年期及折舊方法，並在適當情況下作出調整。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

#### Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

#### Patents and intellectual property

Purchased patents and intellectual property are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of no more than eight years.

#### Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

## 2. 主要會計政策概要(續)

### 2.4 重大會計政策概要(續)

#### 物業、廠房及設備以及折舊(續)

物業、廠房及設備項目(包括任何已初步確認的重要部分)於出售時或於預期使用或出售不會產生未來經濟利益時終止確認。於終止確認資產的年度在損益表確認的任何出售或報廢的收益或虧損，為有關資產的銷售所得款項淨額與賬面值的差額。

#### 無形資產(商譽除外)

單獨收購的無形資產於初步確認時按成本計量。於業務合併所收購的無形資產的成本為收購日期的公平值。無形資產的使用年期乃評估為有限或無限。具有有限年期的無形資產其後按使用經濟年限攤銷，並於無形資產可能出現減值跡象時進行減值評估。具有有限使用年期的無形資產的攤銷期限及攤銷方法至少於各財政年度結算日進行檢討。

#### 專利及知識產權

外購專利及知識產權按歷史成本減去減值虧損列賬，採用直線法按估計可使用年期不多於8年作攤銷。

#### 研究及開發成本

研發開支於產生時支銷。

開發新產品項目產生的支出可予以資本化及遞延如本集團能證明技術上可完成該無形資產並能供使用或出售；其完成意圖及有能力使用或出售該資產；該資產未來如何產生經濟效益；有可供完成項目的資源；及開發開支能被可靠的計量。產品開發支出不符合這些標準的在發生時計入費用。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Leases (applicable from 1 January 2019)

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### (a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased properties	2 to 4 years
Motor vehicles	2 to 3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 租賃 (2019年1月1日起適用)

本集團於合約開始時評估合約是否為租賃或包含租賃。倘合約為換取代價而給予在一段時間內控制已識別資產使用的權利，則該合約為租賃或包含租賃。

#### *本集團作為承租人*

本集團對所有租賃 (惟短期租賃及低價值資產租賃除外) 採取單一確認及計量方法。本集團確認租賃負債以作出租賃付款，而使用權資產指使用相關資產的權利。

#### (a) 使用權資產

使用權資產在租賃開始日期 (即相關資產可供使用當日) 確認。使用權資產按成本減任何累計折舊和任何減值虧損計量，並就任何租賃負債的重新計量作出調整。使用權資產的成本包括已確認的租賃負債金額、已產生的初始直接成本以及在開始日期或之前作出的租賃付款減去收到的任何租賃優惠。使用權資產在其租賃期或估計可使用年期 (以較短者為準) 內按直線法計提折舊如下：

租賃物業	2至4年
汽車	2至3年

倘於租賃期結束時租賃資產的擁有權轉讓至本集團或成本反映購買權的行使，折舊則根據資產的估計可使用年期計算。

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Leases (applicable from 1 January 2019) (continued)

##### Group as a lessee (continued)

##### (b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments or a change in assessment of an option to purchase the underlying asset.

##### (c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 租賃 (2019年1月1日起適用)

##### 本集團作為承租人

##### (b) 租賃負債

租賃負債在租賃開始日期以租賃期內租賃付款的現值確認。租賃付款包括固定付款 (包括實質固定付款) 減任何應收租賃優惠、視乎指數或比率而定的可變租賃付款及剩餘價值擔保下的預期支付款項。租賃付款亦包括合理確定將由本集團行使的購買權的行使價及為終止租賃而支付的罰款 (倘租賃期反映本集團正行使終止權)。並非視乎指數或比率而定的可變租賃付款在導致付款的事件或條件發生期間確認為支出。

在計算租賃付款的現值時，倘租賃中隱含的利率不易釐定，則本集團使用在租賃開始日期的遞增借貸利率。在開始日期之後，租賃負債的金額予以增加以反映利息累增，並就已作出的租賃付款予以減少。此外，如有修改、租賃期發生變化、租賃付款改變或相關資產的購買權的評估發生變化，則租賃負債的賬面值將重新計量。

##### (c) 短期租賃及低價值資產租賃

本集團對機器及設備的短期租賃 (即自開始日期起租賃期為12個月或以下且不含購買權的租賃) 應用短期租賃確認豁免。低價值資產租賃的確認豁免亦應用於被視為低價值的辦公室設備及電腦租賃。短期租賃的租賃付款及低價值資產租賃在租賃期內按直線法確認為開支。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Leases (applicable before 1 January 2019)

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

#### Investments and other financial assets

##### *Initial recognition and measurement*

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.

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 that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" 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 ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 租賃 (2019年1月1日前適用)

倘資產所有權的絕大部分回報及風險由出租人保留，則租賃列為經營租賃。倘本集團為承租人，經營租賃項下的應付租金按租期以直線法計入損益。

#### 投資及其他金融資產

##### *初步確認及計量*

金融資產於初始確認時分類為其後以攤銷成本計量、按公平值計入其他全面收益及按公平值計入損益。

金融資產於初始確認時的分類取決於金融資產的合約現金流量特徵，以及本集團管理金融資產的業務模式。除不包括重大融資部分的貿易應收款項或本集團已應用毋須調整重大融資部分影響的可行權宜方法者外，本集團按其公平值加交易成本（如金融資產並非按公平值計入損益）初始計量金融資產。不包括重大融資部分的貿易應收款項或本集團已就其應用可行權宜方法者，則根據下文香港財務報告準則第15號「收益確認」所載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平值計入其他全面收益分類及計量，金融資產須產生屬僅為支付本金及尚未償還本金的利息（「SPPI」）的現金流量。現金流量並非SPPI的金融資產分類為按公平值計入損益計量，而不論業務模式。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Investments and other financial assets (continued)

##### *Initial recognition and measurement (continued)*

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### **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. 主要會計政策概要(續)

### 2.4 重大會計政策概要(續)

#### 投資及其他金融資產(續)

##### *初步確認及計量(續)*

本集團管理金融資產的業務模式指其管理其金融資產以產生現金流量的方式。業務模式決定現金流量是否通過收取合約現金流量、銷售金融資產或兩者並行的方式產生。按攤銷成本分類及計量的金融資產於旨在通過持有金融資產收取合約現金流量的業務模式內持有，而按公平價值計入其他全面收益分類及計量的金融資產於持有旨在收取合約現金流量及出售的業務模式內持有。並無於上述業務模式內持有的金融資產按公平價值計入損益分類及計量。

金融資產的所有常規買賣均於交易日期(即本集團承諾買賣資產之日)確認。常規買賣指一般須於市場規定或慣例指定的期限內交付金融資產之購買或銷售。

##### *其後計量*

金融資產的其後計量取決於其分類如下：

#### 按攤銷成本計量的金融資產(債務工具)

按攤銷成本計量的金融資產其後採用實際利率法計量，可能出現減值。當資產終止確認、經修改或出現減值時，收益及虧損於損益確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Investments and other financial assets (continued)

##### *Subsequent measurement (continued)*

#### Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as finance income in the statement of profit or loss when the right of 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, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 投資及其他金融資產 (續)

##### *其後計量 (續)*

指定為按公平值計入其他全面收益之金融資產 (股權投資)

於首次確認後，倘股權投資符合香港會計準則第32號金融工具：呈列項下的股權定義，且並非持作買賣，本集團可選擇不可撤回地將該股權投資分類為指定按公平值計入其他全面收益的股權投資。分類乃按個別工具基準而釐定。

該等金融資產的收益及虧損永不回流至綜合損益表。倘股息付款權已確立，而股息相關經濟利益很可能流向本集團，且股息金額能可靠計量，則股息會於綜合損益表確認為投資收入，惟倘本集團受惠於該等所得款項作為收回部分金融資產成本則作別論，在此情況下，有關收益會入賬為其他全面收益。指定為按公平值計入其他全面收益之股權投資無須進行減值評估。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Investments and other financial assets (continued)

##### Subsequent measurement (continued)

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income and debt instruments which are held for trading. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as finance income in the statement of profit or loss when the right of 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.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 投資及其他金融資產 (續)

##### 其後計量 (續)

#### 按公平值計入損益之金融資產

按公平值計入損益之金融資產乃於財務狀況表按公平值列賬，而公平值變動淨額則於綜合損益表確認。

此類別包括本集團並無不可撤回地選擇分類為按公平值計入其他全面收益之衍生工具及持作買賣之債務工具。倘股息付款權已確立，而股息相關經濟利益很可能流向本集團，且股息金額能可靠計量，按公平值計入損益之金融資產的股權投資股息亦於綜合損益表中確認為投資收入。

嵌入混合合約(包含金融負債及非金融主合約)的衍生工具若其經濟特徵及風險與主合約並無密切關係；具備與嵌入式衍生工具相同條款的單獨工具符合衍生工具的定義；且混合合約並非按公平值計入損益計量，則該衍生工具與主合約分開並作為單獨衍生工具列賬。該等嵌入衍生工具按公平值計量，而公平值變動會於綜合損益表內確認。僅當合約條款出現變動，以致大幅改變其他情況下所需現金流量時或當原分類至按公平值計入損益的金融資產獲重新分類時，方進行重新評估。

嵌入混合合約(包含金融資產主合約)的衍生工具不得單獨列賬。金融資產主合約連同嵌入式衍生工具須整體分類為按公平值計入損益之金融資產。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## 2. 主要會計政策概要(續)

### 2.4 重大會計政策概要(續)

#### 終止確認金融資產

金融資產(或(倘適用)一項金融資產的一部分或一組類似金融資產的一部分)於下列情況下將終止確認(即自本集團的綜合財務狀況表內移除):

- 自該資產收取現金流量的權利已屆滿;或
- 本集團已轉讓其收取該資產現金流量的權利,或已根據「轉付」安排承擔向第三方悉數支付所收現金流量的責任,而無重大延誤;且(a)本集團已轉讓該資產的絕大部分風險及回報,或(b)本集團並無轉讓或保留該資產的絕大部分風險及回報,但已轉讓該資產的控制權。

倘本集團已轉讓其收取該資產現金流量的權利,或已訂立轉付安排,其將評估其是否保留該資產所有權的風險及回報以及保留的程度。倘其並無轉讓或保留該資產的絕大部分風險及回報,亦無轉讓該資產的控制權,則本集團按持續涉及的程度繼續確認所轉讓資產。在此情況下,本集團亦確認相關負債。已轉讓資產及相關負債按反映本集團所保留的權利及責任基準計量。

倘以對所轉讓資產作出擔保的形式持續涉及,則按資產原賬面值與本集團可能須償還的最高代價金額兩者的較低者計量。

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Impairment of financial assets

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.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default 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.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 金融資產減值

本集團就所有並非按公平值計入損益持有的債務工具確認預期信用損失撥備(「預期信用損失」)。預期信用損失乃以根據合約應付的合約現金流量與本集團預期收取的所有現金流量之間的差額為基準，按與原有實際利率相近的利率貼現。預期現金流量將包括來自銷售所持有抵押品或其他信用增級的現金流量，此乃合約條款不可或缺的部分。

#### 一般方法

預期信用損失於兩個階段確認。對於自初始確認後並無顯著增加的信用風險，預期信用損失就可能於未來12個月內(12個月預期信用損失)出現的違約事件導致的信用損失計提撥備。對於自初始確認後有顯著增加的信用風險，須在信用損失風險預期的剩餘年期計提虧損撥備，不論違約事件於何時發生(存續期預期信用損失)。

本集團於各報告日期評估金融工具信用風險自初始確認後有否大幅增加。進行評估時，本集團將於報告日期金融工具發生違約的風險與初始確認日期金融工具發生違約的風險比較，並考慮無需付出不必要成本或努力而可得的合理且有證據支持的資料，包括歷史經驗及前瞻性資料。

本集團認為，倘合約付款逾期90天，則發生金融資產違約事件。然而，在若干情況下，倘內部或外部資料顯示本集團在計及任何本集團持有的信用增級前不可能悉數收取未收取合約金額，則本集團亦可認為發生金融資產違約事件。於並無合理預期能收回合約現金流量時撇銷金融資產。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Impairment of financial assets (continued)

##### General approach (continued)

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

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that 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. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 金融資產減值 (續)

##### 一般方法 (續)

除貿易應收款項採用下述簡化方法外，按公平值計入其他全面收益的債權投資及按攤銷成本計量的金融資產按一般方法進行減值，並按下列預期信用損失計量階段分類。

階段1 – 信用風險自初始確認後並無顯著增加的金融工具，虧損撥備按等同12個月預期信用損失的金額計量

階段2 – 信用風險自初始確認後顯著增加但無信貸減值的金融工具，虧損撥備按等同存續期預期信用損失的金額計量

階段3 – 於報告日期為信貸減值的金融資產（但於購買或發起時並無信貸減值），虧損撥備按等同存續期預期信用損失的金額計量

##### 簡化方法

對於並無包含重大融資部分的貿易應收款項，或本集團採用毋須調整重大融資部分影響的可行權宜方式時，存續採用簡化方法計量預期信用損失。根據簡化方法，本集團不會追蹤信貸風險的變化，而是根據每個報告日期的全期預期信用損失確認虧損撥備。本集團已根據歷史信用損失經驗建立撥備矩陣，並因應有關債務人及經濟環境的特定前瞻因素作出調整。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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's financial liabilities include trade and other payables and interest-bearing bank borrowings.

##### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### **Financial liabilities at amortised cost (loans and borrowings)**

After initial recognition, interest-bearing loans and 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. 主要會計政策概要(續)

### 2.4 重大會計政策概要(續)

#### 金融負債

##### *初步確認及計量*

金融負債於初步確認時分類為按公平值計入損益之金融負債、貸款及借款、應付款項或指定為有效對沖之對沖工具之衍生工具(如適用)。

所有金融負債按公平值進行初步確認，倘為貸款及借款及應付款項，則扣除直接應佔交易成本。

本集團的金融負債包括應付款及其他應付款項及銀行計息貸款。

##### *其後計量*

金融負債按其分類的其後計量如下：

#### 按攤銷成本計量的金融負債(貸款及借款)

於初步確認後，計息貸款及借款其後採用實際利率法按攤銷成本計量，除非貼現影響不大，則按成本列賬。收益及虧損於負債終止確認時透過實際利率攤銷程序於損益中確認。

於計算攤銷成本時計及任何收購折讓或溢價及構成實際利率不可或缺部分的費用或成本。實際利率攤銷計入損益的融資成本中。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position 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. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 財務擔保合約

本集團發行的財務擔保合約指因特定債務人未能根據債務工具條款到期支付而需要付款以償還持有人所產生的虧損的合約。財務擔保合約初步按其公平值確認為負債，並根據發出擔保直接應佔的交易成本進行調整。於初步確認後，本集團以下列較高者計量財務擔保合約：(i)根據「金融資產的減值」所載政策釐定的預期信貸虧損撥備；及(ii)初步確認的金額減(如適用)已確認的累計收入金額。

#### 終止確認金融負債

當負債項下責任已解除或取消或屆滿時，即終止確認金融負債。

當現有金融負債被同一貸款人提供的另一項金融負債按極為不同的條款所取代，或對現有負債的條款作出重大修訂時，有關交換或修訂被視為終止確認原有負債並確認新負債，且各自賬面值之間的差額於損益中確認。

#### 抵銷金融工具

倘現時存在一項可強制執行的法定權利以抵銷已確認金額，且有意以淨額結算或同時變現資產及清償負債，則金融資產可與金融負債互相抵銷，並將淨額列入綜合財務狀況表內。

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method and, in the case of work in progress and finished goods, comprises direct materials and subcontracting charges. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

#### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

#### Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of profit or loss.

#### Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/ jurisdictions in which the Group operates.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 存貨

存貨按成本及可變現淨值兩者中之較低者列賬。成本按加權平均法釐定。在製品及製成品之成本包括直接原材料及成工費用。可變現淨值則根據估計售價減估計完成及出售所產生之任何成本計算。

#### 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括庫存現金及活期存款，以及高度流通之短期投資（其價值變動風險不大，且一般於購入後三個月內到期，並可隨時轉換為已知現金金額）減須按要求償還且屬本集團現金管理部分之銀行透支。

就綜合財務狀況表而言，現金及現金等價物為並無用途限制之庫存現金及存於銀行之現金（包括定期存款）。

#### 撥備

倘因過往事件引致現時債務（法定或推定）且未來可能需要資源流出以清償債務，則確認撥備，惟有關債務金額須能可靠估計。

倘貼現的影響重大，則撥備確認的金額為報告期末預期須清償債務的未來開支的現值。因時間流逝而產生的貼現現值增額計入損益內的融資成本。

#### 所得稅

所得稅包括即期及遞延稅項。所得稅倘涉及於損益外確認的項目，均於損益外確認，亦可於其他全面收入或直接於權益內確認。

即期稅項資產及負債乃根據於報告期末已頒佈或實質上已頒佈的稅率（及稅法），並計及本集團經營所在國家的現有詮釋及慣例，按預期自稅務機關退回或支付予稅務機關的金額計量。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 所得稅 (續)

遞延稅項乃就資產及負債的稅基與其作為財務報告用途的賬面值之間於報告期末的所有暫時差額，採用負債法作出撥備。

遞延稅項負債根據所有應課稅的暫時差額確認，惟下列情況除外：

- 倘遞延稅項負債由初步確認商譽或並非屬業務合併交易中的資產或負債產生，且於交易時均不影響會計溢利或應課稅溢利或虧損；及
- 就與於附屬公司、聯營公司及合營企業投資有關的應課稅暫時差額而言，倘可控制暫時差額的撥回時間，且該等暫時差額可能不會於可預見將來撥回。

遞延稅項資產就所有可扣稅暫時差額、未動用稅項抵免的結轉及任何未動用稅項虧損而確認。遞延稅項資產於可能有可動用可扣稅暫時差額、未動用稅項抵免的結轉及未動用稅項虧損抵銷的應課稅溢利時予以確認，惟下列情況除外：

- 倘有關可扣稅暫時差額的遞延稅項資產乃由初步確認並非屬業務合併的交易中的資產或負債產生，且於交易時均不影響會計溢利或應課稅溢利或虧損；及
- 就與於附屬公司投資有關的可扣稅暫時差額而言，遞延稅項資產僅於暫時差額可能於可預見將來撥回，且將有可動用暫時差額抵銷的應課稅溢利的情況下，方予確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Income tax (continued)

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future periods in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

## 2. 主要會計政策概要(續)

### 2.4 重大會計政策概要(續)

#### 所得稅(續)

對遞延稅項資產的賬面值於各報告期末進行審閱，並於不再可能有足夠應課稅溢利可供動用全部或部分遞延稅項資產時作調減。未確認的遞延稅項資產於各報告期末重新評估，並於可能有足夠應課稅溢利可供收回全部或部分遞延稅項資產的情況下予以確認。

遞延稅項資產及負債以變現資產或清償負債期間的預期適用稅率計量，並以於報告期末已頒佈或實質上已頒佈的稅率(及稅法)作為基礎。

僅當本集團有可合法執行權利可將即期稅項資產與即期稅項負債抵銷，且遞延稅項資產與遞延稅項負債與同一稅務機關對同一應稅實體或於各未來期間預期有大額遞延稅項負債或資產需要結算或清償時，擬按淨額基準結算即期稅務負債及資產或同時變現資產及結算負債之不同稅務實體徵收之所得稅相關，則遞延稅項資產與遞延稅項負債可予抵銷。

#### 政府補貼

政府補貼於合理確定將會收取補貼及將會符合一切所附條件後，按其公平值確認。倘補貼與開支項目有關，則於期內按系統基準確認為收入，以將補貼與擬補償的相關成本支銷。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Revenue recognition

##### *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.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 收益確認

##### *客戶合約收益*

客戶合約收益於貨品或服務的控制權轉移予客戶時以本集團預期相關貨品或服務可換取的代價確認。

若合同代價包含可變金額，本集團會估計因向客戶轉讓貨品或服務而有權收取的代價金額。可變代價於合同開始時估計，並一直受限，直至可變代價的相關不確定性在後續解決，應不會發生自己確認累計收益撥回重大收益為止。

當合約包含之融資部分為客戶提供超過一年的商品或服務轉讓融資的重大利益時，收入按應收賬款現值計量，貼現所使用之貼現率將反映於本集團與客戶在合約開始時之單獨融資交易。當合約包含之融資部分為本集團提供一年以上的重大財務利益時，根據合約確認之收入包括按實際利息法就合約負債應計之利息開支。就客戶付款至轉讓承諾商品或者服務期限為一年或者更短之合約而言，交易價格採用香港財務報告準則第15號之實際權宜方法，不會對重大融資部分的影響作出調整。

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Revenue recognition (continued)

##### Revenue from contracts with customers (continued)

##### (a) Sale of proprietary integrated circuits products

Revenue from the sale of proprietary integrated circuits products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the proprietary integrated circuits products. Some contracts for the sale of proprietary integrated circuits products provide customers volume rebates. The volume rebates give rise to variable consideration.

##### (i) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

#### Other income

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. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 收益確認 (續)

##### 客戶合約收益 (續)

##### (a) 專有集成電路產品銷售

專有集成電路產品銷售的收入於資產控制權轉移至客戶時確認，一般為交付專有集成電路產品時。部分專有集成電路產品銷售合約提供客戶批量回扣。批量回扣引起可變代價。

##### (i) 批量回扣

若干客戶一旦購買特定產品超過合約規定數量，可能獲提供追溯批量回扣。為估計預期未來回扣的可變代價，只有一個規定數量的合約會採用最可能金額方法計算，而超過一個規定數量的合約則採用預期價值方法計算。所選取最佳預測可變代價金額的方法主要基於合約中所包含的規定數量。可變代價估計的限制要求會予以應用，並會就預期未來回扣確認退款責任。

#### 其他收入

利息收入採用於金融工具的預期年限或(倘適用)較短期間內將估計未來現金收入準確貼現至金融資產賬面淨值的利率，使用實際利率法累計確認。

股息收入於確立股東收取款項的權利時確認，並在股息相關經濟利益可能會流入本集團及股息收入之金額能可靠地計量時予以確認。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

#### Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### Share-based payments

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

The cost of equity-settled transactions with employees with grant after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 25 to the financial statements.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 退款負債

退款負債是退還部分或全部從客戶收到(或應收)的代價的責任，按照集團預期最終須要退還顧客的數額計量。本集團於每個報告期末更新其退款負債估計(及交易價格的相應變化)。

#### 合約負債

合約負債指本集團因已向客戶收取代價(或代價款項已到期)，而須向客戶轉讓貨品或服務的責任。倘客戶於本集團將貨品或服務轉讓予客戶前支付代價，則於作出付款或付款到期時(以較早者為準)確認合約負債。合約負債於本集團履行合約時確認為收入。(即相關貨品或服務的控制權轉至客戶)

#### 股票付款

為了激勵和獎勵為本集團運營作出貢獻的符合條件的人士，本公司實行購股權計劃。本集團的僱員(包括董事)以股票付款方式收取酬金，據此僱員以提供服務作為權益工具的代價(「權益結算交易」)。

與僱員進行的權益結算交易(2002年11月7日之後授出)的成本參照其授出當日之公允價值計算。公允價值由外部估值師以二項模式釐定，進一步詳情載於財務報表附註25中。

## 2. Summary of significant accounting policies (continued)

## 2. 主要會計政策概要 (續)

### 2.4 Summary of Significant Accounting Policies (continued)

### 2.4 重大會計政策概要 (續)

#### Share-based payments (continued)

#### 股票付款 (續)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

權益結算交易的成本連同權益相應增加部分，在滿足業績或服務條件期間於僱員福利開支內確認。於各報告期末直至歸屬日期內確認為權益結算交易的累計開支反映歸屬日期屆滿時的水平及本集團對最終歸屬的權益工具數目的最佳估計。於某期間內損益的扣除或入賬反映於該期間開始及結束時確認的累計開支變動。

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

決定獎勵於授出日期之公允價值時不會考慮服務及非市場表現條件，但該等條件的可能性會作為本集團對最終歸屬的權益工具數目的最佳估計的一部分而予以評估。授出日期之公允價值反映市場表現條件。任何其他附帶於獎勵的條件，若無相關服務需求，將被視為非歸屬條件。非歸屬條件反映在獎勵的公允價值且除非亦有服務及／或表現條件，否則其將導致獎勵立即耗減。

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

因未滿足非市場表現及／或服務條件而最終不會歸屬的獎勵不予確認開支。倘獎勵包括一項市場或非歸屬條件，且所有其他表現及／或服務條件已達成，不論市場或非歸屬條件是否達成，該等交易亦將被視作歸屬交易。

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

當修訂股票付款獎勵的條款時，倘已滿足獎勵的原始條款，則至少要按無修訂條款的情況確認開支。此外，當任何修訂於修訂當日導致股票付款的公允總值有所增加，或為僱員帶來利益，均應確認開支。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

The cost of cash-settled transactions is measured initially at fair value at the grant date taking into account the terms and conditions upon which the instruments were granted (note 25). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognised for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest. The liability is measured at the end of each reporting period up to and including the settlement date, with changes in fair value recognised in the statement of profit or loss.

## 2. 主要會計政策概要(續)

### 2.4 重大會計政策概要(續)

#### 股票付款(續)

當股票付款獎勵被取消，則會視作於取消當時歸屬，且任何未就獎勵確認的開支將立即確認。此舉包括未滿足本集團或僱員控制權內的非歸屬條件的任何獎勵。然而，倘有新獎勵代替被取消的獎勵，且於授出當日被指定為一項替代獎勵，則被取消及新獎勵均會視作原始獎勵的變更，如上段所述。

計算每股盈利時，未行使購股權的攤薄影響將列作額外股份攤薄效應。

現金結算交易的成本在授予日按初始公允價值計量，並考慮到授予的條款和條件(附註25)。公允價值在歸屬日期之前的期間支銷並確認相應的負債。以現金結算的交易的累計費用於每個報告期末確認直至歸屬日期反映歸屬期限已到期以及本集團對最終歸屬的獎勵數量的最佳估計。於每個報告期末(包括結算日期)，負債按損益表中所確認的公允價值變動計量。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Other employee benefits

##### *Pension schemes*

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group’s employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Mainland China and overseas are required to participate in a central retirement benefit scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central retirement benefit scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central retirement benefit scheme.

##### *Termination benefits*

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

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 僱員福利

##### *退休金計劃*

本集團根據香港強制性公積金計劃為所有合資格參與強積金計劃的僱員實行一項有既定供款的強制性公積金退休福利計劃(「強積金計劃」)。供款按照僱員底薪的若干百分比釐定，且根據強積金計劃規定應付時在損益中扣除。強積金計劃的資產與本集團其他資產分開管理，由獨立管理的基金持有。向強積金計劃作出供款時，本集團的僱主供款將全數歸屬僱員擁有，本集團僱主的自願供款則除外，根據強積金計劃的規則，當僱員在供款全數歸屬彼等前離職，則僱主的自願供款將退還予本集團。

本集團在中國和海外經營的附屬公司的僱員都需要參加由當地市政府運營的中央退休福利計劃。這些附屬公司需要繳納一定比例的工資成本到中央退休福利計劃。按照中央退休福利計劃的規定的應付供款計入損益表。

##### *終止福利*

當本集團不可撤回該等福利要約或當本集團確認重組成本涉及終止福利支付時予以確認終止福利，以較早者為準。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

## 2. Summary of significant accounting policies (continued)

### 2.4 Summary of Significant Accounting Policies (continued)

#### Foreign currencies

These financial statements are presented in US\$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

## 2. 主要會計政策概要 (續)

### 2.4 重大會計政策概要 (續)

#### 外幣

本財務報表以本公司功能貨幣美元呈列。本集團旗下各實體自行釐定其功能貨幣，而各實體財務報表內的項目均以該功能貨幣計量。由本集團實體錄得的外幣交易初步按交易當日彼等各自功能貨幣的現行匯率入賬。以外幣計值的貨幣資產及負債按報告期末的功能貨幣匯率換算。貨幣項目結算或換算產生的差額均於損益內確認。

結算或換算貨幣項目產生的差額於損益表確認，惟指定為本集團對外業務淨對沖投資的一部分的貨幣項目除外。這些外幣項目在其他全面收益中確認，直至淨投資被處置，此時累計金額重新分類至損益表。這些貨幣項目的匯兌差額產生的稅費和信貸也記入其他全面收益。

以歷史成本計量的非貨幣外幣項目使用初始交易日期的匯率換算。以公允價值計量的非貨幣性外幣項目，採用公允價值計量日期的匯率折算。換算以公允價值計量的非貨幣項目產生的收益或損失，按照該項目的公允價值變動收益或損失確認（即該項目的公允價值收益或損失於其他全面收益或損益中確認，則相關換算差額亦分別於其他全面收益或損益中確認）。

就終止確認與預付代價有關的非貨幣資產或非貨幣負債的相關資產、開支或收入而言，於釐定初次確認的匯率時，初次交易的日期為本集團初次確認預付代價所產生的非貨幣資產或非貨幣負債的日期。倘有多筆預付付款或收款，本集團就每筆預付代價的付款或收款分別釐定交易日期。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 2. Summary of significant accounting policies (continued)

#### 2.4 Summary of Significant Accounting Policies (continued)

##### Foreign currencies (continued)

The functional currencies of certain overseas subsidiaries are currencies other than US\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into US\$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US\$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US\$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US\$ at the weighted average exchange rates for the year.

### 2. 主要會計政策概要 (續)

#### 2.4 重大會計政策概要 (續)

##### 外幣 (續)

海外附屬公司的功能貨幣為美元以外的貨幣。於報告期末，該等實體的資產及負債按報告期末的即期匯率換算成美元，而該等損益表按該年度的加權平均匯率換算成美元。所產生的匯兌差額會在其他全面收益確認，並在匯兌波動儲備中累積。當出售海外業務時，與該海外業務有關的其他全面收益的組成部分於損益內確認。

因收購海外實體而產生的商譽及資產和負債的賬面值的公平值調整，均視作該海外實體的資產及負債，並按收市匯率換算。

就綜合現金流量表而言，海外附屬公司的現金流按現金流產生當日的匯率換算成美元。海外附屬公司於本年經常產生的現金流按該年度的加權平均匯率換算成美元。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments

#### 3.1 Financial risk factors

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

##### Interest rate risk

As at 31 December 2019, the Group is exposed to fair value or cash flow interest rate risk in relation to the interest-bearing bank borrowings of the Group with either fixed or floating interest rates. The Group currently does not have any interest rate hedging policy. However, management will consider hedging significant interest rate exposure should the need arise.

##### Foreign currency risk

The Group has transactional currency exposures. Such exposures primarily arise from revenue and other income generated, and cost and expenses incurred by operating units in currencies other than the Group's operating units' functional currencies. For the Group's operating units that have the Hong Kong dollar ("HK\$") as their functional currency, their foreign currency transactions during the years ended 31 December 2019 and 2018, and the units' monetary assets and liabilities denominated in foreign currencies as at the end of the reporting period were mainly denominated in US\$. As the Hong Kong dollar ("HK\$") is pegged to the US\$ within a narrow band, the Group does not expect any significant movements in the US\$/HK\$ exchange rate. Accordingly, management considers that the Group's foreign currency risk exposure for HK\$ is not significant.

### 3. 財務風險管理，公平值及公平價值級別

#### 3.1 財務風險因素

本集團金融工具產生的主要風險為利率風險、外匯風險、信貸風險及流動性風險。董事會審閱並同意管理各項該等風險的政策並概述如下。

##### 利率風險

於2019年12月31日，本集團面臨本集團計息銀行借貸的固定或浮動利率的公平值或現金流量利率風險。本集團目前並無任何利率對沖政策。然而，管理層將考慮在需要時對沖重大利率風險。

##### 外匯風險

本集團有交易性貨幣風險。該等風險主要來自收入及產生的其他收入，以及營運單位以本集團營運單位功能貨幣以外的貨幣產生的成本及開支。本集團的經營單位以其港元（「港元」）為功能貨幣，截至2019年及2018年12月31日止年度的外幣交易，以及以外幣計值的單位貨幣資產及負債於報告期末，主要以美元計值。由於港元（「港元」）與美元掛鉤，因此本集團預期美元／港元匯率不會出現任何重大變動。因此，管理層認為本集團的港元外匯風險並不重大。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments (continued)

#### 3.1 Financial risk factors (continued)

##### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

##### Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

		12-month ECLs 12個月預期信貸虧損			Lifetime ECLs 年限內預期 信貸虧損	Total 總計
		Stage 1 第1階段 US\$'000 千美元	Stage 2 第2階段 US\$'000 千美元	Stage 3 第3階段 US\$'000 千美元	Simplified approach 簡化計算法 US\$'000 千美元	US\$'000 千美元
Trade receivables*	應收款*	-	-	-	19,860	19,860
Financial assets included in deposits and other receivables	訂金及其他應收款內的金融資產					
- Normal**	- 正常**	1,119	-	-	-	1,119
Pledged bank deposit	已抵押的銀行存款					
- Not yet past due	- 未過期	130	-	-	-	130
Cash and cash equivalents	現金及現金等價物					
- Not yet past due	- 未過期	18,078	-	-	-	18,078
		19,327	-	-	19,860	39,187

### 3. 財務風險管理，公平值及公平價值級別(續)

#### 3.1 財務風險因素(續)

##### 信貸風險

本集團僅與獲認可兼信譽可靠的第三方進行交易。按照本集團的政策，所有擬按信貸條款進行交易的客戶必須通過信貸核實程序後，方可作實。此外，本集團會持續監察應收款項結餘的情況，其所面對的壞賬風險並不重大。

##### 最高風險及年終分期

下表顯示了基於本集團信貸政策的信用質量和最大信用風險敞口，該信貸政策主要基於過去的到期信息(除非其他信息無需不必要的成本或努力)，以及截至12月31日的年終分期分類。所列金額為金融資產的賬面總額。

於2019年12月31日

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments (continued)

#### 3.1 Financial risk factors (continued)

##### Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2018

	12-month ECLs 12個月預期信貸虧損			Lifetime ECLs 年限內預期 信貸虧損	Total 總計 US\$'000 千美元
	Stage 1 第1階段 US\$'000 千美元	Stage 2 第2階段 US\$'000 千美元	Stage 3 第3階段 US\$'000 千美元	Simplified approach 簡化計算法 US\$'000 千美元	
Trade receivables* 應收款*	-	-	-	24,054	24,054
Financial assets included in deposits and other receivables 訂金及其他應收款內的金融資產					
- Normal** 正常**	1,562	-	-	-	1,562
Pledged bank deposit 已抵押的銀行存款					
- Not yet past due 未過期	130	-	-	-	130
Cash and cash equivalents 現金及現金等價物					
- Not yet past due 未過期	13,395	-	-	-	13,395
	15,087	-	-	24,054	39,141

\* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 to the financial statements.

