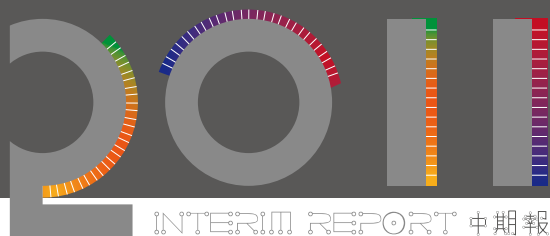
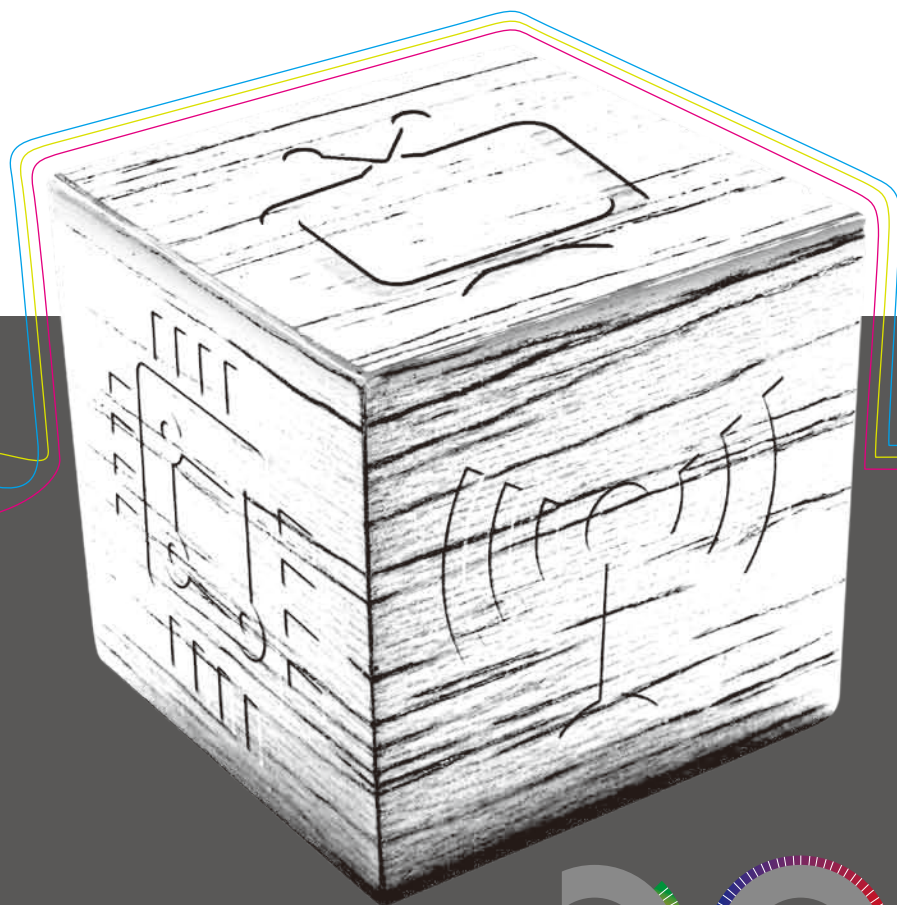




Kwang Sung Electronics H.K. Co. Limited
光 星 電 子 香 港 有 限 公 司

Stock Code 股份代號 : 2310



INTERIM REPORT 中期報告

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Corporate Information

Board of Directors

Non-executive director

Mr. Yang Ho Sung (*Chairman*)

Executive directors

Mr. Yang Jai Sung

Mr. Lee Kyu Young

Independent non-executive directors

Dr. Han Byung Joon

Dr. Kim Chung Kweon

Mr. Kim Chan Su

Executive Committee

Mr. Yang Jai Sung

Mr. Lee Kyu Young

Audit Committee

Mr. Kim Chan Su

Dr. Han Byung Joon

Dr. Kim Chung Kweon

Mr. Yang Ho Sung

Remuneration Committee

Dr. Han Byung Joon

Dr. Kim Chung Kweon

Mr. Kim Chan Su

Mr. Yang Jai Sung

Independent Board Committee

Mr. Kim Chan Su

Dr. Han Byung Joon

Dr. Kim Chung Kweon

Company Secretaries

Mr. Kwok Kim Hung Eddie

Ms. Ma Sau Kuen Gloria

公司資料

董事會

非執行董事

梁皓星先生 (主席)

執行董事

梁在星先生

李圭英先生

獨立非執行董事

韓丙濬博士

金正權博士

金瓊洙先生

執行委員會

梁在星先生

李圭英先生

審核委員會

金瓊洙先生

韓丙濬博士

金正權博士

梁皓星先生

薪酬委員會

韓丙濬博士

金正權博士

金瓊洙先生

梁在星先生

獨立董事委員會

金瓊洙先生

韓丙濬博士

金正權博士

公司秘書

郭劍雄先生

馬秀絹女士

Corporate Information

Authorised Representatives

Mr. Yang Jai Sung
Ms. Ma Sau Kuen Gloria

Registered Office and Principal Place of Business

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No. 2 Science Park West Avenue
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Hong Kong

Auditors

SHINEWING (HK) CPA Limited
Certified Public Accountants

Share Registrar and Transfer Office

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Hong Kong

Investor Relations Contact

Strategic Financial Relations Limited
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Hong Kong
Tel: (852) 2864-4812/2864-4831
Fax: (852) 2804-2789

Stock Code

The Stock Exchange of Hong Kong Limited: 2310

Company Website

www.kse.com.hk

公司資料

授權代表

梁在星先生
馬秀絹女士

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生物資訊中心2樓208-209室

核數師

信永中和(香港)會計師事務所有限公司
執業會計師

股份過戶登記處

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香港
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金鐘匯中心26樓

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海富中心一期29樓A室
電話：(852) 2864-4812/2864-4831
傳真：(852) 2804-2789

股份代號

香港聯合交易所有限公司：2310

公司網址

www.kse.com.hk

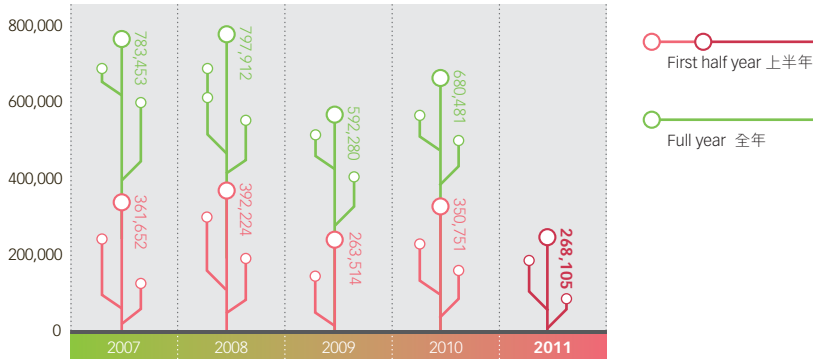


Financial Highlights

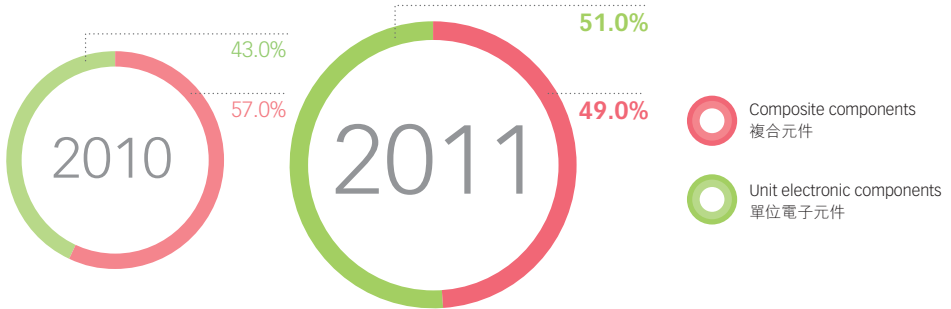
Six months ended 30 June

Turnover 營業額

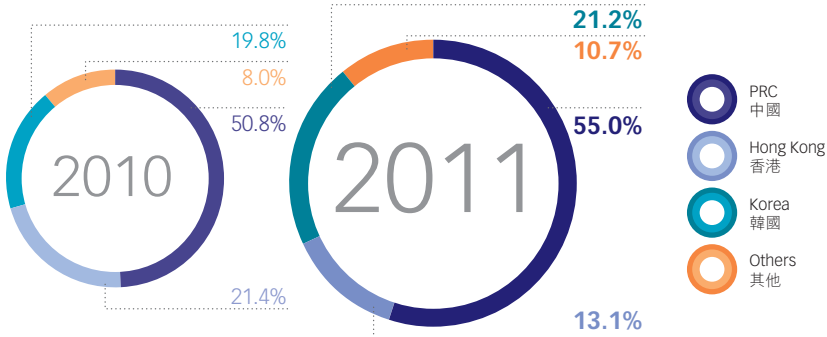
(HK\$'000 千港元)