\*\* The credit quality of the financial assets included in deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. At the end of the reporting period, the Group had certain concentrations of credit risk as 41.6% (2018: 43%) and 78.7% (2018: 74%) of the Group's trade receivables were due from the Group's largest debtor and the five largest debtors, respectively. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

### 3. 財務風險管理，公平值及公平價值級別（續）

#### 3.1 財務風險因素（續）

##### 信貸風險（續）

最高風險及年終分期（續）

於2018年12月31日

	12-month ECLs 12個月預期信貸虧損			Lifetime ECLs 年限內預期 信貸虧損	Total 總計 US\$'000 千美元
	Stage 1 第1階段 US\$'000 千美元	Stage 2 第2階段 US\$'000 千美元	Stage 3 第3階段 US\$'000 千美元	Simplified approach 簡化計算法 US\$'000 千美元	
Trade receivables* 應收款*	-	-	-	24,054	24,054
Financial assets included in deposits and other receivables 訂金及其他應收款內的金融資產					
- Normal** 正常**	1,562	-	-	-	1,562
Pledged bank deposit 已抵押的銀行存款					
- Not yet past due 未過期	130	-	-	-	130
Cash and cash equivalents 現金及現金等價物					
- Not yet past due 未過期	13,395	-	-	-	13,395
	15,087	-	-	24,054	39,141

\* 有關本集團應收款減值採用簡化計算法下撥備矩陣的資料，於財務報表附註22披露。

\*\* 訂金和其他應收款中包含的金融資產的信用質量在未到期時被視為「正常」，並且沒有信息表明自初始確認後金融資產的信用風險顯著增加。否則，金融資產的信用質量被認為是「可疑的」。

本集團其他金融資產（包括現金及現金等價物及其他應收款）的信貸風險因交易對方違約而產生，最高風險相等於該等工具的賬面值。

由於本集團僅與獲認可兼信譽可靠的第三方進行交易，沒有抵押品需求。於報告期末，本集團承擔若干信貸集中風險，因本集團的貿易應收款項中，分別有41.6%（2018年：43%）及78.7%（2018年：74%）為應收本集團最大債務人及五大債務人的款項。本集團產生自貿易應收款項的信貸風險敞口的進一步量化數據披露於財務報表附註22。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments (continued)

### 3. 財務風險管理，公平值及公平價值級別（續）

#### 3.1 Financial risk factors (continued)

#### 3.1 財務風險因素（續）

##### Liquidity risk

##### 流動性風險

The Group monitors and maintains a sufficient level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. Management reviews and monitors the Group's working capital requirements regularly.

本集團監控及維持管理層認為足夠的現金及現金等價物，以便為本集團的營運提供資金並緩解現金流量波動的影響。管理層定期審視及監控本集團的營運資金需求。

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

於報告期末，本集團按合約未貼現付款釐定的金融負債到期情況載列如下：

		2019				
		No fixed term of repayment/ on demand 沒有固定的還款期限/ 按要求償還 US\$'000 千美元	Less than 3 months 少於3個月 US\$'000 千美元	3 to less than 12 months 3個月至少於12個月 US\$'000 千美元	1 to 5 years 1至5年 US\$'000 千美元	Total 總計 US\$'000 千美元
Financial liabilities included in trade and other payables	應付款及其他應付款內的金融負債	4,014	15,757	88	-	19,859
Interest-bearing bank borrowings	銀行計息貸款	-	-	1	170	171
Lease liabilities	租賃負債	-	317	702	965	1,984
		4,014	16,074	791	1,135	22,014
		2018				
		No fixed term of repayment/ on demand 沒有固定的還款期限/ 按要求償還 US\$'000 千美元	Less than 3 months 少於3個月 US\$'000 千美元	3 to less than 12 months 3個月至少於12個月 US\$'000 千美元	1 to 5 years 1至5年 US\$'000 千美元	Total 總計 US\$'000 千美元
Financial liabilities included in trade and other payables	應付款及其他應付款內的金融負債	4,306	18,693	4	-	23,003
Interest-bearing bank borrowings	銀行計息貸款	-	111	89	-	200
		4,306	18,804	93	-	23,203



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments (continued)

#### 3.1 Financial risk factors (continued)

##### Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 31 December 2018.

The capital of the Group represents equity attributable to owners of the Group.

##### Fair value

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

Financial assets	金融資產	Carrying amounts 賬面值		Fair values 公平值	
		2019 US\$'000 千美元	2018 US\$'000 千美元	2019 US\$'000 千美元	2018 US\$'000 千美元
Financial assets at fair value through profit or loss	通過損益以反映公平價值的財務資產	-	9,247	-	9,247
Equity investment designated at fair value through other comprehensive income	按公平價值計入其他全面收入的投資	929	839	929	839
		929	10,086	929	10,086

### 3. 財務風險管理，公平值及公平價值級別（續）

#### 3.1 財務風險因素（續）

##### 資本管理

本集團資本管理的首要目標為保障本集團持續經營的能力並維持穩健的資本比率，以支持其業務及為股東創造最大價值。

本集團根據經濟環境變化及相關資產的風險特徵管理及調整其資本架構。為維持或調整資本架構，本集團或會返還資本予股東或發行新股份。本集團並不受任何外部施加的資本要求規限。於截至2019年12月31日及2018年12月31日止年度，資本管理目標、政策或程序並未發生變動。

本集團的資本即為本公司擁有人應佔權益。

##### 公平值

除賬面值合理地接近公平值的金融工具外，本集團金融工具的賬面值和公平值如下：

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments (continued)

#### 3.1 Financial risk factors (continued)

##### Fair value (continued)

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposit, trade receivables, trade payables, financial assets included in deposits and other receivables, financial liabilities included in other payables and accruals, the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2019 and 31 December 2018 was assessed to be insignificant. The carrying amounts of the non-current portion of interest-bearing bank borrowings approximate to their fair values.

The fair values of listed equity investments and funds, marketable bonds and marketable funds are based on quoted market prices.

### 3. 財務風險管理，公平值及公平價值級別(續)

#### 3.1 財務風險因素(續)

##### 公平值(續)

管理層已評估現金及現金等價物、已抵押銀行存款、應收款、應付款、包括在存款及其他應收款中的金融資產、包括在其他應付款及應計項目中的金融負債、計息銀行貸款的流動部分的公平價值與其賬面金額相近，主要是由於這些工具於短時間內到期。

金融資產及負債的公平價值按自願交易方(而非強迫或清盤銷售)於當前交易中交換該工具的金額入賬。

以下方法和假設用於估計公平價值：

計息銀行貸款的非流動部分的公平值乃使用現時可用於具有類似條款，信貸風險及剩餘到期日的工具的利率貼現預期未來現金流量計算。於2019年12月31日及2018年12月31日，本集團自身的計息銀行貸款的不履約風險被評估為微不足道。計息銀行貸款的非流動部分的賬面值與其公平值相若。

上市股權投資和基金、可買賣債券和可買賣基金的公平價值基於市場報價。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments (continued)

#### 3.1 Financial risk factors (continued)

##### Fair value (continued)

The fair value of an unlisted equity investment designated at fair value through other comprehensive income have been estimated by observable prices or rates of sale of similar assets. The directors believe that the estimated fair value which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that it was the most appropriate values at the end of the reporting period.

The Group has a call option over non-controlling interest of a subsidiary which is recorded as a financial asset at fair value through profit or loss. The fair value of this call option is based on a valuation technique that are not based on observable market data.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

Description 概述	Valuation technique 估值方法	Significant unobservable input 重大不可觀察輸入數據	As at	As at	Relationship of unobservable inputs to fair value 不可觀察輸入數據與公平價值的關係
			31 December 於12月31日 2019	31 December 於12月31日 2018	
Financial asset at fair value through profit or loss – Call option over non-controlling interests 通過損益以反映公平價值的財務資產 – 非控股權益認購權	Monte Carlo simulation method 蒙特卡羅模擬法	Volatility 波幅	50%	50%	The higher the volatility, the higher the fair value 波幅愈大，公平價值愈高
		Risk-free interest rate 無風險利率	0.67%-2.39%	1.18%-3.01%	The higher the risk-free interest rate, the higher the fair value 無風險利率愈高，公平價值愈高
		Price-to-sales ratio 市銷率	0.98	0.72	The higher the price-to-sales ratio, the higher the fair value 市銷率愈高，公平價值愈高

### 3. 財務風險管理，公平值及公平價值級別 (續)

#### 3.1 財務風險因素 (續)

##### 公平值 (續)

以按公允價值計入其他全面收入的非上市股權投資的公允價值，按可觀察價格或類似資產的銷售率估算。董事認為，綜合財務狀況表中記錄的估計公允價值以及公允價值的相關變動(記入其他綜合收益)是合理的，並且它是報告期末最合適的價值。

本集團對子公司的非控股權益認購權，並以公允價值計量且其變動計入當期損益。該認購權的公允價值基於不可觀察市場數據的估值技術。

下文概述就金融工具進行估值採用之重大不可觀察輸入數據連同定量敏感度分析：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments (continued)

### 3. 財務風險管理，公平值及公平價值級別（續）

#### 3.1 Financial risk factors (continued)

#### 3.1 財務風險因素（續）

##### Fair value hierarchy

##### 公平價值級別

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

下表說明了本集團金融工具的公允價值計量級別

Assets measured at fair value:

資產按公平值計量

As at 31 December 2019

於2019年12月31日

		Fair value measurement using 公平值計量利用			
		Quoted prices in active markets 於活躍 市場報價 (Level 1) (第1層級) US\$'000 千美元	Significant observable inputs 可觀察 輸入數據 (Level 2) (第2層級) US\$'000 千美元	Significant unobservable inputs 不可觀察 輸入數據 (Level 3) (第3層級) US\$'000 千美元	Total 總計 US\$'000 千美元
Equity investment designated at fair value through other comprehensive income	按公平價值計入其他全面收入的投資	-	929	-	929

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 3. Financial risk management and fair value and fair value hierarchy of financial instruments (continued)

#### 3.1 Financial risk factors (continued)

##### Fair value hierarchy (continued)

As at 31 December 2018

		Fair value measurement using 公平值計量利用			Total 總計 US\$'000 千美元
		Quoted prices in active markets 於活躍 市場報價 (Level 1) (第1層級) US\$'000 千美元	Significant observable inputs 可觀察 輸入數據 (Level 2) (第2層級) US\$'000 千美元	Significant unobservable inputs 不可觀察 輸入數據 (Level 3) (第3層級) US\$'000 千美元	
Equity investment designated at fair value through other comprehensive income	按公平價值計入其他全面收入的投資	-	839	-	839
Call option over non-controlling interests	非控股權益認購權	-	-	467	467
Listed equity securities and fund	上市股票及基金	59	-	-	59
Marketable bonds	可買賣債券	567	-	-	567
Marketable funds	可買賣基金	8,154	-	-	8,154
		8,780	839	467	10,086

The movements in fair value measurements within Level 3 during the year are as follows:

年內，第三層級的公平值變動如下：

		2019 US\$'000 千美元	2018 US\$'000 千美元
Financial assets at fair value through profit or loss:	通過損益以反映公平價值的財務資產		
- Call option over non-controlling interests	非控股權益認購權		
At 1 January	於1月1日	467	788
Fair value loss recognised in profit or loss	公平值虧損於利潤的確認	(467)	(321)
At 31 December	於12月31日	-	467

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2018: Nil).

年內，第1層級及第2層級之間沒有公平值計量轉移，沒有第3層級金融資產轉入或轉出(2018: 無)。

The Group did not have any financial liabilities measured at fair value as at 31 December 2019 (2018: Nil).

於2019年12月31日，本集團沒有金融負債以公平值計量(2018: 無)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 4. Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

#### Judgements

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

#### Income taxes

The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

#### Estimation uncertainty

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

#### Revenue from contracts with customers

Determining the method to estimate variable consideration and assessing the constraint for the sale of products.

Certain contracts for the sale of products include volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

### 4. 關鍵會計估算及判斷

編製本集團財務報表時，管理層須作出會影響所呈報收入、開支、資產及負債之報告金額及其相關披露及或然負債披露之判斷、估計及假設。有關該等假設及估計之不確定性或會導致日後須就受影響之資產或負債賬面值作出重大調整。

#### 判斷

於採納本集團會計政策過程中，除涉及估計的會計政策外，管理層已作出對財務報表中已確認金額構成最重大影響之判斷如下：

#### 所得稅

本集團須在多個司法權區繳納所得稅。釐定所得稅撥備涉及重大判斷。釐定所得稅撥備時涉及對若干交易之未來稅項待遇及稅項規則詮釋的判斷。本集團審慎評估交易的稅務影響，並相應設立稅項撥備。定期重新考慮該等交易的稅項待遇以反映相關稅法、詮釋及慣例的全部變化。

#### 估計不確定因素

於報告期末有關未來之主要假設及其他估計不確定性之主要來源，會使下一個財政年度內的資產及負債賬面值有重大調整的風險，詳見下文論述。

#### 與客戶簽訂合同的收入

確定估算可變代價和評估產品銷售約束的方法。

某些產品銷售合同包括產生可變代價的批量折扣。在估計可變代價時，本集團需要使用預期價值法或最可能金額法方法去更好地預測其有權獲得的代價金額。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 4. Significant accounting estimates and judgements (continued)

#### Estimation uncertainty (continued)

##### Revenue from contracts with customers (continued)

In estimating the variable consideration for the sale of products with volume rebates, the Group determined that using the most likely amount method is appropriate. The selected method that better predicts the amount of variable consideration related to volume rebates is primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined 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.

##### Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The goodwill had been fully impaired at 31 December 2019 (2018: carrying amount of US\$2,317,000). Further details are given in note 14 to the financial statements.

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

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit using key assumptions such as budgeted revenue growth rate and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of property, plant and equipment and other intangible assets at 31 December 2019 were US\$3,650,000 (2018: US\$5,036,000) and US\$1,453,000 (2018: US\$13,292,000), respectively.

### 4. 關鍵會計估算及判斷 (續)

#### 估計不確定因素 (續)

##### 與客戶簽訂合同的收入 (續)

在估計銷售具有批量回扣的產品的可變代價時，本集團確定使用最可能金額方法是最合適的。其能更好預測與批量回扣相關的可變對價金額，主要由於合同中包含的數量閾值。採納最可能金額方法用於單個閾值的銷售合約。

在將任何數額的可變代價納入交易價格之前，本集團會考慮可變對價的金額是否受到限制。本集團根據其歷史經驗，業務預測及當前經濟狀況確定可變對價的估計不受限制。此外，可變代價的不確定性將在短時間內得到解決。

##### 商譽減值

本集團至少每年釐定商譽有否減值。為此需對商譽所分配現金產生單位的使用價值作出估計。估計使用價值需要本集團估算現金產生單位之預期未來現金流量，並選擇合適的折現率計算該等現金流量的現值。於2019年12月31日的商譽已完全減值(2018年：賬面值2,317,000美元)。進一步詳情載於財務報表附註14。

##### 非金融資產(商譽除外)減值

本集團於各報告期末為所有非金融資產評估是否存在減值跡象。非金融資產於存在賬面值可能無法收回的跡象時進行減值測試。當某一資產或現金產生單位的賬面值超出其可收回金額(即其公允價值減出售成本與其使用價值之較高者)時，即存在減值。於計算公允價值減出售成本時，須依據類似資產具約束力的公平銷售交易提供的數據或可觀察的市場價格扣減處置該資產所增加的成本。若需計算使用價值，則管理層須估計資產或現金產生單位的預期未來現金流量，以及須選擇合適的折現率，以計算該等現金流量的現值。於2019年12月31日，物業、廠房及設備及其他無形資產的賬面值分別為3,650,000美元(2018年：5,036,000美元)及1,453,000美元(2018年：13,292,000美元)。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 4. Significant accounting estimates and judgements (continued)

#### Estimation uncertainty (continued)

##### Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geographical region).

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., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, 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 information about the ECLs on the Group's trade receivables is disclosed in note 22 to the financial statements.

##### Net realisable value of inventories

The Group performs regular review of the carrying amounts of inventories with reference to aged analyses of the Group's inventories, projections of expected future saleability of goods and management experience and judgement. Based on this review, write-down of inventories will be made when the estimated net realisable value of inventories declines below their carrying amount. Due to changes in technological, market and economic environment and customers' preference, actual saleability of goods may be different from estimation and profit or loss could be affected by differences in this estimation. As at 31 December 2019, the carrying amount of inventories was US\$26,791,000 (2018: US\$32,654,000).

##### Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available.

### 4. 關鍵會計估算及判斷(續)

#### 估計不確定因素(續)

##### 應收款的預期信貸損失撥備

本集團使用撥備矩陣計算應收款的預期信用損失。撥備率基於具有類似損失模式(即,按地理位置)的各個客戶群的分組的過期天數。

撥備矩陣最初基於集團歷史觀察到的違約率。本集團將校準矩陣以使用前瞻性信息調整歷史信用損失經驗。例如,如果預計經濟狀況(即國內生產總值)預計在明年惡化,這可能導致製造業違約數量增加,則調整歷史違約率。在每個報告日期,更新歷史觀察到的違約率並分析前瞻性估計值的變化。有關本集團應收款的預期信用損失的信息披露於財務報表附註22。

##### 存貨的可變現淨值

本集團參考本集團存貨的賬齡分析,預期未來貨物銷售能力預測及管理經驗及判斷,定期檢討存貨賬面值。根據該檢討,當存貨的估計可變現淨值低於其賬面值時,將減記存貨。由於技術,市場和經濟環境以及客戶偏好的變化,商品的實際可銷售性可能與估計不同,並且此估計的差異可能會影響損益。截至2019年12月31日,存貨賬面值為26,791,000美元(2018年:32,654,000美元)。

##### 租賃—估算遞增借貸利率

本集團無法輕易釐定租賃內所隱含的利率,因此,使用遞增借貸利率(「遞增借貸利率」)計量租賃負債。遞增借貸利率為本集團於類似經濟環境中為取得與使用權資產價值相近之資產,而以類似抵押品與類似期間借入所需資金應支付之利率。因此,遞增借貸利率反映了本集團「應支付」的利率,當無可觀察的利率或當須對利率進行調整以反映租賃之條款及條件時,則須作出利率估計。當可觀察輸入數據可用時,本集團使用可觀察輸入數據(如市場利率)估算遞增借貸利率。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. Segment information and disaggregation of revenue

During the year, the Group has principally engaged in the design, development and sales of proprietary IC products and system solutions that enable a wide range of display applications for smartphones, tablets, smart TVs/monitors, notebooks and other smart devices, including wearables, healthcare devices, smart home devices, as well as industrial appliances, etc.

The Group has been operating in one single operating segment, i.e. the design, development and sales of IC products and system solutions.

The chief operating decision-makers have been identified as the Executive Directors and senior management led by the Chief Executive Officer. The Executive Directors and senior management reviewed the Group's internal reporting as a whole to assess performance and allocate resources. A management approach has been used for the operating segment reporting.

Sales amounted to US\$108,323,000 and US\$98,148,000 for the years ended 31 December 2019 and 2018, respectively.

The Company is domiciled in Hong Kong. The Group mainly operates in Hong Kong. During 2019, the Group's products were mainly sold to customers located in Hong Kong, Taiwan, Mainland China and Europe.

### 5. 分部資料及銷售額分類

於年內，本集團主要從事設計、開發及銷售集成電路晶片產品及系統解決方案，能於各類智能手機、平板電腦、智能電視／顯示器、筆記本電腦及其他智能產品，包括可穿戴式產品、醫療保健產品、智能家居產品及工業用設備等提供廣泛的顯示及觸控應用。

本集團一直以單一營運分部經營，即設計、開發及銷售專有IC產品及系統解決方案。

本集團最高營運決策層為執行董事及行政總裁領導下的高級管理層。執行董事和高級管理層檢討本集團內部報告以評估業績及分配資源。管理方法已用於經營分部報告。

截至2019及2018年12月31日止年度，銷售額分別為108,323,000美元及98,148,000美元。

本公司的所在地位於香港。本集團主要於香港經營其業務。於2019年內，本集團之產品主要銷售予位於香港、台灣、中國大陸及歐洲的客戶。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. Segment information and disaggregation of revenue (continued)

#### (a) Revenue from contracts with customers disaggregated by geographical markets

		2019 US\$'000 千美元	2018 US\$'000 千美元
Hong Kong	香港	72,510	46,313
Mainland China	中國大陸	7,276	9,717
Taiwan	台灣	13,976	20,849
Europe	歐洲	5,880	8,230
Japan	日本	5,489	7,513
Korea	韓國	2,433	4,125
South East Asia	東南亞	286	367
USA	美國	329	440
Others	其他	144	594
		<b>108,323</b>	<b>98,148</b>

Sales are classified based on the places/countries in which customers are located.

銷售額按客戶所在地區／國家分類。

#### (b) Revenue from contracts with customers disaggregated by product types

		2019 US\$'000 千美元	2018 US\$'000 千美元
Advanced Display ICs	先進顯示ICs	39,224	49,229
Large Display ICs	大型顯示ICs	39,054	17,965
Other ICs	其他ICs	30,045	30,954
		<b>108,323</b>	<b>98,148</b>

Other ICs mainly comprise Mobile Touch and Mobile Display products.

其他ICs主要為移動觸控和移動顯示產品。

### 5. 分部資料及銷售額分類 (續)

#### (a) 按地域市場分類的客戶合約收益

#### (b) 按產品種類分類的客戶合約收益

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 5. Segment information and disaggregation of revenue (continued)

#### (c) Non-current assets

		2019 US\$'000 千美元	2018 US\$'000 千美元
Hong Kong	香港	2,095	12,741
Mainland China	中國大陸	3,956	5,128
Taiwan	台灣	1,877	2,172
Korea	韓國	87	1,536
United Kingdom	英國	-	310
Others	其他	10	20
		<b>8,025</b>	<b>21,907</b>

Non-current assets are listed based on where the assets are located which exclude financial instruments. Others mainly comprise Japan.

非流動資產(不包含金融工具)乃根據資產的所在地予以列載。其他主要包括日本。

#### (d) Capital expenditures

		2019 US\$'000 千美元	2018 US\$'000 千美元
<b>Property, plant and equipment</b>	<b>物業、廠房及設備</b>		
Mainland China	中國大陸	177	1,591
Hong Kong	香港	109	73
Taiwan	台灣	8	233
United Kingdom	英國	15	29
Others	其他	14	7
		<b>323</b>	<b>1,933</b>

Capital expenditures are listed based on where the assets are located.

資本開支乃根據資產的所在地予以列載。

#### (e) Major customers

For the year ended 31 December 2019, the largest and the second largest customers were located in Hong Kong. Sales to them were US\$36,371,000 and US\$14,568,000, respectively, which were all over 10% of the Group's total revenue. For the year ended 31 December 2018, the largest and the second largest customers were located in Hong Kong and the third largest customer was located in Taiwan. Sales to them were US\$14,698,000, US\$13,601,000 and US\$11,234,000, respectively, which were all over 10% of the Group's total revenue.

#### (e) 主要客戶

截至2019年12月31日止年度，最大及第二大客戶位於香港。其銷售額分別為36,371,000美元及14,568,000美元，並各佔本集團總銷售額超過10%。截至2018年12月31日止年度，最大及第二大客戶位於香港，而第三大客戶位於台灣。其銷售額分別為14,698,000美元，13,601,000美元及11,234,000美元，並各佔本集團總銷售額超過10%。

#### (f) Performance obligation

##### Sale of integrated circuits products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 to 90 days from delivery. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

#### (f) 履約責任

##### 銷售集成電路產品

在交付集成電路產品時履行履約責任，付款通常在交付後30至90天內到期。一些合同為客戶提供了批量回扣，這導致了受限制的可變對價。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 6. Loss before tax

The Group's loss before tax is arrived at after charging:

### 6. 除稅前虧損

本集團的除稅前虧損乃經扣除下列各項後得出：

	Notes 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
Cost of goods sold		79,815	63,661
Product engineering costs		3,813	4,405
Provision for obsolete or slow moving inventories	21	6,696	5,920
Amortisation of intangible assets	14	3,851	4,201
Depreciation of property, plant and equipment	15	1,662	1,750
Depreciation of right-of-use assets	16	1,430	–
Minimum lease payments under operating leases		–	1,912
Lease payments not included in the measurement of lease liabilities	16	400	–
Foreign exchange differences, net		225	133
Auditor's remuneration		213	272
Impairment of goodwill	14	2,317*	–
Impairment of other intangible assets	14	7,988*	–
Impairment of right-of-use assets	16	67*	–
Impairment of property, plant and equipment	15	12*	–
Impairment of trade receivables	22	80*	–
Employee benefit expenses (including directors' emoluments (Note 10)):			
– Salaries, allowances, bonuses and other benefits		23,962	29,703
– Equity-settled share option expense		47	12
– Cash-settled share option expense		–	28
– Pension scheme contributions (defined contribution schemes)		390	520
– Termination benefits		3,068*	704
		<b>27,467</b>	<b>30,967</b>

\* These items are included in "Other expenses" in the consolidated statement of profit or loss.

\* 該等項目計入綜合損益表內「其他開支」。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註



### 7. Other income and gains – net

### 7. 其他收入及收益 – 淨額

		2019 US\$'000 千美元	2018 US\$'000 千美元
Government grant*	政府補貼*	3,920	4,162
Gain/(loss) on disposal of items of property, plant and equipment	出售物業、廠房及設備項目的收益／(虧損)	(20)	117
Others	其他	238	272
		<b>4,138</b>	<b>4,551</b>

\* Various government grants have been received for the Group's research and development projects during the year. There are no unfulfilled conditions relating to these grants.

\* 年內，本集團的研發項目已獲得各種政府補助，並沒有與這些撥款有關的未履行條件。

### 8. Finance income – net

### 8. 投資收入 – 淨額

		2019 US\$'000 千美元	2018 US\$'000 千美元
Interest income	利息收入	146	361
Dividend income	股息收入	25	122
Fair value gain/(loss) from financial assets at FVTPL, net	通過損益以反映公平價值的公平值收益／(虧損)，淨額	(21)	1,491
Interest on bank loans	銀行貸款的利息支出	(2)	(4)
Interest on lease liabilities	租賃負債的利息支出	(147)	-
		<b>1</b>	<b>1,970</b>

### 9. Five highest paid employees

### 9. 五名最高薪酬僱員

Two (2018: one) of the five top-paid employees of the Group are directors of the Company whose emoluments are disclosed in note 10 to the financial statements.

本集團五名最高薪人士包括兩名(2018：一名)本公司董事，其酬金已於財務報表附註10反映。

Details of the emoluments of the other three (2018: four) top-paid employees who are neither a director nor chief executive officer of the Company are as follows:

餘下之三名非董事及非行政總裁(2018：四名)最高薪人士的酬金如下：

		2019 US\$'000 千美元	2018 US\$'000 千美元
Salaries, allowances, bonuses and other benefits	薪金及津貼、花紅和其他福利	707	743
Discretionary bonuses	酌情花紅	36	211
Contribution to pension scheme	向退休計劃供款	70	29
		<b>813</b>	<b>983</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 9. Five highest paid employees (continued)

Emolument bands (HK\$) 酬金金額範圍(港元)	Number of individuals 人數	
	2019	2018
1,000,000 – 1,500,000	–	1
1,500,001 – 2,000,000	2	1
2,000,001 – 2,500,000	–	2
2,500,001 – 3,000,000	1	–

### 9. 五名最高薪酬僱員(續)

### 10. Directors' and chief executive's remuneration

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Hong Kong Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

### 10. 董事及行政總裁酬金

根據上市規則及香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部所披露本年度之董事及行政總裁酬金如下：

Directors' emoluments for the year ended 31 December 2019  
截至2019年12月31日止年度董事之酬金

		Fees 袍金 US\$'000 千美元	Salaries and benefit in kind <sup>(i)</sup> 薪金及其他福利 <sup>(i)</sup> US\$'000 千美元	Pension scheme contributions 退休金計劃供款 US\$'000 千美元	Share-based payment <sup>(ii)</sup> 股權開支 <sup>(ii)</sup> US\$'000 千美元	Total 總計 US\$'000 千美元
<b>Independent Non-Executive Directors</b>	<b>獨立非執行董事</b>					
Leung Heung Ying	梁享英	33	–	–	4	37
Sheu Wei Fu	許維夫	32	–	–	4	36
Yiu Tin Chong, Joseph	姚天從	35	–	–	4	39
		100	–	–	12	112
<b>Non-executive Directors</b>	<b>非執行董事</b>					
Ma Yuchuan	馬玉川	–	–	–	–	–
Li Jun	李峻	–	–	–	–	–
Yu Jian (appointed on 6 June 2019)	虞儉(於2019年6月6日獲委任)	–	–	–	–	–
Li Rongxin (resigned on 28 May 2019)	李榮信(於2019年5月28日辭任)	–	–	–	–	–
		–	–	–	–	–
<b>Executive Directors</b>	<b>執行董事</b>					
Wang Wah Chi, Raymond (appointed on 20 March 2019)	王華志(於2019年3月20日獲委任)	–	206	9	15	230
Yeh Tsuei Chi (resigned on 20 March 2019)	葉垂奇(於2019年3月20日辭任)	–	234	6	–	240
Lo Wai Ming	盧偉明	–	162	7	–	169
		–	602	22	15	639
		100	602	22	27	751

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 10. Directors' and chief executive's remuneration (continued)

### 10. 董事及行政總裁酬金 (續)

		Directors' emoluments for the year ended 31 December 2018 截至2018年12月31日止年度董事之酬金				
		Fees	Salaries and benefit in kind <sup>(i)</sup>	Pension scheme contributions	Share-based payment <sup>(ii)</sup>	Total
		袍金 US\$'000 千美元	薪金及其他福利 <sup>(i)</sup> US\$'000 千美元	退休金計劃供款 US\$'000 千美元	股權開支 <sup>(ii)</sup> US\$'000 千美元	總計 US\$'000 千美元
<b>Independent Non-Executive Directors</b>	<b>獨立非執行董事</b>					
Leung Heung Ying	梁享英	37	-	-	7	44
Sheu Wei Fu	許維夫	37	-	-	7	44
Yiu Tin Chong, Joseph	姚天從	40	-	-	7	47
		114	-	-	21	135
<b>Non-executive Directors</b>	<b>非執行董事</b>					
Ma Yuchuan	馬玉川	-	-	-	-	-
Li Jun	李峻	-	-	-	-	-
Li Rongxin	李榮信	-	-	-	-	-
Zhao Guiwu	趙貴武	-	-	-	-	-
		-	-	-	-	-
<b>Executive Directors</b>	<b>執行董事</b>					
Yeh Tsuei Chi	葉垂奇	-	305	13	43	361
Lo Wai Ming	盧偉明	-	148	7	19	174
		-	453	20	62	535
		114	453	20	83	670

During the year, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group (2018: Nil). During the year, compensation for loss of office of US\$43,000 was paid by the Group to the director (2018: Nil).

年內，本集團概無已付或應付董事酬金作為加入本集團或加入本集團後的獎勵(2018年：無)。年內，本集團已付43,000美元作為董事離職補償(2018年：無)。

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

年內概無董事放棄或同意放棄任何酬金的安排(2018年：無)。

(i) Benefits in kind include leave pay, insurance premium, termination benefits and other allowances.

(i) 其他福利包括假期工資、保險費、終止福利及其他津貼。

(ii) This represents the amount charged to the consolidated statement of profit or loss under the requirements of HKFRS 2 Share-based payments. During the current and prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 25 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(ii) 此乃根據香港財務報告準則第2號「股份」付款的規定而計入綜合損益表的金額。於本年度及過往年度，若干董事根據本公司的購股權計劃就其對本集團的服務獲授購股權，其進一步詳情載於財務報表附註25。該等期權的公允價值已於歸屬期內於損益表確認，於授出日確定，而本年度財務報表所包括的金額已計入上述董事的賬面和行政總裁的薪酬披露。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 11. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit arising in Hong Kong during the year, while overseas income tax has been provided at the rates of taxation prevailing in the countries in which the Group operates.

### 11. 所得稅

香港所得稅按照年內在香港產生的估計應課稅利潤按照16.5% (2018: 16.5%) 的稅率計算，而海外所得稅則按其所在國家的現行稅率計算。

	Note 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
Current – Hong Kong:			
Overprovision in prior years	即期 – 香港： 以往年度多提撥備	–	(89)
Current – Elsewhere:			
Charge for the year	即期 – 海外 年內支出	5	142
Overprovision in prior years	以往年度多提撥備	(67)	–
Deferred income tax	遞延所得稅	(313)	(53)
	27		
<b>Total income tax credit</b>	<b>所得稅抵免總額</b>	<b>(375)</b>	<b>–</b>

A reconciliation of the tax credit applicable to loss before tax using the Hong Kong statutory tax rate (the statutory tax rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled) to the tax charge/(credit) at the Group's effective tax rate is as follows:

適用於採用香港法定稅率 (本公司及其大部分附屬公司所在司法管轄區的法定稅率) 計算的除稅前虧損的稅項抵免與按本集團實際稅率計算的稅項開支 / (抵免) 對賬如下：

		2019 US\$'000 千美元	2018 US\$'000 千美元
Loss before tax	稅前虧損	(28,180)	(13,768)
Income tax calculated at a tax rate of 16.5% (2018: 16.5%)	所得稅按16.5% (2018: 16.5%) 計算	(4,650)	(2,272)
Difference in tax rates for other jurisdictions	其他司法管轄區的稅率差異	(362)	(380)
Profits attributable to associates	聯營公司的盈利	(25)	(37)
Adjustments in respect of current tax of previous periods	就過往期間於當期稅款作出之調整	(67)	(89)
Income not subject to tax	毋須課稅收益	(171)	(4,805)
Expenses not deductible for tax	不可扣稅開支	3,545	4,742
Tax losses utilized from previous periods	使用以往期間稅項虧損	–	(21)
Tax losses not recognised	未確認的稅項虧損	2,453	2,913
Others	其他	(1,098)	(51)
<b>Tax credit at the Group's effective rate</b>	<b>按本集團實際稅率計算之稅項抵免</b>	<b>(375)</b>	<b>–</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 12. Loss per share

#### (a) Basic loss per share

The basic loss per share for the year is calculated based on the Group's loss in 2019 attributable to owners of the parent of US\$27,272,000 (2018: US\$13,677,000) and the weighted average number of 2,480,252,351 (2018: 2,480,028,242) ordinary shares in issue during the year.

#### (b) Diluted loss per share

The diluted loss per share is calculated based on the Group's loss attributable to owners of the parent and the weighted average number of ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

The information related to the weighted average number of ordinary shares is as follows:

		Number of shares 股份數目	
		2019	2018
Weighted average number of ordinary shares in issue	已發行普通股加權平均數	2,480,252,351	2,480,028,242
Conversion of all dilutive share options outstanding <sup>(i)</sup>	兌換所有可予發行人攤薄影響的流通購股權 <sup>(i)</sup>	-	-
Adjusted weighted average number of ordinary shares for diluted loss per share calculation	用作計算每股攤薄虧損的調整後普通股加權平均股數	2,480,252,351	2,480,028,242

(i) As at 31 December 2019, there were 15,560,000 (2018: 21,760,000) share options outstanding which could potentially have a dilutive impact but were anti-dilutive for the year then ended. Hence, no adjustment has been made on the calculation of the diluted loss per share for the year ended 31 December 2019 and 2018.