Turnover by Business Segments 按業務分部劃分之營業額分析



Turnover by Geographical Segments 按地區分部劃分之營業額分析



Financial Highlights

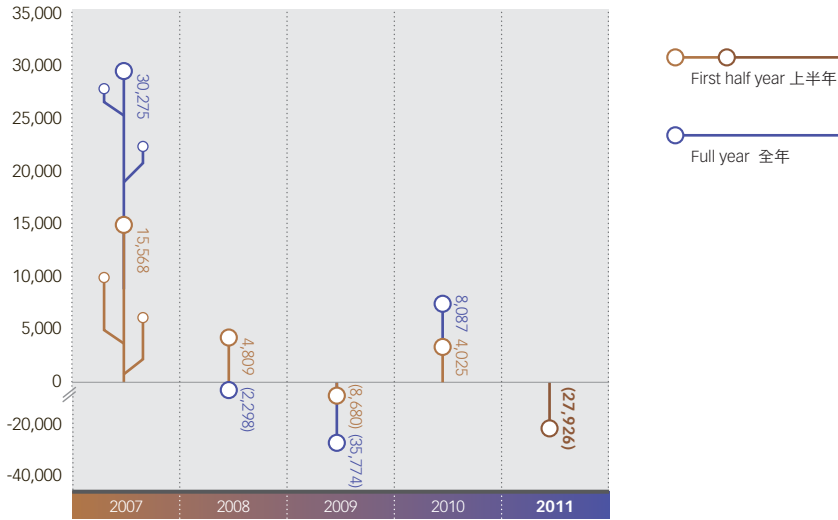
財務摘要

Six months ended 30 June

截至六月三十日止六個月

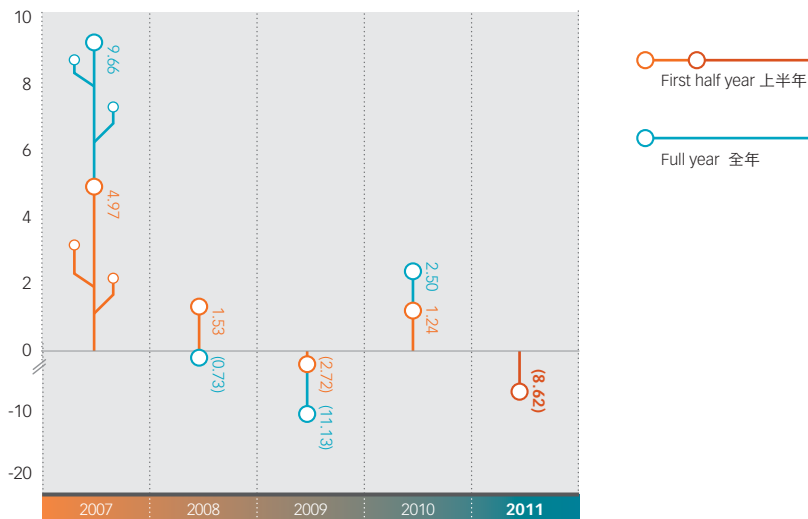
Profit (Loss) Attributable to Owners of the Company 本公司擁有人應佔溢利(虧損)

(HK\$'000 千港元)



Basic Earnings (Loss) per Share 每股基本盈利(虧損)

(HK cents 港仙)



Financial Highlights

財務摘要

Six months ended 30 June

截至六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		
		2011 二零一一年	2010 二零一零年	% Changes 變動百分比
Results (HK\$'000)	業績 (千港元)			
Turnover	營業額	268,105	350,751	(23.6)
Gross profit	毛利	14,230	47,786	(70.2)
(Loss) profit before taxation	稅前(虧損)溢利	(27,037)	7,139	(478.7)
(Loss) profit for the period	期間(虧損)溢利	(28,020)	3,790	(839.3)
(Loss) profit attributable to owners of the Company	本公司擁有人應佔(虧損)溢利	(27,926)	4,025	(793.8)
Interim dividend	中期股息	-	-	-
Per Share Data (HK cents)	每股數據 (港仙)			
Basic (loss) earnings	基本(虧損)盈利	(8.62)	1.24	(795.2)
Diluted (loss) earnings	攤薄(虧損)盈利	(8.62)	1.24	(795.2)
Financial Ratio (%)	財務比率(%)			
Gross profit margin	毛利率	5.31	13.62	(61.0)
Net (loss) profit margin	淨(虧損)利潤率	(10.45)	1.08	(1,067.6)

		At 30 June 2011 於二零一一年六月三十日			At 31 December 2010 於二零一零年十二月三十一日		% Changes 變動百分比
		Notes 附註					
Assets and Liabilities (HK\$'000)	資產與負債 (千港元)						
Total assets	總資產		555,509	529,902		4.8	
Total liabilities	總負債		199,409	155,918		27.9	
Equity attributable to owners of the Company	本公司擁有人應佔權益		353,376	371,362		(4.8)	
Per Share Data (HK dollars)	每股數據 (港元)						
Equity attributable to owners of the Company	本公司擁有人應佔權益		1.09	1.15		(5.2)	
Financial Ratio	財務比率						
Current ratio	流動比率	1	1.86	2.59		(28.2)	
Quick ratio	速動比率	2	1.42	2.00		(29.0)	
Gearing ratio	負債比率	3	0.36	0.29		24.1	

Notes:

- (1) Current ratio represents current assets divided by current liabilities.
- (2) Quick ratio represents current assets excluding inventories divided by current liabilities.
- (3) Gearing ratio represents total liabilities divided by total assets.

附註:

- (1) 流動比率指流動資產除以流動負債之比率。
- (2) 速動比率指不包括存貨在內之流動資產除以流動負債之比率。
- (3) 負債比率指總負債除以總資產之比率。

Management Discussion and Analysis

管理層討論及分析

Financial Review

For the six months ended 30 June 2011, Kwang Sung Electronics H.K. Co. Limited (the “Company”) and its subsidiaries (the “Group”) continued transforming itself from a passive OEM (original equipment manufacturer)/ODM (original design manufacturer) electronic components manufacturer into a more proactive industry player by moving downstream and designing, developing and promoting new innovative products to tap high-growth opportunities and lead the market. The Group was also in the early stages of changing its product mix towards automotive electronic products with better prospect and profitability while keeping abreast of the technology revolution. As time is required to reshape its product lineup of the Group while the Group was faced with keen pricing competition for the existing products in markets, the Group recorded a turnover of HK\$268,105,000, a decline of 23.6% against the corresponding period last year.

During the period under review, cost of sales decreased by 16.2% to HK\$253,875,000 in the six months ended 30 June 2011 from HK\$302,965,000 in the corresponding period last year. However, cost of sales as a percentage of sales rose from 86.4% in the six months ended 30 June 2010 to 94.7% in the six months ended 30 June 2011. This was mainly attributable to the increase in subcontracting fee and slow moving inventory provision.

As a result, gross profit was reduced to HK\$14,230,000, a significant drop of 70.2% as compared with HK\$47,786,000 in the corresponding period last year. Gross profit margin also decreased to 5.3% as compared with 13.6% in the corresponding period last year.

Other revenue climbed by 48.7% from HK\$3,465,000 in the six months ended 30 June 2010 to HK\$5,152,000 in the six months ended 30 June 2011. The rise was mainly attributable to an increase in gain on disposal of fixed assets of HK\$2,199,000.

財務回顧

截至二零一一年六月三十日止六個月，光星電子香港有限公司（「本公司」）及其附屬公司（「本集團」）繼續由一個被動之OEM（原始設備製造商）／ODM（原始設計製造商）電子元件製造商轉型成為一個更加積極的行業角色，設計、開發及推廣新創意產品，以抓緊高增長機會，成為市場領導者。本集團亦處於產品組合轉變為更具前景及利潤能力之汽車用電子產品之初期階段，同時與科技革命與時並進。由於重組本集團產品需時，而本集團現有產品在市場上又面對激烈價格競爭，本集團錄得營業額268,105,000港元，較去年同期減少23.6%。

於回顧期內，截至二零一一年六月三十日止六個月，銷售成本由去年同期之302,965,000港元減少16.2%至253,875,000港元。然而，銷售成本佔銷售額之百分比由截至二零一零年六月三十日止六個月之86.4%增加至截至二零一一年六月三十日止六個月94.7%。主要是由於分包費用以及滯銷存貨撥備增加。

因此，毛利減少至14,230,000港元，較去年同期之47,786,000港元大幅減少70.2%。毛利率亦減少至5.3%，去年同期之毛利率則為13.6%。

其他收益由截至二零一零年六月三十日止六個月之3,465,000港元攀升48.7%至截至二零一一年六月三十日止六個月之5,152,000港元，主要因為出售固定資產之收益增加2,199,000港元。



Management Discussion and Analysis

Total operating expenses, including selling and distribution expenses, administrative expenses, research and development expenses and other operating expenses, amounted to HK\$46,419,000 in the six months ended 30 June 2011, an increase of 4.8% against HK\$44,298,000 recorded in the same period last year. The increase was mainly attributable to the increase in operating expenses in Korea. When counted as a percentage of the turnover, the total operating expenses were 17.3%, a rise of 4.7% compared with the corresponding period in 2010.

Finance costs for bank borrowings was HK\$305,000 as compared with HK\$60,000 recorded in the same period last year. The increase was due to increase in bank borrowings to finance capital expenditure for construction of the Group's new facilities in Korea.