### 12. 每股虧損

#### (a) 每股基本虧損

每股基本虧損是根據本公司的擁有人應佔本集團於2019年之虧損27,272,000美元（2018：13,677,000美元）及本年內已發行普通股加權平均數2,480,252,351股（2018：2,480,028,242股）計算。

#### (b) 每股攤薄虧損

每股攤薄虧損乃根據本公司的擁有人應佔本集團虧損及已就年內所有具潛在攤薄影響的普通股作出調整後之加權平均普通股數計算。

普通股加權平均數的有關資料列載如下：

(i) 於2019年12月31日，可予發行人攤薄影響的購股權為15,560,000（2018：21,760,000）股。該等股份具有潛在攤薄影響，但於計算每股攤薄虧損則產生反攤薄影響。因此，計算2019年及2018年12月31日止年度的每股攤薄虧損並無調整。

### 13. Dividend

No dividend for the years ended 31 December 2019 and 2018 was declared or paid by the Company. In addition, the Board resolved not to propose any final dividend for the year ended 31 December 2019.

### 13. 股息

公司並沒有宣派或派付截至2019及2018年12月31日止年度之股息。再者，董事會決議不建議宣派截至2019年12月31日止年度之末期股息。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 14. Intangible assets

### 14. 無形資產

		Goodwill	Patents and intellectual property	Total
		商譽	專利及 知識產權	總計
		US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元
<b>31 December 2018</b>	<b>2018年12月31日</b>			
Cost at 1 January 2018, net of accumulated amortisation	2018年1月1日成本減除 累計攤銷	2,317	17,524	19,841
Amortisation provided during the year	年內攤銷	–	(4,201)	(4,201)
Exchange realignment	匯兌調整	–	(31)	(31)
At 31 December 2018	於2018年12月31日	2,317	13,292	15,609
At 31 December 2018	於2018年12月31日			
Cost	成本	2,317	21,362	23,679
Accumulated amortization	累計攤銷	–	(8,070)	(8,070)
Net carrying amount	賬面淨值	2,317	13,292	15,609
<b>31 December 2019</b>	<b>2019年12月31日</b>			
Cost at 1 January 2019, net of accumulated amortisation	2019年1月1日成本減除 累計攤銷	2,317	13,292	15,609
Amortisation provided during the year	年內攤銷	–	(3,851)	(3,851)
Impairment during the year	年內減值	(2,317)	(7,988)	(10,305)
At 31 December 2019	於2019年12月31日	–	1,453	1,453
At 31 December 2019	於2019年12月31日			
Cost	成本	2,317	21,362	23,679
Accumulated amortisation	累計攤銷	–	(11,921)	(11,921)
Accumulated impairment	累計減值	(2,317)	(7,988)	(10,305)
Net carrying amount	賬面淨值	–	1,453	1,453

Amortization expense of US\$3,851,000 (2018: US\$4,201,000) has been charged in research and development costs.

攤銷開支3,851,000美元(2018: 4,201,000美元)已於研究及開發成本中支銷。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 14. Intangible assets (continued)

#### Impairment tests for goodwill and other intangible assets

Goodwill of US\$2.3 million and certain other intangible assets of US\$1.2 million are allocated to the cash-generating unit of Touch and Display Driver Integration (“TDDI CGU”) for impairment testing.

The recoverable amount of TDDI CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used for the calculations in 2019 and 2018 are as follows:

		2019	2018
Average growth rate	平均增長率	13%	42%
Average gross margin	平均毛利率	26%	34%
Discount rate	貼現率	18%	16%
Long-term growth rate	長期增長率	2%	3%

Management determined budgeted gross margin based on past performance and its expectations of the market and technology development. The long-term growth rate used is consistent with the forecast, with reference to certain external data. The discount rate used reflects specific risks relating to the CGU.

#### 31 December 2019

The challenging external environment in the second half of the financial year, the overall effect of which became more apparent after the strategic planning and forecasting process that underpinned the year end impairment review. The recoverable amount of the TDDI CGU as at 31 December 2019 determined using the above basis is approximately US\$0.1 million, which is lower than its carrying value, resulting in an impairment of goodwill of approximately US\$2.3 million, and an impairment of other intangible asset of approximately US\$1.2 million.

Another intangible asset in relation to the Mobile Touch business amounting to approximately US\$6.8 million was also impaired during the year due to continued loss-making position and intensified market competitions in the Mobile Touch business.

#### 31 December 2018

In the opinion of the Company’s directors, a decrease in the average growth rate by 24% would cause the carrying amount of the TDDI CGU to equal to its recoverable amount, and any reasonably possible change in other key assumptions on which the recoverable amount was based would not cause the TDDI CGU’s carrying amount to exceed its recoverable amount. As at 31 December 2018, the TDDI CGU’s recoverable amount exceeded its carrying amount by US\$9,200,000.

### 14. 無形資產(續)

#### 商譽及其他無形資產減值測試

商譽2.3百萬美元及相關其他無形資產1.2百萬美元分配到TDDI現金產生單位進行商譽減值測試。

附帶商譽之現金產生單位之可收回金額按使用價值釐訂，使用已經管理層審批的5年財務預算為基礎編製現金流預測，超過5年的現金流按以下預測增長率推斷。

2019及2018的計算按以下主要假設釐定：

	2019	2018
平均增長率	13%	42%
平均毛利率	26%	34%
貼現率	18%	16%
長期增長率	2%	3%

管理層根據以往業績及其對市場和技術發展之預期釐定預算毛利率。使用的長期增長率與參考某些外部數據的預測一致。所用貼現率乃反映與相關現金產生單位之特定風險。

#### 2019年12月31日

外部環境於財政年度下半年充滿挑戰，其整體影響於進行有關年終減值檢討之策略規劃及預測過程後更為明顯，按TDDI現金產生單位於2019年12月31日之可收回金額約0.1百萬美元計算，導致年內出現商譽減值約2.3百萬美元及其他無形資產減值1.2百萬美元。減值虧損計入綜合損益表之「其他開支」。

另一項與移動觸控業務有關的無形資產，年內減值約6.8百萬美元，由於移動觸控業務持續虧損及市場競爭。

#### 2018年12月31日

本公司董事認為，平均增長率減少24%將導致現金產生單位的賬面值等於其可收回金額，而可收回金額所依據的其他主要假設的任何合理可能變動將不會導致現金產生單位的賬面值超過其可收回金額。於2018年12月31日，現金產生單位的可收回金額超過其賬面值9,200,000美元。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15. Property, plant and equipment

### 15. 物業、機器及設備

		Land and building 土地及樓宇 US\$'000 千美元	Leasehold improvements 租賃物業裝修 US\$'000 千美元	Furniture, fixtures, licenses and equipment 傢具、固定裝置、許可證及設備 US\$'000 千美元	Machinery and laboratory equipment 機器及實驗室設備 US\$'000 千美元	Motor vehicles 汽車 US\$'000 千美元	Total 總計 US\$'000 千美元
<b>31 December 2019</b>	<b>2019年12月31日</b>						
At 1 January 2019:	於2019年1月1日						
Cost	成本	1,722	2,851	6,404	16,538	70	27,585
Accumulated depreciation	累計折舊	(202)	(2,539)	(5,280)	(14,458)	(70)	(22,549)
Net carrying amount	賬面淨值	1,520	312	1,124	2,080	-	5,036
At 1 January 2019, net of accumulated depreciation	於2019年1月1日減除累計折舊	1,520	312	1,124	2,080	-	5,036
Additions	添置	-	19	71	161	72	323
Disposals	註銷	-	-	(24)	(5)	-	(29)
Impairment during the year	年內減值	-	-	(11)	(1)	-	(12)
Depreciation provided during the year	年內折舊	(20)	(168)	(670)	(796)	(8)	(1,662)
Exchange realignment	匯兌調整	-	-	(8)	2	-	(6)
At 31 December 2019, net of accumulated depreciation and impairment	於2019年12月31日減除累計折舊及減值	1,500	163	482	1,441	64	3,650
At 31 December 2019	於2019年12月31日						
Cost	成本	1,722	2,746	5,741	16,399	72	26,680
Accumulated depreciation	累計折舊	(222)	(2,583)	(5,248)	(14,957)	(8)	(23,018)
Accumulated impairment	累計減值	-	-	(11)	(1)	-	(12)
Net carrying amount	賬面淨值	1,500	163	482	1,441	64	3,650

Depreciation expense of US\$484,000 (2018: US\$399,000) has been included in cost of sales, US\$335,000 (2018: US\$368,000) in research and development costs and US\$843,000 (2018: US\$983,000) in administrative expenses.

折舊費用484,000美元(2018: 399,000美元)已計入銷售成本,計入研發及開發費用為335,000美元(2018: 368,000美元),計入行政開支為843,000美元(2018: 983,000美元)。

As at 31 December 2018, one of the Group's bank loans was secured by the Group's freehold land in Taiwan of US\$711,000, which was released upon repayment of the corresponding loan during the year.

於2018年12月31日,本集團一項銀行貸款以本集團永久業權的土地711,000美元作抵押,此抵押已於年內償還相應貸款後解除。

The impairment of property, plant and equipment of US\$12,000 is included in "Other expenses" in the consolidated statement of profit or loss and attributable to the TDDI CGU as mentioned in note 14.

物業、機器及設備的減值虧損12,000美元計入綜合損益表之「其他支出」中,及歸屬於TDDI現金產生單位如前附註14所述。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 15. Property, plant and equipment (continued)

### 15. 物業、機器及設備(續)

		Land and building	Leasehold improvements	Furniture, fixtures, licenses and equipment	Machinery and laboratory equipment	Motor vehicles	Total
		土地 及樓宇 US\$'000 千美元	租賃物業 裝修 US\$'000 千美元	傢具、 固定裝置、 許可證及設備 US\$'000 千美元	機器及 實驗室設備 US\$'000 千美元	汽車 US\$'000 千美元	總計 US\$'000 千美元
<b>31 December 2018</b>	<b>2018年12月31日</b>						
At 1 January 2018:	於2018年1月1日						
Cost	成本	1,792	2,921	6,298	17,181	70	28,262
Accumulated depreciation	累計折舊	(189)	(2,452)	(4,862)	(15,605)	(70)	(23,178)
Net carrying amount	賬面淨值	1,603	469	1,436	1,576	-	5,084
At 1 January 2018, net of accumulated depreciation	於2018年1月1日減除 累計折舊	1,603	469	1,436	1,576	-	5,084
Exchange realignment	匯兌調整	(62)	(7)	(44)	(81)	-	(194)
Additions	添置	-	58	517	1,358	-	1,933
Disposals	註銷	-	-	-	(37)	-	(37)
Depreciation provided during the year	年內折舊	(21)	(208)	(785)	(736)	-	(1,750)
At 31 December 2018, net of accumulated depreciation	於2018年12月31日減 除累計折舊	1,520	312	1,124	2,080	-	5,036
At 31 December 2018	於2018年12月31日						
Cost	成本	1,722	2,851	6,404	16,538	70	27,585
Accumulated depreciation	累計折舊	(202)	(2,539)	(5,280)	(14,458)	(70)	(22,549)
Net carrying amount	賬面淨值	1,520	312	1,124	2,080	-	5,036

### 16. Leases

#### The Group as a lessee

The Group has leases for its office properties and motor vehicles used in its operations. Leases of leased properties generally have lease terms between 2 and 4 years, while motor vehicles generally have leases between 2 and 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

### 16. 租賃

#### 本集團作為承租人

本集團租賃辦公室及汽車用於其業務營運。租賃物業租期通常為2至4年，而汽車的租期通常為2至3年。一般而言，本集團不可向本集團以外人士轉讓及分租租賃資產。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 16. Leases (continued)

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

		Leased properties 租賃物業 US\$'000 千美元	Motor vehicles 汽車 US\$'000 千美元	Total 總計 US\$'000 千美元
At 1 January 2019	於2019年1月1日	3,180	61	3,241
Additions	添置	139	-	139
Depreciation charge	折舊	(1,408)	(22)	(1,430)
Remeasurement on lease modifications	租賃修訂之計量	(186)	-	(186)
Impairment	減值	(67)	-	(67)
At 31 December 2019	於2019年12月31日	1,658	39	1,697

#### (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

		US\$'000 千美元
Carrying amount at 1 January 2019	於2019年1月1日賬面值	3,238
New leases	新租賃	139
Accretion of interest recognised during the year	本年度利息增加確定	147
Remeasurement on lease modifications	租賃修訂之計量	(190)
Payments	付款	(1,436)
Carrying amount at 31 December 2019	於2019年12月31日賬面值	1,898
Analysed into:	分析如下：	
Current portion	流動	1,292
Non-current portion	非流動	606

#### (c) The amounts recognised in profit or loss in relation to leases are as follows:

		2019 US\$'000 千美元
Depreciation of right-of-use assets	使用權資產折舊	1,430
Expenses relating to short-term leases and leases with remaining lease terms ended on or before 31 December 2019	短期租賃及租賃餘下條款於2019年12月31日或之前終止的租賃	400
Interest on lease liabilities	租賃負債的利息支出	147
Total amount recognised in profit or loss	於損益表確認的總支出	1,977

### 16. 租賃 (續)

#### (a) 使用權資產

本集團的使用權資產賬面值及本年度變動如下：

#### (b) 租賃負債

租賃負債的賬面值及本年度變動如下：

#### (c) 於損益表確認的租賃支出如下：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 17. Investments in associates

### 17. 於聯營公司的投資

		2019 US\$'000 千美元	2018 US\$'000 千美元
Share of net assets	應佔淨資產	892	737

Particulars of the associates are as follows:

聯營公司的詳細情況如下：

Associated companies 聯營公司	Place of registration/ incorporation and operation 註冊成立及 營運地點	Principal activities 主要業務	Particulars of registered capital/ issued shares 註冊資本／已發行 股份的詳情	Percentage of equity attributable to the Company 本公司持有權益百分比	
				2019 %	2018 %
Beijing LED Energy Management Technology Co. Ltd. 北京愛爾益地節能科技有限責任公司	PRC 中國	LED system design and contract installation LED系統設計及工程安裝	CNY20,000,000 人民幣20,000,000	23.5%	23.5%
Kitronix Limited 奇創力有限公司	Hong Kong 香港	Design, development, manufacturing & distribution of LCD modules 設計、開發、製造及分銷液晶顯示屏模組	HK\$38,000,000 港元38,000,000	25.0%	25.0%

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

下表說明本集團的聯營公司的總體財務信息，個別並非重大：

		2019 US\$'000 千美元	2018 US\$'000 千美元
Share of the associates' profits and total comprehensive income for the year	應佔聯營公司 本年利潤及全面收益	155	222
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司 投資的賬面總額	892	737

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 18. Subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name 名稱	Place of registration/ incorporation and kind of legal entity 註冊成立地點及法定地位	Principal activities and place of operation 主要業務及營運地點	Particulars of capital 股本詳情	Interest held 持有權益
Solomon Systech Limited 晶門科技有限公司	HK, LLC 香港，有限公司	Design, development, sales of IC and system solutions, HK 設計、開發、銷售集成電路晶片與系統解決方案，香港	188,585,271 ordinary shares of HK\$188,585,271 188,585,271股共188,585,271港元的普通股	100%
Jing Guang Semiconductors (Dongguan) Limited 東莞晶廣半導體有限公司	PRC, LLC 中國，有限公司	Manufacturing of IC, Mainland China 製造集成電路晶片，中國	US\$7,500,000 registered and paid up capital 7,500,000美元已註冊及繳足資本	100%
Solomon Systech Japan Company Limited	Japan, LLC 日本，有限公司	Market research, Japan 市場研究，日本	10,000 ordinary shares of JPY1,000 each 10,000股每股面值1千日元的普通股	100%
Solomon Systech Korea Limited	Korea, LLC 韓國，有限公司	Application R&D, Korea 應用開發，韓國	2,000 ordinary shares of KRW5,000 each 2,000股每股面值5,000韓元的普通股	100%
Solomon Systech Pte. Ltd.	Singapore, LLC 新加坡共和國，有限公司	Design and distribution of IC, Singapore 設計及分銷集成電路晶片，新加坡	480,000 ordinary shares of SGD1 each 480,000股每股面值1新加坡元的普通股	100%
Solomon Systech (Shenzhen) Limited 晶門科技（深圳）有限公司	PRC, LLC 中國，有限公司	Design and distribution of IC, Mainland China 設計及分銷集成電路晶片，中國	HK\$8,000,000 registered and paid up capital 8,000,000港元已註冊及繳足資本	100%
Solomon Systech Taiwan Limited 晶門科技股份有限公司	Taiwan, LLC 台灣，有限公司	Market research, Taiwan 市場研究，台灣	5,000,000 ordinary shares of NTD10 each 5,000,000股每股面值10新台幣的普通股	100%
Solomon Systech (UK) Limited	United Kingdom, LLC 英國，有限公司	Design and distribution of IC, United Kingdom 設計及分銷集成電路晶片，英國	1 ordinary share of GBP1 each 1股每股面值1英鎊的普通股	100%
Solomon Systech (China) Limited 晶門科技（中國）有限公司	PRC, LLC 中國，有限公司	Design and distribution of IC, Mainland China 設計及分銷集成電路晶片，中國	US\$20,000,000 registered and paid up capital 20,000,000美元已註冊及繳足資本	100%
Sentron, Inc.	Korea, LLC 韓國，有限公司	Application R&D, Korea 應用開發，韓國	80,000 ordinary shares of KRW5,000 each 80,000股每股面值5,000韓元的普通股	52%

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

### 18. 附屬公司

本公司主要附屬公司詳細情況如下：

董事認為，上表所列本公司之附屬公司乃主要影響本集團年內業績或組成資產淨值之重要部分者。董事認為載列其他附屬公司之詳情會使資料過於冗長。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 19. Equity investment designated at fair value through other comprehensive income

### 19. 按公平價值計入其他全面收益的股權投資

		2019 US\$'000 千美元	2018 US\$'000 千美元
<b>Equity investment designated at fair value through other comprehensive income</b>	按公平價值計入其他全面收益的股權投資		
Club debenture	會所債券	929	839

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

本集團認為投資為策略性性質，股權投資不可撤回地選擇按公平價值計入其他全面收益。

### 20. Cash and cash equivalents

### 20. 現金及現金等價物

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US\$7,549,000 (2018: US\$4,532,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於報告期末，本集團以人民幣（「人民幣」）計值的現金及銀行結餘為7,549,000美元（2018年：4,532,000美元）。人民幣不可自由兌換為其他貨幣，但根據中國大陸的外匯管理條例和結匯、售匯及支付外匯管理條例，本集團獲准通過獲授權進行外匯業務的銀行兌換人民幣兌換其他貨幣。

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

銀行存款根據每日銀行存款利率按浮動利率賺取利息。短期定期存款的期限為1天至3個月不等，視乎本集團的即時現金需求而定，並按各自的短期定期存款利率賺取利息。銀行結餘存放於信譽良好的銀行，近期無違約記錄。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 21. Inventories

### 21. 存貨

		2019 US\$'000 千美元	2018 US\$'000 千美元
Finished goods	成品	4,409	3,569
Raw materials and work in progress	原材料及在製品	38,114	39,147
		42,523	42,716
Provision for obsolete or slow moving inventories	過時或滯銷存貨的撥備	(15,732)	(10,062)
		26,791	32,654

The cost of inventories recognized as an expense and included in cost of sales amounted to US\$79,815,000 (2018: US\$63,661,000).

確認為開支並計入銷售成本的存貨成本達79,815,000美元(2018: 63,661,000美元)。

Movements on the provision for obsolete or slow moving inventories are as follows:

過時或滯銷存貨的撥備的變動分析如下:

		2019 US\$'000 千美元	2018 US\$'000 千美元
At 1 January	於1月1日	10,062	7,935
Scrap of inventories against provision	存貨報廢扣減撥備	(1,026)	(3,793)
Provision for obsolete or slow moving inventories	過時或滯銷存貨的撥備	6,696	5,920
At 31 December	於12月31日	15,732	10,062

### 22. Trade and other receivables, prepayments and deposits

### 22. 應收款及其他應收款，預付款及訂金

		Note 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
Trade receivables	應收款		18,158	22,527
Trade receivables from related parties	關聯方應收款	34	1,702	1,527
Impairment	減值撥備		(220)	(140)
Trade receivables – net	應收款 – 淨額		19,640	23,914
Deposits, prepayments and other receivables	訂金、預付款及其他應收款		3,153	4,692
Prepayments to related parties	關聯方預付款	34	175	232
Trade and other receivables – current portion	應收款及其他應收款 – 流動		22,968	28,838
Prepayments and deposits – non-current portion	預付款及訂金 – 非流動		333	525
			23,301	29,363

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 22. Trade and other receivables, prepayments and deposits (continued)

As at 31 December 2019, the Group's trade receivables from corporate customers were mainly on credit terms of 30 to 90 days. As at 31 December 2019, the ageing analysis of trade receivables based on invoice dates and net of loss allowance, is as follows:

		2019 US\$'000 千美元	2018 US\$'000 千美元
1-30 days	1-30日	13,841	9,622
31-60 days	31-60日	4,007	6,547
61-90 days	61-90日	1,641	4,522
91-180 days	91-180日	9	3,223
181-365 days	181-365日	142	-
		<b>19,640</b>	<b>23,914</b>

The movements in the loss allowance for impairment of trade receivables are as follows:

		2019 US\$'000 千美元	2018 US\$'000 千美元
At beginning of year	於年初	140	140
Impairment losses (note 6)	減值 (附註6)	80	-
At end of year	於年末	<b>220</b>	<b>140</b>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

### 22. 應收款及其他應收款，預付款及訂金 (續)

於2019年12月31日，本集團對企業客戶之應收款信貸期主要為30至90日。於2019年12月31日，應收款以發票日期及扣除減值撥備的賬齡分析如下：

應收款減值撥備變動如下：

		2019 US\$'000 千美元	2018 US\$'000 千美元
At beginning of year	於年初	140	140
Impairment losses (note 6)	減值 (附註6)	80	-
At end of year	於年末	<b>220</b>	<b>140</b>

每個報告日期使用撥備矩陣進行減值分析，以計量預期信用虧損。撥備率基於具有類似損失模式的各個客戶群的分組的過期天數（即，按地理區域）。該計算反映了概率加權結果，貨幣時間價值以及報告日期可獲得的關於過去事件，當前狀況和未來經濟狀況預測的合理和可支持信息。一般而言，應收款如逾期超過一年並且不受執法活動影響則予以註銷。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 22. Trade and other receivables, prepayments and deposits (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

		Expected credit loss rate 預期信貸虧損率 %	Gross carrying amount 帳面值 US\$'000 千美元	Expected credit losses 預期信貸虧損 US\$'000 千美元
<b>Past due</b>	<b>逾期</b>			
Current	未逾期	0.75%	13,946	105
1 to 30 days	1-30日	1.26%	4,058	51
31 to 60 days	31-60日	2.90%	1,690	49
61 to 90 days	61-90日	3.84%	9	-
Over 90 days	超過90日	9.55%	157	15
			<b>19,860</b>	<b>220</b>

As at 31 December 2018

		Expected credit loss rate 預期信貸虧損率 %	Gross carrying amount 帳面值 US\$'000 千美元	Expected credit losses 預期信貸虧損 US\$'000 千美元
<b>Past due</b>	<b>逾期</b>			
Current	未逾期	0.37%	13,614	51
1 to 30 days	1-30日	0.60%	7,724	46
31 to 60 days	31-60日	1.40%	1,567	22
61 to 90 days	61-90日	1.80%	1,139	20
Over 90 days	超過90日	2.76%	10	1
			<b>24,054</b>	<b>140</b>

The financial assets included in other receivables and deposits for which there was no recent history of default and past due amounts. As at 31 December 2019 and 2018, the loss allowance was assessed to be minimal.

### 22. 應收款及其他應收款，預付款及訂金（續）

以下載列本集團採用撥備矩陣的應收款信貸風險：

於2019年12月31日

於2018年12月31日

訂金及其他應收款內的金融資產並無違約記錄及未逾期。於2019年及2018年12月31日之預期信貸虧損經評估微乎其微。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 23. Financial assets at fair value through profit or loss

### 23. 通過損益以反映公平價值的財務資產

		2019 US\$'000 千美元	2018 US\$'000 千美元
<b>Non-current asset</b>	非流動資產		
Call option over non-controlling interests	非控股權益認購權	-	467
<b>Current assets</b>	流動資產		
Marketable bonds	可買賣債券	-	567
Marketable funds	可買賣基金	-	8,154
Listed equity securities and fund	上市股票及基金	-	59
		-	9,247

Changes in fair values of FVTPL are recorded in finance income – net in the consolidated statement of profit or loss (note 8).

通過損益以反映公平價值之變動記錄於綜合損益表中的投資收入－淨額（附註8）。

The Group's call option over non-controlling interests was valued at 31 December 2018 and 2019 by an independent, professionally qualified valuer. The listed and unlisted financial instruments were disposed during the year. As at 31 December 2018, the fair values of listed financial instruments were based on quoted market prices at the balance sheet date while the fair values of unlisted financial instruments were determined by reference to the dealer's quote or input from reputable financial institutions.

本集團的非控股權益認股期權於2018年及2019年12月31日由一位獨立專業合資格估值師進行估值。上市及非上市的金融工具已於年內出售。於2018年12月31日，上市的金融工具之公平值是基於結算日的市場報價，而非上市金融工具的公平值之釐定是取決於合適的參考發行商的報價或良好商譽的金融機構資料。

### 24. Issued capital

### 24. 已發行股本

		2019		2018	
		Number of shares 股份數目	US\$'000 千美元	Number of shares 股份數目	US\$'000 千美元
Authorized:	法定：				
- Ordinary shares of HK\$0.10 each	- 每股面值0.10港元的普通股	5,000,000,000	64,433	5,000,000,000	64,433
Issued and fully paid:	已發行及繳足：				
At 1 January	於1月1日	2,480,252,351	31,967	2,479,552,351	31,958
Exercise of share options	行使購股權	-	-	700,000	9
At 31 December	於12月31日	2,480,252,351	31,967	2,480,252,351	31,967



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 25. Equity compensation scheme

#### (a) The Share Option Scheme

The Company adopted a share option scheme (the “2013 Share Option Scheme”) at the annual general meeting held on 28 May 2013. The terms of the 2013 Share Option Scheme are in accordance with the provisions of the Chapter 17 of the Listing Rules on the Stock Exchange. The 2013 Share Option Scheme is valid and effective for a period of 10 years commencing on 28 May 2013, being the date of adoption of such scheme by the shareholders of the Company. The Board shall be entitled at any time within 10 years commencing on 28 May 2013 to make an offer for the grant of an option to any qualifying participants.

The purpose of the 2013 Share Option Scheme is to provide the participants (directors, employees, advisers, consultants, agents, distributors, contractors, contract manufacturers, suppliers, service providers, customers, business partners, joint venture business partners, etc., of any member of the Group) with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company for the benefit of the Company and its shareholders as a whole.

The total number of shares which may be issued upon exercise of all options to be granted under the 2013 Share Option Scheme must not in aggregate exceed 10% of the issued share capital of the Company as at the date of approval of the 2013 Share Option Scheme or 30% of the issued share capital of the Company from time to time.

The total number of shares of the Company issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares of the Company in issue.

An offer shall remain open for acceptance by the qualifying participant concerned for a period of 21 days from the date of the offer (or such longer period as the Board may specify in writing). HK\$1.00 is payable by the grantee to the Company on acceptance of the offer of the option.

### 25. 股本權益報酬計劃

#### (a) 購股權計劃

本公司於2013年5月28日舉行的股東週年大會已採納一購股權計劃（「2013購股權計劃」）。2013購股權計劃的條款是遵照上市規則第17章的條文。2013購股權計劃由2013年5月28日（即本公司股東採納該購股權計劃之日）起生效，為期10年。董事會可以於2013年5月28日起10年內授出購股權予合資格參與者。

2013購股權計劃旨在給予合資格參與者（本集團成員之董事、員工、顧問、諮詢、代理、分銷商、承包商、承包製造商、供應商、服務提供者、客戶、商業夥伴、合營企業商業夥伴等）機會獲得本公司專有股份和鼓勵共同合作，為本公司及其股東整體利益而提升本公司價值。

根據2013購股權計劃所授出的所有購股權獲行使而可予發行的股份總數，不得超過於批准購股權計劃當日本公司已發行股本的10%或本公司不時已發行股本的30%。

每名參與者在任何12個月內獲授的購股權（包括已行使、註銷或尚未行使）獲行使時已經及即將發行的本公司股份總數，合計不得超過本公司已發行股份的1%。

購股權於建議日期起計21日期間（或董事會可書面訂明的較長期間）內可供合資格參與者接納。於接納購股權時，承授人須向本公司支付港幣1.00元。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 25. Equity compensation scheme (continued)

#### (a) The Share Option Scheme (continued)

The subscription price of share option shall be determined by the Board at its absolute discretion in accordance with the terms of the 2013 Share Option Scheme. The subscription price in respect of any particular option shall be no less than the higher of (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; and (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

The total number of share options available for issue upon exercise of all share options to be granted under the 2013 Share Option Scheme as at the date of this annual report is 232,465,235, representing 9.4% of the issued shares of the Company. The number of share options outstanding as at 31 December 2019 was 15,560,000.

The following share options under the 2013 Share Option Scheme were outstanding during the year:

		2019		2018	
		Weighted average exercise price	Number of Options	Weighted average exercise price	Number of Options
		加權平均行使價	購股權數目	加權平均行使價	購股權數目
		HK\$		HK\$	
		港元		港元	
At beginning of year	於年初	0.327	21,760,000	0.334	31,600,000
Grant during the year	年內已授出	0.199	4,500,000	0.254	2,400,000
Exercised during the year	年內已行使	-	-	0.314	(700,000)
Lapsed/forfeited during the year	年內已註銷/放棄	0.335	(10,700,000)	0.331	(11,540,000)
At end of year	於年末	0.285	15,560,000	0.327	21,760,000

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2018 was HK\$0.34 per ordinary share.

During the year, movements in the number of share options outstanding under the share option scheme and the related exercise prices are as follows:

### 25. 股本權益報酬計劃(續)

#### (a) 購股權計劃(續)

在2013購股權計劃條文規定下，董事會具有絕對權力訂立購股權的認購價。任何個別購股權的認購價須為以下的較高者：(a)股份於授出日期在聯交所每日報價表所列收市價；及(b)股份在緊接授出日期前5個營業日在聯交所每日報價表所列平均收市價。

於本年報報告日，根據2013購股權計劃，倘所有可授與之購股權行使後，可予發行的股份數目為232,465,235股，佔本公司發行股份的9.4%。於2019年12月31日，合共15,560,000股有效購股權未經行使。

年內，2013購股權計劃尚未行使購股權數目如下：

截至2018年12月31日止年內，在行使日的加權平均行使價為每股港元0.34。

年內，關於購股權計劃尚未行使購股權數目的變動及其有關行使價列載如下：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 25. Equity compensation scheme (continued) 25. 股本權益報酬計劃(續)

#### (a) The Share Option Scheme (continued)

#### (a) 購股權計劃(續)

Grant date 授出日期	Exercise price per share HK\$ 每股行使價港元	Number of share options (in thousand units) 購股權數目(以千位計)					Held on 31 December 2019 於2019年 12月31日持有	Exercise period 行使期
		Held on 31 December 2018 and 1 January 2019 於2018年 12月31日及 2019年1月1日 一持有	Granted during the year 年內已授出	Exercised during the year 年內已行使	Lapsed/ Forfeited during the year 年內已註銷/放棄			
30 March 2015 2015年3月30日	0.309	100	-	-	(100)	-	3 April 2017 to 29 March 2019 2017年4月3日至2019年3月29日	
2 October 2015 2015年10月2日	0.315	200	-	-	(200)	-	2 October 2017 to 30 September 2019 2017年10月2日至2019年9月30日	
11 January 2016 2016年1月11日	0.369	1,000	-	-	-	1,000	2 April 2018 to 31 March 2020 2018年4月2日至2020年3月31日	
	0.369	1,000	-	-	-	1,000	2 January 2019 to 31 December 2020 2019年1月2日至2020年12月31日	
	0.369	2,500	-	-	(2,500)	-	1 April 2019 to 31 March 2021 2019年4月1日至2021年3月31日	
	0.369	2,500	-	-	(2,500)	-	2 January 2020 to 31 December 2021 2020年1月2日至2021年12月31日	
30 September 2016 2016年9月30日	0.305	2,400	-	-	(2,400)	-	2 October 2017 to 30 September 2019 2017年10月2日至2019年9月30日	
	0.305	1,260	-	-	-	1,260	2 April 2018 to 31 March 2020 2018年4月2日至2020年3月31日	
	0.305	6,000	-	-	(3,000)	3,000	1 April 2019 to 31 March 2021 2019年4月1日至2021年3月31日	
9 October 2017 2017年10月9日	0.370	2,400	-	-	-	2,400	2 October 2018 to 30 September 2020 2018年10月2日至2020年9月30日	
9 October 2018 2018年10月9日	0.254	2,400	-	-	-	2,400	2 October 2019 to 30 September 2021 2019年10月2日至2021年9月30日	
9 May 2019 2019年5月9日	0.248	-	2,000	-	-	2,000	2 January 2020 to 31 December 2021 2020年1月2日至2021年12月31日	
30 December 2019 2019年12月30日	0.159	-	2,400	-	-	2,400	2 October 2020 to 30 September 2022 2020年10月2日至2022年9月30日	
		-	50	-	-	50	2 January 2021 to 31 December 2022 2021年1月2日至2022年12月31日	
		-	50	-	-	50	2 January 2022 to 31 December 2023 2022年1月2日至2023年12月31日	
Total 總計		21,760	4,500	-	(10,700)	15,560		

At the end of the reporting period, the total number of share options which are exercisable under the 2013 Share Option Scheme is 11,060,000 (2018: 7,360,000).

At the end of the reporting period, the Company had 15,560,000 share options outstanding under the 2013 Share Option Scheme during the year. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 15,560,000 additional ordinary shares of the Company and additional share capital of approximately US\$200,000 (before issue expenses).

於報告期末，根據2013購股權計劃可行使的購股權總數為11,060,000 (2018: 7,360,000)。

於報告期末，本公司根據該2013購股權計劃尚未行使15,560,000份購股權。根據本公司現有資本架構，全數行使未行使購股權將導致發行15,560,000本公司普通股及額外股本約200,000美元(扣除發行費用前)。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 25. Equity compensation scheme (continued)

#### (a) The Share Option Scheme (continued)

The Company uses the Binomial Valuation Model to value the share options granted. The key parameters used in the Model and the corresponding fair values of the share options granted during 2019 and 2018 are listed below:

Date of grant	授出日期	2019 30 December 12月30日	2019 9 May 5月9日	2018 9 October 10月9日
Number of share options granted (in thousand units)	已授出購股權數目 (以千位計)	2,500	2,000	2,400
Total share option value	購股權總值			
– HK\$'000	– 千港元	100	118	176
– US\$'000 equivalent	– 千美元等值	13	15	21
Share price at date of grant (HK\$)	授出日期的股價(港元)	0.159	0.226	0.250
Exercise price (HK\$)	行使價(港元)	0.159	0.248	0.254
Expected life of options (years)	購股權的預期限(年)	2.75-4	2.644	3
Annualized volatility	年度波幅	45.7%-47.2%	44.0%	43.8%
Risk free interest rate	無風險利率	1.98%-2.01%	1.75%	2.368%
Dividend payout rate	派息率	–	–	–

The Binomial Valuation Model is used to estimate the fair values of European share options. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the Model used. The value of a share option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of a share option.