In 2008, the Hong Kong Inland Revenue Department (the "HKIRD") enquired the Company about the basis of its 50:50 offshore claims in relation to its manufacturing activities carried out by Shenzhen Kwang Sung Electronics Co., Ltd. ("Shenzhen Kwang Sung") and a third party processing factory in the People's Republic of China (the "PRC") and the deductibility of lease rentals since year of assessment 2001/02. The Company has lodged objections with the HKIRD, made provision of HK\$35,996,000 for the previously 50:50 offshore claims and deduction of lease rentals in 2009. As at 30 June 2011, the Company purchased tax reserve certificates of HK\$23,382,000 as demanded by the HKIRD.

During the period under review, the Company received a letter from the HKIRD that the HKIRD has not agreed to the objection lodged by the Company on its 50:50 offshore claims in respect of its manufacturing profits derived under the processing arrangement with Shenzhen Kwang Sung and the deductibility of lease rentals. A settlement proposal has been made by the HKIRD on the additional profits tax assessment for the years of assessment 2001/02 to 2005/06. In July 2011, the Company prepared and submitted a counter settlement proposal to the HKIRD in order to conclude this tax dispute. As up to the date of these interim financial results, the Company's taxation affairs for the years of assessment 2001/02 to 2010/11 have not been finalised.

管理層討論及分析

截至二零一一年六月三十日止六個月的經營開支總額(包括銷售及分銷開支、行政開支、研發開支及其他經營開支)為46,419,000港元，較去年同期錄得之44,298,000港元增加4.8%。此增加主要是由於韓國經營開支增加所致。經營開支總額佔營業額的百分比為17.3%，較二零一零年同期上升4.7%。

銀行借貸融資成本為305,000港元，去年同期則錄得60,000港元。主要由於為建設本集團位於韓國之新設施之資本開支融資，導致銀行借貸增加。

於二零零八年，香港稅務局向本公司查詢有關本公司在中華人民共和國（「中國」）由深圳光星電子有限公司（「深圳光星」）及第三方工廠所進行的製造活動及租賃租金扣稅問題而就二零零一／零二年以來提出50:50離岸申索要求之依據。本公司已提出反對，就過往之50:50離岸申索和二零零九年租賃租金扣稅作出35,996,000港元之撥備。於二零一一年六月三十日，本公司如香港稅務局要求購買儲稅券23,382,000港元。

於本回顧期間，本公司收到香港稅務局函件，指香港稅務局並不同意本公司就其與深圳光星之間的加工安排所產生製造溢利及租賃租金扣稅而提出的50:50離岸申索要求而提出的反對意見。香港稅務局已就二零零一／零二年至二零零五／零六年評稅年度的額外利得稅評估提出解決方案。於二零一一年七月，本公司編制及向香港稅務局提交反解決方案以結束此稅務爭議。截至此等中期財務業績日期止，本公司二零零一／零二年至二零一零／一一年評稅年度之稅務事宜仍未有最後定案。

Management Discussion and Analysis

管理層討論及分析

There was no provision for Hong Kong Profits Tax for the period under review. Moreover, the PRC Corporate Income Tax also decreased by 74.1% from HK\$1,267,000 in 2010 to HK\$328,000 in 2011. After considered Korean Corporate Income Tax of HK\$655,000, overall tax expenses significantly decreased by 70.6% to HK\$983,000, as compared with HK\$3,349,000 in the corresponding period last year.

Taking into account the aforementioned factors, the Group reported a loss after taxation attributable to owners of the Company of HK\$27,926,000 for the six months ended 30 June 2011 as compared with a profit after taxation attributable to owners of the Company of HK\$4,025,000 in the six months ended 30 June 2010.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its operation with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong and Korea.

As at 30 June 2011, the Group's bank balances and cash was HK\$94,706,000. As at 30 June 2011, the Group had aggregate banking facilities of HK\$148,876,000 for overdrafts, loans and trade financing, etc. After considered bank borrowings of HK\$43,149,000 as at 30 June 2011, the Group's unused banking facilities as at the same date amounted to HK\$105,727,000.

Current ratio, being the ratio of current assets to current liabilities, declined from 2.59 as at 31 December 2010 to 1.86 as at 30 June 2011, while gearing ratio, in terms of total liabilities to total assets, climbed from 0.29 as at 31 December 2010 to 0.36 as at 30 June 2011. The decrease in current ratio and the increase in gearing ratio were mainly due to higher bank borrowings to finance capital expenditure in respect of the construction of the Group's new facilities in Korea.

於回顧期間，並無就香港利得稅作出撥備。再者，中國企業所得稅由二零一零年之1,267,000港元減少74.1%至二零一一年之328,000港元。在考慮韓國企業所得稅655,000港元後，整體稅項開支大幅減少70.6%至983,000港元，去年同期則為3,349,000港元。

經計及上述各項因素，本集團錄得截至二零一一年六月三十日止六個月本公司擁有人應佔除稅後虧損27,926,000港元，截至二零一零年六月三十日止六個月則錄得本公司擁有人應佔除稅後溢利4,025,000港元。

流動資金、財務資源及資本架構

本集團主要以其內部現金流及其香港及韓國的主要往來銀行所提供的銀行備用信貸額，為其業務運作提供所需資金。

於二零一一年六月三十日，本集團之銀行結餘及現金為94,706,000港元。於二零一一年六月三十日，本集團就透支、貸款及貿易融資等等有銀行融資總額148,876,000港元。經計及銀行借貸43,149,000港元後，於二零一一年六月三十日，本集團於同日之未用銀行融資為105,727,000港元。

於回顧期內，流動比率(流動資產與流動負債的比率)由二零一零年十二月三十一日的2.59下降至二零一一年六月三十日的1.86，而負債比率(總負債與總資產的比率)由二零一零年十二月三十一日的0.29上升至二零一一年六月三十日的0.36。流動比率下降及負債比率的上升，主要是由於為建設本集團位於韓國之新設施之資本開支融資，導致銀行借貸增加所致。



Management Discussion and Analysis

管理層討論及分析

Foreign Exchange Exposure, Hedging and Off Balance Sheet Financial Instruments

外匯風險、對沖及賬外金融工具

The Group has been focusing on its own core business and follows a prudent financial policy. It has never invested in any highly leveraged or speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management.

本集團一向專注於其自身的核心業務，並遵循審慎的財務政策，堅決不投資高槓桿或投機性的衍生產品。在這方面，本集團對財務風險管理持續採取保守做法。

The Group is exposed to foreign currency risks, mainly due to its sales and purchases which are denominated in United States Dollars (“USD”) and Japanese Yen (“JPY”) and operating expenses paid in Korean Won (“KRW”) by its Korean operation.

主要由於本集團之銷售與採購以美元及日圓計值，而本集團之韓國業務則以韓圓支付營運開支，本集團因而承受外匯風險。

As the Hong Kong Dollars (“HKD”) is pegged to the USD and the PRC’s Renminbi (“RMB”) is being adjusted within the daily fluctuation range under a managed floating exchange rate policy with reference to a basket of currencies, the Group does not expect any significant fluctuation in the exchange rates of the HKD/USD and RMB/USD. In light of any short term imbalance, the Group also takes action to deal with foreign currencies at current exchange rates where necessary, to ensure that the net exposure to other currencies such as JPY and KRW is maintained at an acceptable level.

鑑於港元與美元掛鈎，而人民幣則以有管理之浮動匯率制度，在有限之每日波幅以內參考一籃子貨幣進行調整，本集團預期港元兌美元的匯率及人民幣兌美元的匯率不會出現任何重大波動。本集團亦已採取措施，在必要的情況下按即期匯率買賣外幣，以針對任何短期之不平衡，確保所面對日圓及韓圓等其他貨幣之淨風險維持於可接受的水平。

Investment Activities

投資活動

In 2010, the Group acquired a parcel of land in Korea at a consideration of HK\$52,120,000 and started the construction of new facilities in December 2010. It is planned to construct a complex building for the Group’s research and development, manufacturing, and sales and marketing as well as administrative offices. Up to the end of June 2011, the Group has invested HK\$34,559,000 in construction of the complex building, which is expected to be completed by the end of 2011.

於二零一零年，本集團以代價52,120,000港元收購一幅位於韓國的地塊，並於二零一零年十二月開始建設新設施。預計該地塊將用以建設一幢綜合大樓，供其研究及開發、生產、銷售與推廣及行政辦事處用途。截至二零一一年六月底，本集團已投資34,559,000港元建設綜合大樓，預計於二零一一年底竣工。

In addition, the Group is also establishing a new manufacturing plant in Baoying Anyi New and High Technology Industrial Zone in Jiangsu Province, the PRC. The plant will produce electronic components for automotive, communications, and household electronic products upon its completion by the end of 2012.

此外，本集團亦正在中國江蘇省寶應安宜高新園區建立一家新製造廠。廠房於二零一二年年底完成時將為汽車、通訊和家用電子產品生產電子元件。

Management Discussion and Analysis

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Other than the above, the Group did not make any material acquisition or disposal of any of its subsidiaries or associated company during the period under review.

除此之外，本集團於回顧期內並無任何收購或出售其附屬公司或聯營公司的重大事項。

Charges on Assets

As at 30 June 2011, the Group's certain assets with an aggregate carrying value of HK\$85,090,000 were pledged to secure banking facilities of the Group.