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily closing share prices over the last few years.

#### (b) The Share Grant

During the year ended 31 December 2018, the Company awarded 1,902,000 ordinary shares of HK\$0.10 each in the capital of the Company (“Awarded Shares”) conditionally to the chief executive officer (the “Beneficiary”). The Awarded Shares were subject to the Group’s financial results for the year ended 31 December 2018, of which (i) 951,000 shares would be vested after the close of business on 30 March 2019 and (ii) 951,000 shares would be vested after the close of business on 31 December 2019. In the absence of an award share scheme and trustee upon successful vesting of the Awarded Shares, and subject to the Listing Rules, the Beneficiary shall instruct an agent or a broker to purchase the Awarded Shares directly from the market, with the cash reserve made available by the Company.

There was no share award granted during the year ended 31 December 2019.

### 25. 股本權益報酬計劃(續)

#### (a) 購股權計劃(續)

本公司使用二項訂價模式計算已授出的購股權。於2019及2018年內已授出購股權的公平值及應用此模式的主要參考數據如下：

Date of grant	授出日期	2019 30 December 12月30日	2019 9 May 5月9日	2018 9 October 10月9日
Number of share options granted (in thousand units)	已授出購股權數目 (以千位計)	2,500	2,000	2,400
Total share option value	購股權總值			
– HK\$'000	– 千港元	100	118	176
– US\$'000 equivalent	– 千美元等值	13	15	21
Share price at date of grant (HK\$)	授出日期的股價(港元)	0.159	0.226	0.250
Exercise price (HK\$)	行使價(港元)	0.159	0.248	0.254
Expected life of options (years)	購股權的預期限(年)	2.75-4	2.644	3
Annualized volatility	年度波幅	45.7%-47.2%	44.0%	43.8%
Risk free interest rate	無風險利率	1.98%-2.01%	1.75%	2.368%
Dividend payout rate	派息率	–	–	–

二項訂價模式是用來估算歐式購股權的公平值。計算出的公平值受給定假設和模式自身限制而具有固有的主觀性及不確定。購股權的價值會隨著某些主觀假設的不同變數而改變。所採用的變數的任何改變可能會對購股權公平值的估算造成重大影響。

波幅乃基於過去波幅乃基於過去數年每日股份收市價的統計分析之股份複合回報之標準差計算出來。

#### (b) 股份頒授

2018年內，本公司附條件地授予1,902,000股本公司每股面值0.10港元的普通股(「頒授股份」)予行政總裁(「受益人」)。頒授股份取決於本集團2018年12月31日的財務業績影響，其中(i)於2019年3月30日營業結束後將歸屬951,000股股份；及(ii)於2019年12月31日營業結束後將有951,000股股份歸屬。頒授股份於成功歸屬時倘未有股份獎勵計劃及受託人的情況下，並於上市規則容許下，受益人將指令代理人或經紀以由本公司提供的現金儲備於市場直接購買頒授股份。

年內，無授出股份頒授。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 26. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 79 of the financial statements.

### 27. Deferred tax liability

Deferred tax liability is recognized using liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

The following are the deferred tax liability recognized and movements thereon:

### 26. 儲備

本集團本年及以前年度之儲備及變動詳情載於財務報表第79頁綜合權益變動表內。

### 27. 遞延所得稅負債

遞延稅負債的確認是採用負債法，即基於資產及負債的稅項與綜合財務報表該稅項面值之間的暫時差額作全數撥備。

遞延稅項負債之確認及變動如下：

		Recognition of intangible assets 確認無形資產 US\$'000 千美元
<b>At 1 January 2018</b>	於 <b>2018年1月1日</b>	366
Credited to profit or loss	計入損益表	(53)
<b>At 31 December 2018 and 1 January 2019</b>	於 <b>2018年12月31日及2019年1月1日</b>	313
Credited to profit or loss	計入損益表	(313)
<b>At 31 December 2019</b>	於 <b>2019年12月31日</b>	-

At 31 December 2019, the Group had unrecognised tax losses arising in Hong Kong of US\$102,067,000 (2018: US\$90,627,000), subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also had unrecognised tax losses arising in Mainland China of US\$5,846,000 (2018: US\$7,387,000), subject to the agreement by the relevant taxation authority, that will expire in five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to unpredictability of future taxable profit streams.

於2019年12月31日，本集團在香港產生的未確認稅項虧損為102,067,000美元（2018：90,627,000美元）（有待香港稅務局同意），該等稅項虧損可無限期用作抵銷產生虧損的公司的未來應課稅利潤。本集團亦有在中國大陸產生的未確認稅項虧損5,846,000美元（2018：7,387,000美元）（有待相關稅務機關同意），該等稅項虧損將於五年內屆滿，可用作抵銷產生虧損的公司的未來應課稅利潤。由於無法預測未來應課稅利潤來源，因此並無就該等虧損確認遞延稅項資產。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 28. Trade and other payables

		Notes 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
Trade payables	應付款	(a)	15,845	18,697
Accrued expenses and other payables	應計開支及其他應付款		5,585	6,462
Contract liabilities	合約負債	(b)	934	–
Refund liabilities	退款負債		832	1,753
			<b>23,196</b>	<b>26,912</b>

Notes:

- (a) At 31 December 2019, the ageing analysis of the trade payables based on invoice dates is as follows:

		2019 US\$'000 千美元	2018 US\$'000 千美元
1 - 30 days	1 - 30日	6,850	6,293
31 - 60 days	31 - 60日	5,907	5,072
61 - 90 days	61 - 90日	3,000	5,538
Over 90 days	超過90日	88	1,794
		<b>15,845</b>	<b>18,697</b>

The trade and other payables are non-interest-bearing and have an average term of three months.

- (b) Contract liabilities include short-term advances received from customers for the sale of ICs.

### 28. 應付款及其他應付款

附註：

- (a) 於2019年12月31日，應付款以發票日期的賬齡分析如下：

應付款及其他應付款為免息且一般於3個月內結算。

- (b) 合約負債包括因晶片銷售而收取客戶之短期預收款項。

### 29. Interest-bearing bank borrowings

At 31 December 2019, the Group had a bank loan of US\$169,000 (2018: bank loan of US\$176,000) in connection with a Korean subsidiary. The bank borrowing was originally matured on 5 July 2019 and was subsequently extended to 2 July 2021 and bears interest at a rate of 1% (2018: 1.25%) per annum. The carrying amount of the loan at the end of the reporting period approximated to its fair value and the loan is denominated in KRW.

At 31 December 2018, the Group also had a mortgage bank loan of US\$22,000 in connection with the Group's office property in Hsinchu, Taiwan. The mortgage loan was repaid during the year.

### 30. Banking facilities

At 31 December 2019 and 31 December 2018, the Group had no unused banking facilities.

### 29. 銀行計息貸款

於2019年12月31日，本集團有一項銀行貸款169,000美元（2018：銀行貸款176,000美元）歸屬於韓國子公司。該項銀行貸款到期日原為2019年7月5日及後延期至2021年7月2日，貸款年利率為1%（2018：1.25%）。年末賬面值與其公平值相若，並以韓元列值。

於2018年12月31日，本集團有一項台灣新竹辦公室的按揭貸款22,000美元。該項抵押貸款已於年內償還。

### 30. 銀行信貸

於2019年12月31日及2018年12月31日，本集團並沒有未用的銀行信貸額。

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 31. Notes to consolidated statement of cash flows

#### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of US\$139,000 and US\$139,000, respectively, in respect of lease arrangements for leased properties (2018: Nil).

#### (b) Change in liabilities arising from financing activities

2019

At 31 December 2018	於2018年12月31日
Effect of adoption of HKFRS 16	採納香港財務報告準則第16號的影響

At 1 January 2019	於2019年1月1日
Changes from financing cash flows	籌資現金流量的變化
New leases	新租賃
Interest expense	利息支出
Interest paid classified as operating cash flows	已付利息分類為經營現金流量
Remeasurement on lease modifications	租賃修訂之計量

At 31 December 2019

於2019年12月31日

2018

At 1 January 2018	於2018年1月1日
Changes from financing cash flows	籌資現金流量的變化

At 31 December 2018

於2018年12月31日

### 31. 綜合現金流量表附註

#### (a) 主要非現金交易

年內，本集團就安排租賃物業的使用權資產和租賃負債的非現金添置分別為139,000美元和139,000美元（2018年：無）。

#### (b) 融資活動導致之負債變化

2019

	Borrowings 貸款 US\$'000 千美元	Lease liabilities 租賃負債 US\$'000 千美元
At 31 December 2018	198	–
Effect of adoption of HKFRS 16	–	3,238

At 1 January 2019	198	3,238
Changes from financing cash flows	(29)	(1,289)
New leases	–	139
Interest expense	–	147
Interest paid classified as operating cash flows	–	(147)
Remeasurement on lease modifications	–	(190)

At 31 December 2019

1,898

2018

	Borrowings 貸款 US\$'000 千美元
At 1 January 2018	299
Changes from financing cash flows	(101)

At 31 December 2018

198

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 31. Notes to consolidated statement of cash flows (continued)

#### (c) Total cash outflows for leases

The total cash outflows for leases included in the statement of cash flows is as follows:

		US\$'000 千美元
Within operating activities	在經營活動中	147
Within financing activities	在融資活動中	1,289
		1,436

### 32. Commitments

#### (a) Capital commitments

Capital expenditure contracted for but not yet incurred at end of the reporting period is as follows:

		2019 US\$'000 千美元	2018 US\$'000 千美元
Property, plant and equipment	物業、廠房及設備	169	14

#### (b) Operating lease commitments as at 31 December 2018

The Group leased certain of its office properties, machinery and motor vehicles under operating lease arrangements. Leases for properties are negotiated for terms ranging from 1 to 4 years. Leases for machinery and motor vehicles are negotiated for terms ranging from 3 to 4 years. As at 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2018 US\$'000 千美元
Within one year	一年內	1,815
In the second to fifth years, inclusive	第二至五年 (包括首尾兩年)	2,002
		3,817

### 31. 綜合現金流量表附註 (續)

#### (c) 租賃現金流出總額

現金流量表中包括的租賃現金流出總額如下：

### 32. 承擔

#### (a) 資本承擔

於報告期末，已商定合約但尚未動用的資本開支列載如下：

#### (b) 經營租賃承擔於2018年12月31日

本集團根據經營租賃安排租用若干辦公物業、機械及汽車。物業租賃年期經磋商介乎1至4年。機械和汽車的租賃年期經磋商介乎3至4年。於2018年12月31日本集團根據不可撤銷經營租賃未來最低租金總額列載如下：

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 33. Financial instruments by category

### 33. 金融工具按類別

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

各類別的金融工具於報告日帳面值如下：

2019

Financial assets

2019

金融資產

	Financial asset at fair value through other comprehensive income 按公平價值計入其他全面收益的金融資產		
	Equity investment 股權投資 US\$'000 千美元	Financial assets at amortised cost 按攤銷成本計算的金融資產 US\$'000 千美元	Total 總計 US\$'000 千美元
Equity investment at fair value through other comprehensive income	按公平價值計入其他全面收益的股權投資 929	-	929
Financial assets included in trade and other receivables	應收款及其他應收款內的金融資產 -	20,759	20,759
Pledged bank deposit	已抵押的銀行存款 -	130	130
Cash and cash equivalents	現金及現金等價物 -	18,078	18,078
	929	38,967	39,896
			Financial liabilities at amortised cost 按攤銷成本計算的金融負債 US\$'000 千美元
<b>Financial liabilities</b>	<b>金融負債</b>		
Financial liabilities included in trade and other payables	應付款及其他應付款內的金融負債 19,859		19,859
Interest-bearing bank borrowing	銀行計息貸款 169		169
			20,028

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 33. Financial instruments by category (continued)

### 33. 金融工具按類別(續)

2018 Financial assets		2018 金融資產					
		Financial assets at fair value through profit or loss	Financial asset at fair value through other comprehensive income				
		通過損益以反映公平價值的金融資產	按公平價值計入 其他全面收益的 金融資產				
	Designated as such upon initial recognition 初步確認時 強制分類 US\$'000 千美元	Mandatorily designated as such 持作買賣 US\$'000 千美元	Equity investment 股權投資 US\$'000 千美元	Financial assets at amortised cost 按攤銷成本計 算的金融資產 US\$'000 千美元	Total 總計 US\$'000 千美元		
Equity investment designated at fair value through other comprehensive income	-	-	839	-	839		
Financial assets included in trade and other receivables	-	-	-	24,951	24,951		
Financial assets at fair value through profit or loss	467	8,780	-	-	9,247		
Pledged bank deposit	-	-	-	130	130		
Cash and cash equivalents	-	-	-	13,395	13,395		
	467	8,780	839	38,476	48,562		
<b>Financial liabilities</b>		<b>金融負債</b>					
Financial liabilities included in trade and other payables					Financial liabilities at amortised cost 按攤銷成本計算的金融負債 US\$'000 千美元		
Interest-bearing bank borrowings					23,003		
					198		
					23,201		

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 34. Related parties transactions

- (a) China Electronics Corporation (“CEC”), a state-owned information technology conglomerate under the administration of the central government of the PRC, through one of its wholly-owned subsidiaries, Huada Semiconductor Co. Ltd., owns approximately 28.5% of the issued shares of the Company and is thus a substantial shareholder of the Company. Transactions between the Group and the subsidiaries or associates of CEC are regarded as transactions with related parties.

The following transactions were carried out with related parties:

		2019 US\$'000 千美元	2018 US\$'000 千美元
Sales:	銷售額：		
Subsidiaries of CEC	CEC的附屬公司	16,026	14,464
Purchases:	購買：		
Subsidiaries of CEC	CEC的附屬公司	281	372

The sales and purchases made with certain subsidiaries of CEC were made according to prices and conditions offered to the Group's customers or offered by the Group's suppliers; and the transactions with related parties normally have an average term of three months.

The following were balances arising from such sales/purchases:

		Note 附註	2019 US\$'000 千美元	2018 US\$'000 千美元
Trade receivables:	應收款：	22		
Subsidiaries of CEC	CEC的附屬公司		1,702	1,527
Prepayments:	預付款：	22		
Subsidiaries of CEC	CEC的附屬公司		175	232

- (b) Compensation of key management personnel of the Group:

		2019 US\$'000 千美元	2018 US\$'000 千美元
Salaries, allowance, bonuses and other benefits	薪金、津貼、花紅及其他福利	602	453
Pension scheme contributions	退休金計劃供款	22	20
Share-based payment expense	股權開支	15	62
Total compensation paid to key management personnel	已付主要管理人員之報酬總額	639	535

Details of compensation of the Company's directors are disclosed in note 10 to the financial statements.

### 34. 關聯方交易

- (a) 中國電子資訊產業集團有限公司是直接隸屬於中國中央政府管理的國有電子資訊技術企業集團，通過其全資附屬公司華大半導體有限公司擁有約28.5%本公司之發行股份，乃本公司之主要股東。本集團與CEC附屬公司或其聯繫人的交易構成關聯方交易。

以下交易為關聯方之交易：

與CEC附屬公司之銷售／採購經參考本集團向客戶提供的價格及條件而作出；與關聯方交易一般於3個月內結算。

由銷售／採購構成的賬目：

本公司主要管理層之補償於財務報表附註10披露。



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 35. Events after the reporting period

Up to the date on which these consolidated financial statements are issued, the Group is still in the process of assessing the impacts of the COVID-19 epidemic (the "Epidemic") on the financial performance and position of the Group and is currently unable to estimate the quantitative impacts to the Group. The management of the Group will pay close attention to the development of the Epidemic and perform further assessment of its financial impact.

The Epidemic is a non-adjusting event after the financial year end and does not result in any adjustments to the consolidated financial statements for the year ended 31 December 2019.

### 36. Statement of financial position and reserves of the Company

#### (a) Statement of financial position

		2019 US\$'000 千美元	2018 US\$'000 千美元
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>		
Investments in subsidiaries	於附屬公司的投資	123	18,081
<b>CURRENT ASSETS</b>	<b>流動資產</b>		
Trade and other receivables	應收款及其他應收款	47	55
Amounts due from subsidiaries	應收附屬公司款	54,247	71,317
Financial assets at fair value through profit or loss	通過損益以反映公平價值的財務資產	-	8,780
Cash and cash equivalents	現金及現金等價物	1,379	388
Total current assets	流動資產總計	55,673	80,540
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>		
Amounts due to subsidiaries	應付附屬公司款	214	241
Accrued expenses and other payables	撥備及其他應付款	205	221
Total current liabilities	流動負債總計	419	462
<b>NET CURRENT ASSETS</b>	<b>流動資產淨值</b>	<b>55,254</b>	80,078
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>總資產減流動負債</b>	<b>55,377</b>	98,159
<b>EQUITY</b>	<b>權益</b>		
<b>Equity attributable to owners of the Company</b>	<b>本公司權益持有人應佔權益</b>		
Issued capital	已發行股本	31,967	31,967
Reserves	儲備	23,410	66,192
Total equity	總權益	55,377	98,159

### 35. 報告年度後事件

截至綜合財務報表發布日，本集團仍在評估新型冠狀病毒疫症（「疫症」）對本集團財務業績和狀況的影響，目前尚無法量化估計對本集團的影響。本集團將密切關注疫症的發展，並對其財務影響進行進一步評估。

疫症是在財政年結日後的非調整性事件，因此不會對截至2019年12月31日止年度之綜合財務報表作出任何調整。

### 36. 本公司財務狀況表及儲備

#### (a) 財務狀況表

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 綜合財務報表附註

### 36. Statement of financial position and reserves of the Company (continued)

#### (b) Reserves

		Share premium	Equity compensation reserve	Accumulated losses	Total
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
At 1 January 2018	於2018年1月1日	109,084	17,692	(58,814)	67,962
Loss for the year	年內虧損	-	-	(1,801)	(1,801)
<b>Total comprehensive loss</b>	<b>全面虧損總計</b>	<b>-</b>	<b>-</b>	<b>(1,801)</b>	<b>(1,801)</b>
Equity-settled share option arrangements	股本權益報酬	-	12	-	12
Exercise of share options	行使購股權	19	-	-	19
At 31 December 2018	於2018年12月31日	109,103	17,704	(60,615)	66,192
At 1 January 2019	於2019年1月1日	109,103	17,704	(60,615)	66,192
Loss for the year	年內虧損	-	-	(42,829)	(42,829)
<b>Total comprehensive loss</b>	<b>全面虧損總計</b>	<b>-</b>	<b>-</b>	<b>(42,829)</b>	<b>(42,829)</b>
Equity-settled share option arrangements	股本權益報酬	-	47	-	47
At 31 December 2019	於2019年12月31日	109,103	17,751	(103,444)	23,410

### 36. 本公司財務狀況表及儲(續)

#### (b) 儲備

### 37. Approval of consolidated financial statements

The consolidated financial statements were approved by the Board of Directors on 27 March 2020.