資產抵押

於二零一一年六月三十日，本集團之銀行融資以本集團總賬面值為85,090,000港元之若干資產作為抵押。

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2011.

或然負債

本集團於二零一一年六月三十日並無任何重大或然負債。

Capital Commitments

As at 30 June 2011, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK\$18,902,000.

資本承擔

於二零一一年六月三十日，本集團就購買物業、機器及設備之總資本承擔為18,902,000港元。

Employees and Remuneration Policy

As at 30 June 2011, the Group had about 1,024 employees, including 32 based in Hong Kong, 905 in the PRC, and 87 in Korea.

僱員及酬金政策

於二零一一年六月三十日，本集團約有1,024名僱員，其中32名駐守香港，905名駐守中國，另87名則駐守韓國。

For the six months ended 30 June 2011, staff costs increased by 1.3% from HK\$42,601,000 in the corresponding period of last year to HK\$43,160,000.

截至二零一一年六月三十日止六個月，員工成本由去年同期的42,601,000港元增加1.3%至43,160,000港元。

Employee remuneration is determined in accordance with prevailing industry practice and employees' performance and experience. Discretionary bonuses are awarded to employees with outstanding performance with reference to the Group's overall audited results. Employees are also entitled to other staff benefits including medical insurance and mandatory provident fund.

僱員酬金乃根據現行的行業慣例及僱員表現及經驗釐定。酌情花紅乃根據本集團的整體審核結果，獎勵表現優異的僱員。僱員亦有權享有其他僱員福利（包括醫療保險及強制性公積金）。



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Business Review

Composite Components Business

For the six months ended 30 June 2011, the composite components business representing 49.0% of the total turnover of the Group compared with 57.0% in the corresponding period in 2010. The decline was due to the fast-changing market trend, which dampened the demand for traditional home audio tuner modules and aggravated price competition in the market. In the meantime, the transformation of the Group's product mix with innovative solutions for emerging high-growth applications recently launched and planned to be launched has been delayed for further enhancement and refinement of new products with customers. Turnover from the segment amounted to HK\$131,426,000, a significant drop of 34.3% as compared with HK\$199,909,000 in the corresponding period last year.

During the period under review, turnover from tuner modules for home audio systems declined by 19.3% to HK\$57,953,000 (six months ended 30 June 2010: HK\$71,828,000), representing 44.1% of the total turnover from the composite components business. Sales of tuner modules for car audios decreased by 28.4% to HK\$35,052,000 (six months ended 30 June 2010: HK\$48,936,000), accounting for 26.7% of the total turnover from the composite components business.

The sales of tuner modules for digital multimedia broadcasting ("DMB") and digital audio broadcasting ("DAB") of the Group declined by 64.6% to HK\$1,542,000 compared with the corresponding period last year. The decrease in sales was primarily due to the rising production cost and keen competition in the traditional DAB and DMB product market. To cope with these challenges, the Group has recently redirected its initiatives with customers for automotive electronic products such as DAB and Dead Reckoning GPS ("DR GPS") as it is the general trend that

業務回顧

複合元件業務

截至二零一一年六月三十日止六個月，複合元件業務佔本集團總營業額的49.0%，而於二零一零年同期則佔總營業額的57.0%。收益減少因瞬息萬變的市場趨勢削弱了對傳統家用調諧器模組的需求及日漸激烈的減價戰所致。同時，本集團產品組合結合最近推出及計劃推出的新興高增長應用的創新解決方案作轉型一事因需要配合潛力客戶進一步提升及改良新產品而推遲。本分部的營業額為131,426,000港元，較去年同期之199,909,000港元大幅下跌34.3%。

於回顧期內，家用音響調諧器模組業務的營業額下跌19.3%至57,953,000港元(截至二零一零年六月三十日止六個月：71,828,000港元)，佔複合元件業務總營業額的44.1%。汽車音響調諧器模組業務的營業額下跌28.4%至35,052,000港元(截至二零一零年六月三十日止六個月：48,936,000港元)，佔複合元件業務總營業額的26.7%。

本集團數碼多媒體廣播(「DMB」)產品及數碼音響廣播(「DAB」)產品之銷售額較去年同期下滑64.6%至1,542,000港元。銷售額下降主要由於生產成本上升及DAB及DMB產品市場之競爭激烈。為應付此等挑戰，本集團最近已重新調整其客戶方向至汽車電子產品，例如DAB及航位推算GPS(「DR GPS」)，因為汽車製造商開始於汽車AVN(音響、視頻、導航)系統採用DAB

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automotive manufacturers are beginning to adopt DAB and DR GPS in AVN (Audio, Video and Navigation) systems in motor vehicles. The Group is confident that its leadership in automotive oriented digital products can become one of its growth drivers in the Group's automotive electronics and digital multimedia products in the near future.

To keep abreast of the market trends of multi-functionality and interconnectivity with different consumer electronic products and the market demand trend for various turnkey solutions, the Group has endeavored to redeploy its resources in research and development and work closely with potential customers to create and commercialise new products derived from the General Radio Receiver ("GRR™") Interface Protocol of the Group.

During the period under review, in-line with the Group's new focus on and change of direction to the products with multi-functionality and interconnectivity such as those based on the GRR™ Interface Protocol, sales of the Group's wireless solutions of FM transmitters and digital wireless audios have declined by 60.9% to HK\$20,663,000 (six months ended 30 June 2010: HK\$52,864,000).

Besides, during the period under review the Group was actively promoting Wiretape™, a flat flexible cable product designed to remove the hassle of handling multiple connecting wires in homes, offices or automobiles, with trial marketing to several retail customers in Europe already started. As there are hurdles presented by the Group to obtain power and HDMI certification for broader application of Wiretape™, the contribution from Wiretape™ was still insignificant during the period under review. However, the Group is confident that this product has great growth potential due to its broad application.

管理層討論及分析

及DR GPS已為大趨勢。本集團有信心其在汽車相關數碼產品之領導地位能成為本集團汽車電子及數碼多媒體產品在不久將來之增長推動力之一。

為趕上多功能性及與不同消費電子產品內部互聯的市場趨勢及市場對不同全套解決方案之需求趨勢，本集團致力重新調配資源於研發，並與潛在客戶緊密合作，創作並商業化本集團源自通用無線電接收器(GRR™)接口協議之新產品。

回顧期內，因應本集團之新重點及其方向已轉移至多功能及內部互聯之產品，如以GRR™接口協議為基準者。本集團FM傳輸器的無線解決方案及無線解決方案銷售額下滑60.9%至20,663,000港元(截至二零一零年六月三十日止六個月：52,864,000港元)。

此外，本集團於回顧期內正積極推廣輕盈片狀纜線產品Wiretape™，乃設計成可免除家居、辦公室或汽車內多重電線連接的問題，已經開展向歐洲若干零售客戶試行推廣。因為本集團就更廣應用Wiretape™獲得權限及HDMI證書方面遇到多項障礙，以致Wiretape™之貢獻於回顧期內仍屬微不足道。但是，本集團相信本產品因被廣泛應用將有強勁之增長潛力。



Management Discussion and Analysis

管理層討論及分析

Unit Electronic Components Business

For the six months ended 30 June 2011, turnover from the unit electronic components business reached HK\$136,679,000, a drop of 9.4% compared with HK\$150,842,000 in the corresponding period last year. Although there were rising sales of the Group's existing products of coils and traditional transformers, suspension of orders for planar transformers resulted in the drop of sales from the unit electronic components business during the period under review. However, riding on the irreversible trend of the television market towards flatter and lighter television sets, the Group is continuing its efforts to market the planar transformers for LCD and LED televisions to renowned television manufacturers and is confident of these products in the mid-to-long term due to their superb product performance.

On the other hand, the sales of ceramic components amounted to HK\$23,094,000, representing an increase of 43.0% primarily due to increase in sales of antenna modules for motor vehicles during the period under review.

Operational Efficiency

The Group has adopted a new Enterprise Resources Planning ("ERP") system which was installed in the second half of 2010. The Group is striving to enhance its business processes including research and development, procurement, production, inventory control, sales, cost control, and financial management. This implementation facilitates the Group's efforts to achieve effective business and management decisions and greater operational efficiency.

單位電子元件業務

截至二零一一年六月三十日止六個月，單位電子元件業務銷售額達136,679,000港元，較去年同期之150,842,000港元下跌9.4%。雖然本集團之現有產品線圈與傳統變壓器之銷售額上升，但於回顧期內平面變壓器之訂購暫停導致單位電子元件業務之銷售額下降。然而，乘著電視市場越來越趨向更平面、更輕巧之電視機之不可逆轉趨勢，本集團繼續努力將LCD及LED電視的平面變壓器推廣至知名電視生產商，因其產品性能卓越，本集團於中至長期對此等產品抱有信心。

另一方面，陶瓷元件銷售額達23,094,000港元，增加43.0%，主要由於汽車天線模組之銷售額於回顧期內增加所致。

營運效率

本集團已採用於二零一零年下半年安裝之新企業資源規劃(「ERP」)系統，本集團致力提升其業務程序，包括研發、採購、生產、存貨控制、銷售、成本控制及財務管理。是項改進令本集團能更有效地作出業務及管理決策，並提高營運效率。

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Prospects

Looking ahead, the Group expects that the keen competition and economic slump will continue to pose challenges to the consumer electronics products industry and put pressure on the Group's business. However, as there is a growing demand for multi-function electronic devices in every consumer and automotive market segment, the Company will continue to market its new products to tap the business opportunities presented by this trend.