### 37. 綜合財務報表審批

本綜合財務報表已於2020年3月27日經董事會審批。

# FIVE-YEAR FINANCIAL SUMMARY

## 五年財務摘要

		2019 二零一九年	2018 二零一八年	2017 二零一七年	2016 二零一六年	2015 二零一五年
<b>US\$ million 百萬美元</b>						
Sales	銷售	<b>108.3</b>	98.1	82.5	68.4	70.9
Gross profit	毛利	<b>21.3</b>	28.2	29.3	23.5	23.2
Net loss	虧損淨額	<b>(27.8)</b>	(13.8)	(10.3)	(6.9)	(6.4)
<b>US cents 美仙</b>						
Assets and liabilities	資產及負債					
- Total assets	- 總資產	<b>76.9</b>	107.0	116.2	115.6	123.4
- Total liabilities	- 總負債	<b>25.6</b>	28.0	24.4	14.6	14.9
- Shareholders' funds	- 股東權益	<b>51.3</b>	79.0	91.8	101.0	108.5
Loss per share	每股虧損					
- Basic (i)	- 基本(i)	<b>(1.1)</b>	(0.55)	(0.41)	(0.28)	(0.26)
- Diluted (ii)	- 攤薄(ii)	<b>(1.1)</b>	(0.55)	(0.41)	(0.28)	(0.26)
Dividends per share	每股股息	-	-	-	-	-
Net assets per share (i)	每股資產淨值(i)	<b>2.07</b>	3.19	3.70	4.08	4.39

- (i) The basic loss and net assets per share are based on the weighted average of 2,469,461,802, 2,477,102,351, 2,478,135,913, 2,480,028,242 and 2,480,252,351 ordinary shares in issue during each of the years ended 31 December 2015, 2016, 2017, 2018 and 2019, respectively.

每股基本虧損及每股資產淨值是分別根據截至2015年、2016年、2017年、2018年及2019年12月31日止年度各年的已發行普通股加權平均數2,469,461,802股、2,477,102,351股、2,478,135,831股、2,480,028,242股及2,480,252,351股計算。

- (ii) For 2015, 2016, 2017, 2018 and 2019, the diluted loss per share information is based on 2,469,461,802, 2,477,102,351, 2,478,135,913, 2,480,028,242 and 2,480,252,351 ordinary shares, respectively, which are the adjusted weighted average number of ordinary shares outstanding assuming conversion of all dilutive/potential share options outstanding during the year.

於2015年、2016年、2017年、2018年及2019年，每股攤薄虧損的資料分別按2,469,461,802股、2,477,102,351股、2,478,135,913股、2,480,028,242股及2,480,252,351股普通股計算，而每股攤薄虧損乃根據假設年內所有尚未行使購股權已作轉換的調整後已發行加權平均普通股計算。

# DEFINITIONS AND GLOSSARY

## 釋義及詞彙

2013 Share Option Scheme	The share option scheme approved by shareholders for adoption at the annual general meeting held on 28 May 2013
AMEPD	Active Matrix Electrophoretic Display
AMOLED	Active Matrix Organic Light Emitting Diode
BJ-LED	Beijing LED Energy Management Technology Co. Ltd**, a company incorporated in the PRC with limited liability
Board	Board of Directors
Cayman Islands Companies Law	Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
CEACI	CEAC International Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CECl, and a connected person of the Company
CEC	China Electronics Corporation, a state-owned information technology conglomerate under the administration of the central government of the PRC, is a substantial shareholder of the Company through its interests in Huada
CECl	深圳中電國際信息科技有限公司 (CECl Technology Co., Ltd**), a company established in the PRC and an indirect subsidiary of the CEC, and a connected person of the Company
Code Provision(s)	Code provision(s) in the Corporate Governance Code contained in Appendix 14 to the Listing Rules
COSO	Committee of Sponsoring Organization of the Treadway Commission is a private sector initiative that has issued internationally recognized internal control frameworks
CNY	Chinese Yuan, Reminbi
Company	Solomon Systech (International) Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
Director(s)	The director(s) of the Company
ESL	Electronic Shelf Label
FHD	Full High Definition, a display resolution standard of 1920 x 1080 pixels
FHD+	A display resolution standard of 2220 x 1080 pixels, which is more than the normal FHD 1080p
FVTPL	Fair value through profit or loss
Group	The Company and its subsidiaries
HES	北京華大九天軟件有限公司 (Beijing Huada Emphyrean Software Co., Ltd**), a company established in the PRC, and a connected person of the Company
HK\$/HKD	Hong Kong dollars
Hong Kong/HK/HKSAR	Hong Kong Special Administrative Region of the PRC
HKAS	Hong Kong Accounting Standards
HKFRS	Hong Kong Financial Reporting Standards, or collectively for HKAS and Hong Kong Financial Reporting Standards
Huada	Huada Semiconductors Co. Ltd., a PRC company with limited liability to consolidate all IC businesses under CEC group. It is a substantial shareholder of the Company
IC	Integrated Circuit
IGZO	A semiconductor material consisting of indium (In), gallium (Ga), zinc (Zn) and oxygen (O)

2013購股權計劃	於2013年5月28日舉行之股東週年大會上取得股東批准採納的購股權計劃
AMEPD	主動矩陣電泳顯示
AMOLED	主動矩陣有機發光二極體
BJ-LED	北京愛爾益地節能科技有限責任公司，於中國註冊成立之有限公司
董事會	董事會
開曼群島公司法	開曼群島公司法(1961年法律3，經綜合及修訂)
CEACI	中國電子器材國際有限公司，於香港註冊成立之有限公司，為CECI的全資附屬公司
中國電子/CEC	中國電子信息產業集團有限公司，一家直接隸屬於中國中央政府管理的國有電子信息技術企業集團，通過控制華大的權益為本公司之主要股東
CECI	深圳中電國際信息科技有限公司，於中國註冊成立之有限責任公司，為中國電子集團之間接附屬公司
守則條文	上市規則附錄14所載之企業管治守則中的守則條文
COSO	Committee of Sponsoring Organization of the Treadway Commission是一項私營計劃，曾發表獲國際認可的內部監管架構
人民幣	中國元、人民幣
本公司	Solomon Systech (International) Limited，一家成立於開曼群島的有限公司，其股票於聯交所主板上市
董事	本公司之董事
電子貨架標籤	電子貨架標籤
全高清/FHD	全高清，是一種顯示解像度的標準，解像度為1920 x 1080像素
FHD+	一種顯示解像度的標準，解像度為2220 x 1080像素，較一般全高清1080p為高
FVTPL	通過損益以反映公平價值的財務資產
本集團	本公司及其附屬公司
華大九天	北京華大九天軟件有限公司，一家於中國成立的公司，為本公司的關連人士
港元	香港元
香港	香港特別行政區
香港會計準則	香港會計準則
香港財務報告準則	香港財務報告準則，或香港會計準則及香港財務報告準則的統稱
華大	華大半導體有限公司，一家CEC為整合旗下IC企業而組建於中國的有限公司，乃本公司之主要股東
IC	集成電路晶片
IGZO	一種半導體物料，包含銮、鎘、鋅及氧

# DEFINITIONS AND GLOSSARY

## 釋義及詞彙

IP	Intellectual Property
JPY	Japanese Yen
KRW	Korean Won
LCD	Liquid Crystal Display
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
LTPS	Low Temperature Polysilicon, a technology for the manufacturing of TFT-LCD
LLC	Limited liabilities company
Mainland China	Mainland China, for the purpose of this report, excludes Hong Kong and Macau Special Administrative Regions of the PRC
MIPI	Mobile Industry Processor Interface
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
NTD	New Taiwan dollars
OLED	Organic Light Emitting Diode
Panda-FPD	Nanjing CEC Panda Flat Panel Display Technology Co., Ltd.** , a company established in the PRC with limited liability, is a subsidiary of Nanjing Huadong Electronics Information & Technology Co., Ltd.**
Panda-LCD	Nanjing CEC Panda LCD Technology Co., Ltd.** , a company incorporated in the PRC with limited liability, is an associate of CEC
PMOLED	Passive Matrix Organic Light Emitting Diode
POLED	Plastic Organic Light Emitting Diode
PRC	The People's Republic of China, for the purpose of this report, excluded Hong Kong and Macau Special Administration Regions
R&D	Product design, development and engineering
S&D	Selling and Distribution
SFO	Securities and Futures Ordinance
SGD	Singapore dollars
Singapore	The Republic of Singapore
the Stock Exchange	The Stock Exchange of Hong Kong Limited
TDDI	Touch and Display Driver Integration
TFT	Thin Film Transistor
UHD	Ultra high definition is a display resolution standard of 3840 x 2160 pixels (8.3 megapixels; 4K)
UK	United Kingdom
USA	United States of America
USI-T	Universal Samsung Interface for Television
US\$/USD	US dollars

\*\* for identification purpose only

知識產權	知識產權
日元	日本元
韓元	韓元
LCD	液晶顯示器
上市規則	聯交所證券上市規則
LTPS	低溫多晶矽，一種製造薄膜電晶體液晶顯示器的技術
有限公司	有限公司
中國大陸	中華人民共和國，就本報告而言，不包括中國香港及澳門特別行政區
MIPI	移動行業處理器界面
標準守則	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
新台幣	新台幣
OLED	有機發光二極體
熊貓平板顯示	南京中電熊貓平板顯示科技有限公司，一家於中國註冊成立之有限責任公司，乃南京華東電子信息科技股份有限公司的附屬公司
熊貓液晶	南京中電熊貓液晶顯示科技有限公司，於中國註冊成立之有限公司，CEC的聯繫人士
PMOLED	被動矩陣有機發光二極體
POLED	塑膠有機發光二極體
中國	中華人民共和國，就本報告而言，不包括中國香港及澳門特別行政區
工程開發／研發／R&D	產品設計、開發及工程
銷售及分銷	銷售及分銷
SFO	證券及期貨條例
新加坡元	新加坡元
新加坡	新加坡共和國
聯交所	香港聯合交易所有限公司
TDDI	觸控與顯示驅動器集成
TFT	薄膜電晶體
UHD	超高清 (UHD, 4K/8K) 是一種顯示解析度的標準，最低為3840 x 2160像素 (8.3百萬像素；4K)
英國	英國
美國	美利堅合眾國
USI-T	應用於電視機的三星通用串行接口
美元	美國元

# CORPORATE AND SHAREHOLDER INFORMATION

## 公司及股東資料

### Financial Calendar

#### Financial Year End

31 December

#### Announcement of Annual Results

27 March 2020

### Share Listing

#### Listing Venue and Date

Main Board of The Stock Exchange of Hong Kong Limited  
8 April 2004

#### HKSE Stock Code

2878

#### Board Lot

2,000 shares

#### Trading Currency

HKD

#### Issued Shares

2,480,252,351 (as at 31 December 2019)

### Principal Share Registrar and Transfer Agent

Tricor Services (Cayman Islands) Limited  
2/F., Century Yard, Cricket Square  
P.O. Box 902  
Grand Cayman KY1-1103  
Cayman Islands  
(with effect from 1 April 2020)

### Hong Kong Branch Share Registrar

Tricor Investor Services Limited  
Level 54, Hopewell Center  
183 Queen's Road East  
Hong Kong  
Tel: (852) 2980 1333  
Fax: (852) 2810 8185  
Website: [www.tricoris.com](http://www.tricoris.com)

### Independent Auditor

Ernst & Young

### Solicitors

Reed Smith Richards Butler

### 財務日誌

財政年度結算日

12月31日

公佈全年業績

2020年3月27日

### 股份上市資料

上市地點及日期

香港聯合交易所有限公司主板  
2004年4月8日

香港股份編號

2878

買賣單位

2,000股

交易貨幣

港元

已發行股份

2,480,252,351 (於2019年12月31日)

### 股份過戶登記總處

Tricor Services (Cayman Islands) Limited  
2/F., Century Yard, Cricket Square  
P.O. Box 902  
Grand Cayman KY1-1103  
開曼群島  
(於2020年4月1日生效)

### 香港股份過戶登記分處

卓佳證券登記有限公司  
香港  
皇后大道東183號  
合和中心54樓  
電話：(852) 2980 1333  
傳真：(852) 2810 8185  
網址：[www.tricoris.com](http://www.tricoris.com)

### 獨立核數師

安永會計師事務所

### 法律顧問

禮德齊伯禮律師行



# CORPORATE AND SHAREHOLDER INFORMATION

## 公司及股東資料



### Board Members

#### Executive Directors

Mr. Wang Wah Chi, Raymond (Chief Executive Officer)  
Mr. Lo Wai Ming

#### Non-executive Directors

Mr. Ma Yuchuan (Chairman)  
Dr. Li Jun  
Mr. Yu Jian

#### Independent Non-executive Directors

Mr. Leung Heung Ying  
Mr. Sheu Wei Fu  
Mr. Yiu Tin Chong, Joseph

#### Authorized Representatives

Mr. Wang Wah Chi, Raymond  
Ms. Poon Kim Hung, Shirley

#### Company Secretary & Qualified Accountant

Ms. Poon Kim Hung, Shirley *FCCA, FCPA*

#### Corporate Communications/Investor Relations

Ms. Carol Hui  
Corporate Communications Manager  
Tel: (852) 2207 1672  
Email: [communication@solomon-systech.com](mailto:communication@solomon-systech.com)

#### Principal Office

6/F., No.3 Science Park East Avenue  
Hong Kong Science Park  
Shatin, New Territories  
Hong Kong  
Tel: (852) 2207 1111  
Fax: (852) 2267 0800

#### Website

[www.solomon-systech.com](http://www.solomon-systech.com)

### 董事成員

#### 執行董事

王華志先生 (行政總裁)  
盧偉明先生

#### 非執行董事

馬玉川先生 (主席)  
李峻博士  
虞儉先生

#### 獨立非執行董事

梁享英先生  
許維夫先生  
姚天從先生

#### 授權代表

王華志先生  
潘儉虹女士

#### 公司秘書及合資格會計師

潘儉虹女士 *FCCA, FCPA*

#### 企業傳訊／投資者關係

許嘉露女士  
企業傳訊經理  
電話：(852) 2207 1672  
電郵： [communication@solomon-systech.com](mailto:communication@solomon-systech.com)

#### 總辦事處

香港  
新界沙田  
香港科學園  
科技大道東3號6樓  
電話：(852) 2207 1111  
傳真：(852) 2267 0800

#### 網址

[www.solomon-systech.com](http://www.solomon-systech.com)

This 2019 Annual Report (bilingual version in English and Chinese) has been posted on the Company's website at [www.solomon-systech.com](http://www.solomon-systech.com).

Shareholders who have chosen to receive the Company's corporate communications (including but not limited to annual reports, summary financial reports (where applicable), interim reports, summary interim reports (where applicable), notices of meeting, listing documents, circulars and proxy forms) via the Company's website and for any reason have difficulty in gaining access to the Annual Report posted on the Company's website will promptly upon request be sent by post the Annual Report in printed form free of charge.

**Shareholders may at any time change their choice of means of receipt of the Company's corporate communications.**

Shareholders may request for printed copy of the Annual Report or change their choice of means of receipt of the Corporate Communications by sending reasonable notice in writing to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong or by sending an email to [solomon2878-ecom@hk.tricorglobal.com](mailto:solomon2878-ecom@hk.tricorglobal.com).

本2019年報的中英文雙語合併本已登載於本公司網站[www.solomon-systech.com](http://www.solomon-systech.com)。

選擇透過本公司網站收取本公司的公司通訊（其中包括但不限於年報、財務摘要報告（如適用）、中期報告、中期摘要報告（如適用）、會議通告、上市文件、通函及代表委任表格），及因任何理由以致在接收載於本公司網站的年報上出現困難的股東，可即時要求以郵寄方式獲免費發送年報的印刷本。

股東可隨時更改收取本公司的公司通訊方式。

股東可在給予本公司合理時間的書面通知，要求索取年報的印刷本或更改收取本公司之公司通訊的方式，該書面通知應交予本公司之香港股份過戶登記分處－卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心54樓，或將該通知電郵至[solomon2878-ecom@hk.tricorglobal.com](mailto:solomon2878-ecom@hk.tricorglobal.com)。



[www.solomon-systech.com](http://www.solomon-systech.com)

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Hong Kong Science Park  
Shatin, New Territories, Hong Kong  
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www.solomon-systech.com

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香港科學園  
科技大道東3號6樓  
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