The Group is striving to promote its GRR™ Interface Protocol technology to major store retailers and international manufacturers, targeting to launch it in 2012, either on an OEM basis or by providing end-products. GRR™ is a unique radio frequency physical interface protocol, which can accommodate all kinds of broadcasting and wireless connectivity such as HD Radio, DAB, AM/FM, digital wireless microphone, digital wireless audio, Bluetooth, and Wi-Fi.

Apart from continuing its efforts to market the planar transformers for LCD and LED televisions to renowned television manufacturers to cater for the television market trend towards flatter and lighter television sets, the Group has also developed the production technology for a new product, high efficiency heat sink substrate for LED illumination and back light units ("BLU") based on its dielectric ceramic technology. This new product enhances heat sink rate for currently available LED products such as light bulbs and LED BLU to sustain longer product life at lower product costs. The Group has already developed the prototype of this new product and is promoting it to LED illumination and BLU manufacturing companies. It is expected to be launched by early next year, which will provide an additional solid revenue source to the Group in the long run.

前景

展望未來，本集團預期激烈競爭及經濟衰落將繼續為消費類電子產品行業增加挑戰，加重本集團業務壓力。然而，由於多功能電子儀器於每個消費者及汽車市場的需求日漸增加，故本公司將繼續為其新產品進行營銷，抓緊此趨勢之業務機會。

本集團爭取向主要連鎖零售商及國際生產商推廣新GRR™接口協議技術，目標於二零一二年年初推出，而不論是以OEM方式，抑或通過終端產品方式銷售。GRR™是獨一無二的無線電頻率接口協議，能適應各類廣播及無線連網設備，如HD收音機、DAB、AM/FM、數碼無線耳機、數碼無線音響、藍牙及Wi-Fi等。

除繼續向知名電視生產商營銷LCD及LED電視的平面變壓器以迎合較平面及較輕巧電視機的電視市場趨勢外，本集團亦已基於陶瓷技術發展新產品(LED照明及背光模組(「BLU」)的高效能散熱基板)的生產技術。此新產品提升現有LED產品(包括燈泡及LED背光模組)的散熱率，以較低產品成本延續產品壽命。本集團已為此新產品發展原型產品，並向LED照明及背光模組製造公司推廣。產品預期於明年年初推出，長遠來說將為本集團提供額外穩固收益來源。



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On the other hand, the Group plans to accelerate shifting its business focus from home electronics to automotive electronics, where it sees higher potential to enhance its business profitability. Currently, tuner modules for car audios, key components for AVN systems such as DAB, antenna modules and High Pass modules for auto toll in Korea have been lined up. In addition, the Group will try to commercialise the Antuna™ (the integrated analog and digital tuner module with antenna for car audio systems), automotive emergency call (“e-call”), 3D DR GPS and planar transformers to the electronics systems for electric and hybrid vehicles which are under development, and testing with customers.

To strengthen the Group’s competitiveness and consolidate its market position in Korea, the Group started the construction of new facilities in December 2010 and expects to begin commercial production in the first quarter of 2012. A new manufacturing plant in Baoying Anyi New and High Technology Industrial Zone in Jiangsu Province, the PRC, is also under preparation. Phase 1 of the plant is to commence operation around October 2011 at temporary facilities provided free of charge by the local government until the Group completes its own production facilities at the end of 2012. The new plant will facilitate the Group’s expansion in the Mainland China market.

The management is dedicated to maintaining the Group’s competitiveness in the electronic components industry by focusing on research and development of new products responsive to market needs, enhancing its economies of scale, adopting effective cost control measures and downsizing of some operations at times when necessary. With continuing management focus on strengthening its competitive edge in market, the Group will strive to turn around its business to deliver satisfactory returns to the shareholders in the long run.

管理層討論及分析

另一方面，本集團計劃加速轉移業務焦點，由家用電子產品轉移至汽車電子產品，此舉較能提高業務盈利能力。目前，汽車音響調諧器模組、AVN系統的主要零件(例如DAB)、天線模組及用於韓國自動收費的高通模組正待生產。此外，本集團將嘗試商業化Antuna™(連天線的一體化模擬及數碼調諧器模組，用於汽車音響系統)、汽車緊急召援(「e-call」)、3D DR GPS及平面變壓器至電動和混合動力汽車的電子系統，現正與客戶進行發展及測試。

為加強本集團競爭力及整合其於韓國的市場定位，本集團自二零一零年十二月開始興建新設施，並預期於二零一二年首個季度展開商業生產。位於中國江蘇省寶應安宜高新園區的一家新製造廠亦正在籌備。廠房第一期將於二零一一年十月在當地政府提供的臨時設施(免費使用)開始運作，直至本集團於二零一二年底完成自有生產設施為止。新廠房將有助本集團於中國大陸市場進行擴充。

管理層通過集中因應市場需求研發新產品，提升經濟效益、採納有效成本控制措施及在需要時縮減某些業務運作，維持本集團於電子零件行業之競爭力。憑藉管理層集中加強其市場競爭優勢，本集團將致力使業務轉虧為盈，長遠為股東帶來滿意回報。

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Investor Relations

The Group values its relationship with investors, and, guided by its management philosophy, is committed to maintaining transparency of operational performance and strategic development plans. The management communicates continually with analysts and institutional investors and provides them with up-to-date comprehensive information regarding the Group's development. The Company practices timely dissemination of information and makes sure its website www.kse.com.hk contains the most current information, including annual reports, interim reports, announcements, monthly returns and press releases, and is updated in a timely manner to maintain transparency.

投資者關係

本集團非常重視與投資者的關係及由其管理理念帶領下，致力維持本集團管理理念、營運表現和策略發展計劃的透明度。管理層持續與分析員及機構投資者溝通，並向彼等提供有關本集團發展之最新及詳盡之資料。本公司實行及時發放資料之措施及確保其網站(www.kse.com.hk)載有最新資料，包括年報、中期報告、公告、月報表及新聞公布，並經常更新以維持透明度。

Corporate Social Responsibility

As a caring corporation, the Group has been active in fulfilling its social responsibility to the interest of all stakeholders. During the period under review, the Group continued making utmost effort in aspect of marketplace, employee health and welfare as well as environment and community.

企業社會責任

作為一家關懷社會的企業，本集團積極地履行其企業社會責任，維護所有利益相關者之利益。回顧期內，本集團繼續在市場、僱員健康及福利以及環境及社會方面盡其最大努力。

Marketplace

In the interest of shareholders, the Company have worked adhering to the business objectives of contributing to the sustainable development of the electronics industry and improving consumer electronics to heighten product efficiency and deliver the best end-user experience. To these ends, the Group invests substantially in research and development and internal quality control to ensure the continuous delivery of quality and reliable products to customers. The Company complies with the requirements of ISO/TS 16949:2002 on design and manufacture of its car tuners and ISO 9001:2000 on production and servicing of electronic products. These products would include

市場

為符合股東之利益，本公司依循為電子業的可持續發展作出貢獻，以及改善消費者電子產品以提高產品效率及帶來最佳客戶體驗的商業目標工作。為此，本集團大量投資於研究、開發及內部質量監控，以確保不斷生產優質可靠之產品予客戶。本公司亦符合多項標準：ISO/TS 16949:2002之汽車收音板的設計和製造及ISO9001:2000之電子產品生產及服務。此等產品包括變壓器、中周、天線、濾波器、線圈、電感器、電子儀表、誘電體濾波



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transformers, intermediate frequency transformers, antennas, filters, coils, coil inductors, electrical meters, dielectric filters, tuners, tuner modules, wireless modules, switching mode power supplies, digital tuner modules for DAB and digital amplifiers. The Group also frequently received customers' performance certificates that signified recognition of the Group's efforts and appreciation of product quality.

The Company recognises the need and the cross-fertilisation benefits of cooperation between industry and academia. It hopes to ride on the resources of universities and selected graduate schools to customise training courses and programmes that can help develop the business and professional competence of its people for competing globally. In return, the Company provides consultancy services, financial aid and internships to university students.

Employee Health and Welfare

Caring about the health and work safety of its staff, the Group has appropriate safety systems and measures in place to minimise staff exposure to potentially hazardous materials or adverse work conditions. As an equal opportunity employer, the Group strives to provide a fair work environment to employees and does not tolerate any form of harassment or discrimination in respect of employment and occupation. To retain the best talent, the Group ensures its employee remuneration packages are competitive and that rewards are linked with performance excellence.

The Group also encourages employees to take external job-related courses and sponsors such initiative when appropriate. As part of the orientation procedure, all new employees are required to go through programmes on topics including internal control and information protection, ISO and quality management systems.

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器、高頻頭、收音板、無線接收器、開關電源板、數碼廣播接收器及數碼功率放大器。本集團亦經常收到客戶之表現證書，肯定本集團的努力並對本集團的產品質素表示嘉許。

本公司認同業界與學術界合作的需要及相互補足之裨益。本公司期望借助大學及所挑選研究院的資源度身制定培訓課程及計劃，以助發展員工的業務及專業能力，應付全球競爭。本公司亦會向大學學生提供諮詢服務、資助及實習機會。

僱員健康及福利

本集團一向關注僱員的健康及工作安全，已設置適當的安全系統及措施，以減低僱員接觸潛在有害物質或處於惡劣環境下工作。作為平等機會僱主，本集團確保各僱員均享有平等機會，且不容許有關就業及職業上的任何騷擾或歧視行為。為挽留最佳人才，本集團確保僱員薪酬待遇具競爭力，並因應其卓越表現作出獎勵。

本集團亦鼓勵僱員報讀外間與工作相關的課程，並在適當情況下就此作出資助。作為入職迎新程序的一部份，所有新僱員均須參加內容包括內部監控及資訊保護、ISO及質量管理系統的課程。

Management Discussion and Analysis

It also arranges regular health checks for all employees to ensure their health and therefore their productivity at work. In case of sickness, employees are protected by comprehensive group medical insurance policies. Retirement and comprehensive pension funds are also provided to employees in accordance to relevant legislation.

Environment and Community

The Company complies with the requirements of ISO 14001:2004 on environmental management systems.

The Group also continues to make sure that its products comply with the European Union's environmental protection guidelines including the Directive on the Restriction of the use of certain Hazardous Substances in Electrical Equipment ("RoHS") for manufacturing activities. All products manufactured by the Group are lead free and RoHS compliant.

The Group also encourages employees to save energy and resources. To cut down on paper consumption, it encourages double-sided printing and printing when necessary only. It also relays energy-saving tips to staff members through a daily learning program. In a further commitment to society during the period under review, the Company has also made donations to charities to help the needy.

管理層討論及分析

本集團亦為全體僱員安排定期體檢，確保他們的健康並在工作上具生產力。倘若患病，僱員亦獲本集團的全面醫療保險政策所保障。另外，亦有根據相關法例，向僱員提供退休福利及全面退休金。

環境及社會

本公司符合ISO 14001:2004環境管理体系之標準。

本集團並持續確保產品符合歐盟環保指引，包括其生產程序符合在電氣設備中限制使用某些有害物質指令（「RoHS」）的規條。本集團生產的所有產品均不含鉛並已符合RoHS指令。

本集團亦鼓勵僱員節省能源及資源。為減少耗紙，本集團鼓勵雙面打印及僅於必要時打印。本集團亦透過每日學習計劃向員工傳達節能小知識。對社會更進一步有承擔，於回顧期內，本公司亦有捐款予慈善團體，幫助有需要人士。



Disclosure of Interests and Other Information

Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associated Corporation

The interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as at 30 June 2011, as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Appendix 10, Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “Model Code”) (collectively “discloseable interests”) are set out in the below table with explanatory note:

Interests in Issued Shares of the Company

Name of director 董事姓名	Beneficial owner 實益擁有人	Interest of controlled corporations 受控制法團之權益	本公司已發行股份權益	
			Ordinary shares of HK\$0.1 each 每股面值0.1港元之普通股	% of total issued shares 佔已發行股份總百分比
Mr. Yang Jai Sung 梁在星先生	114,582,000	59,500,000 (note) (附註)	174,082,000	53.75%

Note: Mr. Yang Jai Sung and his relatives are approximately interested in 79.5% of the issued share capital of Kwang Sung Electronics Co., Ltd. (“Kwang Sung Korea”) and therefore Mr. Yang Jai Sung was deemed or taken to be interested in these ordinary shares which are beneficially owned by Kwang Sung Korea under the definition of SFO.

權益披露及其他資料

權益披露

董事及最高行政人員於本公司或其相聯法團之股份、相關股份及債券之權益及淡倉

於二零一一年六月三十日，根據證券及期貨條例第352條本公司須予備存的登記冊所載，或根據上市規則附錄十之《上市發行人董事進行證券交易的標準守則》（「標準守則」）向本公司及香港聯合交易所有限公司（「聯交所」）作出之申報，本公司在職董事及最高行政人員於本公司或任何其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有之權益或淡倉（統稱「須予披露權益」）載於下列圖表及附註解釋：

本公司已發行股份權益 Ordinary shares of HK\$0.1 each 每股面值0.1港元之普通股

Interest of controlled corporations 受控制法團之權益	Total number of shares held 持有之股份總數	% of total issued shares 佔已發行股份總百分比
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附註：由於梁在星先生及其親屬擁有株式會社光星電子（「韓國光星」）已發行股本約79.5%之權益，故此就證券及期貨條例而言，梁在星先生被視為或被認為擁有韓國光星實益擁有之該等普通股股份之權益。

Disclosure of Interests and Other Information

At no time during the review period was the Company, its subsidiaries or its associated companies a party to any arrangement to enable the directors and the chief executive officer of the Company (including their spouse and children under 18 years of age) to acquire benefits by an acquisition of shares or underlying shares in, or debenture of, the Company or its associated corporation.

Save as disclosed above, as at 30 June 2011, none of the directors and/or the chief executive of the Company, or their respective associates had any other discloseable interests as required.

Share Option Scheme

The Company adopted a share option scheme (the "Scheme") on 16 June 2003 whereby the directors of the Company are authorised, at their discretion, to invite employees, directors, consultants or advisors of the Group, to take up options to subscribe for shares of the Company. The purpose of this Scheme is to provide incentives and rewards to employees and eligible persons for their contributions to the Group. The Scheme shall be valid and effective for a period of ten years ending on 15 June 2013, after which no further options can be granted under the Scheme.

No option lapsed and no option was granted, exercised or cancelled during the review period; nor was there any option outstanding under the Scheme at the beginning and at the end of the review period.

權益披露及其他資料

於回顧期內任何時間，本公司、其附屬公司、或其聯營公司概無訂立任何安排，致使本公司董事或最高行政人員（包括彼等之配偶及未滿十八歲的子女）透過收購本公司及／或其相聯法團的股份、相關股份或債券收購權益。

除上文披露者外，於二零一一年六月三十日，概無本公司之董事及／或最高行政人員或彼等之各自關連人士擁有任何其他須予披露之權益。

購股權計劃

本公司於二零零三年六月十六日採納一項購股權計劃（「該計劃」）。據此，本公司之董事獲授權酌情向本集團之僱員、董事、顧問或諮詢人提出接納可認購本公司股份之購股權之要約。該計劃旨在向為本集團作出貢獻之僱員及合資格人士提供獎勵及報酬。該計劃將於截至二零一三年六月十五日止十年內一直有效及生效，其後將不得就該計劃再授出任何購股權。

在該計劃下，於回顧期內概無期權作廢、授出、行使或註銷；於回顧期初及回顧期終時，亦無尚未行使之期權。



Disclosure of Interests and
Other Information

權益披露及其他資料

Substantial Shareholders' and Other
Persons' Interests and Short
Positions in Shares and Underlying
Shares主要股東及其他人士於股
份、相關股份之權益及淡倉

Below table and explanatory notes set out the persons (other than the directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company, as at 30 June 2011:

以下圖表及附註解釋載列截至二零一一年六月三十日，除本公司董事或最高行政人員外，於本公司之股份及相關股份中，擁有本公司根據證券及期貨條例第336條須予備存之登記冊所記錄或已知會本公司之權益或淡倉之人士：

Substantial shareholders 主要股東	Ordinary shares of HK\$0.1 each 每股面值0.1港元之普通股		
	No. of ordinary shares held 持有之 普通股數目	Nature of interest/capacity 權益性質/ 身份	% of the issued share capital 佔已發行 股份總百分比
Madam Yang Kang Mi Young (note 1) 梁姜美英女士(附註1)	174,082,000	Interest of spouse 配偶之權益	53.75%
Kwang Sung Electronics Co., Ltd. 株式會社光星電子	59,500,000	Beneficial owner 實益擁有人	18.37%
Mr. Kent C. McCarthy ("Mr. McCarthy") (note 2) 〔McCarthy先生〕(附註2)	35,890,000	Interest of controlled corporations 受控制法團之權益	11.08%
Jayhawk Private Equity Fund II, LP ("Jayhawk PEF") 〔Jayhawk PEF〕	35,890,000	Investment manager 投資經理	11.08%

Notes:

附註：

- | | |
|---|--|
| <p>(1) Madam Yang Kang Mi Young is the wife of Mr. Yang Jai Sung and was deemed to be interested in these ordinary shares in which Mr. Yang Jai Sung was deemed or taken to be interested for the purpose of the SFO.</p> <p>(2) Mr. McCarthy was deemed or taken to be interested in these ordinary shares through his indirect 100% control in Jayhawk PEF. These interests were fully duplicated by those beneficially owned by Jayhawk PEF.</p> | <p>(1) 梁姜美英女士為梁在星先生之妻子，就證券及期貨條例而言，彼被視為擁有梁在星先生被視為或被認為擁有權益之該等普通股之權益。</p> <p>(2) McCarthy先生透過彼於Jayhawk PEF持有之100%間接控制權而被視為或被認為擁有該等普通股之權益。該等權益全部與Jayhawk PEF實益擁有之權益屬同一批權益。</p> |
|---|--|

Disclosure of Interests and Other Information

Save as disclosed above, the Company had not been notified of any other interests required to be recorded in the register kept under section 336 of the SFO as at 30 June 2011.

Other Information

Interim Dividend

The board of directors (the “Board”) of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: nil).

Code on Corporate Governance Practices

The Company is committed to achieve a high standard of practices of corporate governance so as to ensure the protection of shareholders’ interests with better transparency. The Company has complied with the code provisions as set out in the Appendix 14, Code on Corporate Governance Practices, of the Listing Rules throughout the six months ended 30 June 2011.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the code of practice for carrying out securities transactions by the directors of the Company. The Company, having made specific enquiries to all directors of the Company, confirmed that throughout the six months ended 30 June 2011, all directors have complied with the code provision as set out in the Model Code. The relevant employees who, because of their office in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Model Code.

權益披露及其他資料

除上文所披露者外，於二零一一年六月三十日，本公司並無得悉有其他需要記錄於依照證券及期貨條例第336條存置之登記冊內之權益。

其他資料

中期股息

本公司董事會不建議派付截至二零一一年六月三十日止六個月中期股息(截至二零一零年六月三十日止六個月：零)。

企業管治常規守則

本公司一向承諾恪守嚴謹之企業管治，以提高透明度及保障股東整體利益。截至二零一一年六月三十日止六個月期間內，本公司已遵守上市規則附錄十四《企業管治常規守則》內所載的守則條文。

董事進行證券交易標準守則

本公司已採納標準守則作為董事進行證券交易的守則。本公司向本公司所有董事作出具體查詢後確認，截至二零一一年六月三十日止六個月內，所有董事均有遵守標準守則內所載之守則條文。而該等由於在本公司之職務而可能擁有未公開價格敏感資料之有關僱員，已被要求遵守同樣之標準守則。



Disclosure of Interests and Other Information

Purchase, Sale or Redemption of the Company's Listed Securities

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2011.

Review of Accounts

The Audit Committee of the Company has reviewed and discussed the accounting principles and practices adopted by the Group, financial reporting process, internal control matters of the Group and the unaudited interim financial results for the six months ended 30 June 2011 with the management and the external auditors of the Company. The Audit Committee consists of a non-executive director and three independent non-executive directors who have appropriate professional qualifications and experience in financial matters.

Publication of the Interim Results Announcement and Interim Report

The interim results announcement has been published on the websites of the Company at www.kse.com.hk and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The relevant interim report will be despatched to the shareholders of the Company and made available on the above websites in the middle of September 2011.

By Order of the Board
Kwang Sung Electronics H.K. Co. Limited
Yang Jai Sung
Executive Director

Hong Kong, 26 August 2011

權益披露及其他資料

購買、出售或贖回本公司上市證券

截至二零一一年六月三十日止六個月內，本公司或任何其附屬公司概無購買、出售或贖回本公司任何上市證券。

賬目審閱

本公司審核委員會已與管理層及本公司之外聘核數師審閱及討論本集團採納之會計原則及慣例、財務申報程序、本集團內部監控事宜，及截至二零一一年六月三十日止六個月之未經審核中期財務業績。審核委員會由擁有在財務方面合適專業資格及經驗的三名獨立非執行董事及一名非執行董事組成。

刊登中期業績公告及中期報告

中期業績公告已於本公司網站 (www.kse.com.hk) 及香港交易及結算有限公司網站 (www.hkexnews.hk) 刊登。相關的中期報告亦將於二零一一年九月中旬寄發予本公司股東並於上述網站上刊登。

承董事會命
光星電子香港有限公司
執行董事
梁在星

香港，二零一一年八月二十六日

Independent Review Report

獨立審閱報告



SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

**To the Board of Directors of
Kwang Sung Electronics H.K. Co. Limited**
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 27 to 60, which comprises the condensed consolidated statement of financial position of Kwang Sung Electronics H.K. Co. Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

**致光星電子香港有限公司之
董事會**
(於香港註冊成立之有限公司)

引言

本核數師(以下簡稱「我們」)已審閱第27至60頁所載之中期財務資料，其中包括光星電子香港有限公司(「貴公司」)與其附屬公司(合稱「貴集團」)於二零一一年六月三十日之簡明綜合財務狀況表，以及截至該日止六個月的相關簡明綜合損益表、簡明綜合全面收益表、簡明綜合權益變動表及簡明綜合現金流量表，及其他附註解釋。根據香港聯合交易所有限公司上市規則，上市公司必須符合上市規則中之相關規定及按照由香港會計師公會所頒布之香港會計準則第34號「中期財務報告」(「香港會計準則第34號」)之規定編製中期財務資料之報告。貴公司董事須根據香港會計準則第34號編製與呈列本中期財務資料。我們的責任是根據審閱之結果，對中期財務資料作出結論，並按照雙方協議之應聘書條款僅向整體董事會報告，除此之外本報告別無其他目的。我們不會就本報告之內容向任何其他人士負上或承擔任何責任。



Independent Review Report

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA LIMITED

Certified Public Accountants

Chan Wing Kit

Practising certificate number: P03224

Hong Kong
26 August 2011

獨立審閱報告

審閱範圍

我們已按照香港會計師公會所頒布之香港審閱聘用協議準則第2410號「由實體之獨立核數師執行之中期財務資料審閱」進行審閱工作。審閱中期財務資料主要包括向負責財務及會計事宜之人員作出查詢，及進行分析及其他審閱工作程序。審閱之範圍遠較按照香港核數準則進行之審核範圍為小，故不能讓我們保證可以得悉一切可在審核中辨識到之重大事項。因此，我們不會發表審核意見。

結論

按照我們之審閱結果，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號編製。

信永中和(香港)會計師事務所有限公司

執業會計師

陳永傑

執業證書編號：P03224

香港
二零一一年八月二十六日

Condensed Consolidated Income Statement

For the six months ended 30 June 2011

簡明綜合損益表

截至二零一一年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		
		Notes 附註	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Turnover	營業額	3	268,105	350,751
Cost of sales	銷售成本		(253,875)	(302,965)
Gross profit	毛利		14,230	47,786
Other income	其他收入		5,152	3,465
Fair value change on derivative financial liabilities	衍生金融負債之 公允價值變動		305	246
Selling and distribution expenses	銷售及分銷開支		(10,603)	(10,019)
Administrative expenses	行政開支		(13,592)	(11,348)
Research and development expenses	研發開支		(16,227)	(18,507)
Other operating expenses	其他經營開支		(5,997)	(4,424)
Finance costs	融資成本		(305)	(60)
(Loss) profit before taxation	除稅前(虧損)溢利	5	(27,037)	7,139
Taxation	稅項	6	(983)	(3,349)
(Loss) profit for the period	期間(虧損)溢利		(28,020)	3,790
(Loss) profit for the period attributable to:	應佔期間 (虧損)溢利:			
Owners of the Company	本公司擁有人		(27,926)	4,025
Non-controlling interests	非控股權益		(94)	(235)
			(28,020)	3,790
(Loss) earnings per share	每股(虧損)盈利	8	HK cents 港仙	HK cents 港仙
- Basic and diluted	- 基本及攤薄		(8.62)	1.24

Condensed Consolidated Statement
of Comprehensive Income

For the six months ended 30 June 2011

簡明綜合全面收益表

截至二零一一年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
(Loss) profit for the period	期間(虧損)溢利	(28,020)	3,790
Exchange differences arising on translation of foreign operations	因換算境外業務而產生之匯兌差額	6,906	1,553
Surplus on revaluation of land and building held for own use	重估持作自用土地及樓宇之盈餘	3,868	-
Deferred tax	遞延稅項	(638)	-
		3,230	-
		10,136	1,553
Total comprehensive (expense) income for the period	期間全面(開支)收益總額	(17,884)	5,343
Total comprehensive (expense) income for the period attributable to:	應佔期間全面(開支)收益總額：		
Owners of the Company	本公司擁有人	(17,986)	5,578
Non-controlling interests	非控股權益	102	(235)
		(17,884)	5,343

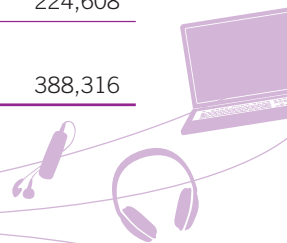
Condensed Consolidated Statement of Financial Position

As at 30 June 2011

簡明綜合財務狀況表

於二零一一年六月三十日

		Notes 附註	At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	9	169,770	134,364
Investment property	投資物業	10	6,000	5,100
Goodwill	商譽		5,857	5,857
Club memberships	會所會籍		600	600
Intangible assets	無形資產		17,399	17,623
Investments in equity securities	股本證券投資	11	-	-
Deposits for acquisition of property, plant and equipment	購置物業、機器及 設備之按金		69	164
			199,695	163,708
Current assets	流動資產			
Inventories	存貨		85,399	82,673
Trade and other receivables	應收貿易及其他賬款	12	165,763	140,070
Amounts due from shareholders	應收股東款項		9,946	9,946
Cash and cash equivalents	現金及現金等價物		94,706	133,505
			355,814	366,194
Current liabilities	流動負債			
Trade and other payables	應付貿易及其他賬款	13	98,205	84,456
Tax payables	應付稅項		43,390	43,286
Bank borrowings	銀行借貸			
– due within one year	– 須於一年內償還	14	43,149	13,844
Derivative financial liabilities	衍生金融負債	15	6,147	-
			190,891	141,586
Net current assets	流動資產淨值		164,923	224,608
Total assets less current liabilities	資產總值減 流動負債		364,618	388,316



Condensed Consolidated Statement
of Financial Position (Continued)

As at 30 June 2011

簡明綜合財務狀況表 (續)

於二零一一年六月三十日

		Notes 附註	At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Capital and reserves	資本及儲備	16		
Share capital	股本		32,390	32,390
Reserves	儲備		320,986	338,972
Equity attributable to owners of the Company	本公司擁有人 應佔權益		353,376	371,362
Non-controlling interests	非控股權益		2,724	2,622
Total equity	總權益		356,100	373,984
Non-current liabilities	非流動負債			
Derivative financial liabilities	衍生金融負債		-	6,452
Deferred tax liabilities	遞延稅項負債		8,518	7,880
			8,518	14,332
			364,618	388,316

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

簡明綜合權益變動表

截至二零一一年六月三十日止六個月

	Attributable to owners of the Company 本公司擁有人應佔										
	Share capital	Share premium	Other reserve	Contribution reserve	Properties revaluation reserve	Statutory reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	股本	股份溢價	其他儲備	出資儲備	重估儲備	法定儲備	匯兌儲備	保留溢利	總計	非控股權益	權益總額
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
For the six months ended 30 June 2010	截至二零一零年六月三十日止六個月										
At 1 January 2010 (audited)	32,390	58,566	301	9,946	18,386	8,434	(19,088)	242,628	351,563	3,016	354,579
Total comprehensive income (expense) for the period	-	-	-	-	-	-	1,553	4,025	5,578	(235)	5,343
At 30 June 2010 (unaudited)	32,390	58,566	301	9,946	18,386	8,434	(17,535)	246,653	357,141	2,781	359,922
For the six months ended 30 June 2011	截至二零一一年六月三十日止六個月										
At 1 January 2011 (audited)	32,390	58,566	301	9,946	22,247	9,376	(11,237)	249,773	371,362	2,622	373,984
Total comprehensive income (expense) for the period	-	-	-	-	3,230	-	6,710	(27,926)	(17,986)	102	(17,884)
At 30 June 2011 (unaudited)	32,390	58,566	301	9,946	25,477	9,376	(4,527)	221,847	353,376	2,724	356,100

Notes:

附註：

(i) Other reserve

Other reserve represents the acquisition/disposal of partial equity interests of subsidiaries with minority shareholders without changes in control.

(i) 其他儲備

其他儲備指在控制權並無變動之情況下向少數股東收購/出售附屬公司部份股本權益。

(ii) Contribution reserve

Contribution reserve represents contributions from shareholders for indemnity liabilities payable for periods prior to 30 June 2003.

(ii) 出資儲備

出資儲備指股東就二零零三年六月三十日期間應付之彌償負債所作出資。



Condensed Consolidated
Statement of Cash Flows

For the six months ended 30 June 2011

簡明綜合現金流量表

截至二零一一年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Net cash used in operating activities	經營業務所用之現金淨額	(38,401)	(52,649)
Net cash used in investing activities	投資活動所用之現金淨額	(29,485)	(28,118)
Net cash from financing activities	融資活動所得之現金淨額	29,305	28,318
Net decrease in cash and cash equivalents	現金及現金等價物之減少淨額	(38,581)	(52,449)
Effect of foreign exchange rate changes	匯率變動之影響	(218)	(721)
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	133,505	179,386
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等價物	94,706	126,216

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34, “*Interim Financial Reporting*”, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

2. Significant Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies and methods of computation used in these interim financial results for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010, except as described below.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations (“new or revised HKFRSs”) issued by the HKICPA:

1. 編製基準

本簡明綜合財務報表已按照香港聯合交易所有限公司證券上市規則（「上市規則」）附錄16內適用之披露規定編製，並已遵守香港會計師公會頒布之香港會計準則第34號「中期財務報告」之規定。

2. 主要會計政策

本簡明綜合財務報表乃按歷史成本基準編製，惟若干物業及金融工具按重估值或公允價值（視何者適用）計量除外。

除下文所述，截至二零一一年六月三十日止六個月之中期財務業績所採用之會計政策及計算方法與本集團編製截至二零一零年十二月三十一日止年度之年度財務報表時所採用者一致。

在本中期期間內，本集團首次應用下列由香港會計師公會頒布之新訂或經修訂準則及詮釋（「新訂及經修訂香港財務報告準則」）：



Notes to the Condensed Consolidated
Financial Statements

簡明綜合財務報表附註

2. Significant Accounting Policies
(Continued)

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendment)	Disclosures for First-time Adopters Limited Exemption from Comparative HKFRS 7
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HK (IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements .

2. 主要會計政策 (續)

香港財務報告準則 (修訂本)	對二零一零年頒布之香港財務報告準則之改進
香港財務報告準則第1號 (修訂本)	首次採納者之披露 – 比較性質香港財務報告準則第7號之有限度豁免
香港會計準則第24號 (經修訂)	關連人士披露
香港會計準則第32號 (修訂本)	供股之分類
香港 (國際財務報告詮釋委員會) – 詮釋第14號 (修訂本)	最低資金要求之預付款項
香港 (國際財務報告詮釋委員會) – 詮釋第19號	以股本工具消除金融負債

於本中中期期間應用上述新訂或經修訂香港財務報告準則對本簡明綜合財務報表所申報之金額及／或本簡明綜合財務報表所載之披露資料概無重大影響。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

2. Significant Accounting Policies (Continued)

The Group has not early applied new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the six months ended 30 June 2011 were authorised for issuance and are not yet effective:

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 27 (as revised in 2011)	Separate Financial Statements ¹
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ¹

¹ Effective for annual periods beginning on or after 1 January 2013.

The five new or revised standards on consolidation, joint arrangements and disclosures were issued by the HKICPA in June 2011 and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of the five new or revised standards are applied early at the same time. The directors of the Company anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

2. 主要會計政策(續)

本集團並無提早採納已頒布惟尚未生效之新訂及經修訂準則。下列新訂或經修訂準則於截至二零一一年六月三十日止六個月之綜合財務報表日期後頒布，已獲授權頒布惟尚未生效：

香港財務報告準則 第10號	綜合財務報表 ¹
香港財務報告準則 第11號	合營安排 ¹
香港財務報告準則 第12號	披露於其他實體 之權益 ¹
香港財務報告準則 第13號	公允價值之 計量 ¹
香港會計準則 第27號 (二零一一年 經修訂)	獨立財務報表 ¹
香港會計準則 第28號 (二零一一年 經修訂)	於聯營公司及 共同控制實體 之投資 ¹

¹ 於二零一三年一月一日或以後開始之年度期間生效。

該五項有關綜合入賬、合資及披露之新訂或經修訂準則，乃香港會計師公會於二零一一年六月頒布，於二零一三年一月一日或之後開始之年度期間生效。可予提早應用，惟全部五項新訂或經修訂準則須予同時應用。本公司董事預期，該等新訂或經修訂準則將於本集團截至二零一三年十二月三十一日止財政年度之綜合財務報表內應用，其潛在影響見下文。



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

2. Significant Accounting Policies (Continued)

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement. The application of HKFRS 10 might result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated.

Other than disclosed above, the directors of the Company anticipate that the application of the new or revised standards will have no material impact on the results and the financial position of the Group.

3. Turnover and Segment Information

The principal activities of the Group are the manufacture and sale of electronic components.

Turnover represents the sales value of goods supplied to customers less goods returned and trade discounts.

2. 主要會計政策 (續)

香港財務報告準則第10號取代香港會計準則第27號「綜合及獨立財務報表」中用以處理綜合財務報表之部分。根據香港財務報告準則第10號，控制權乃綜合入賬與否之唯一準則。此外，香港財務報告準則第10號包括對控制權之新涵義，包括三項要素：(a)對被投資方之權力、(b)其干涉被投資方換取可變回報之風險及權利，及(c)對被投資方運用權力以影響投資方回報金額之能力。香港財務報告準則第10號已加入廣泛指引，處理複雜情境。整體上，應用香港財務報告準則第10號時須要大量判斷。應用香港財務報告準則第10號或會導致本集團不再將部份被投資方綜合入賬，以及將以往不予綜合入賬之被投資方綜合入賬。

除上文披露者外，本公司董事預期應用新訂或經修訂準則將不會對本集團之業績及財務狀況造成重大影響。

3. 營業額及分部資料

本集團主要從事製造及銷售電子元件。

營業額乃供應予客戶之產品的銷售價值，扣除退貨及貿易折扣。

Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

3. Turnover and Segment Information (Continued)

The following is an analysis of the Group's revenue and results by reportable and operating segments for the periods under review:

3. 營業額及分部資料(續)

以下為本集團於回顧期間內之營業額及業績按可呈報及經營分部所作之分析：

		Turnover 營業額		Segment (loss) profit 分部(虧損)溢利	
		Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Composite components	複合元件	131,426	199,909	(16,082)	1,606
Unit electronic components	單位電子元件	136,679	150,842	(16,412)	1,822
Total	總計	268,105	350,751	(32,494)	3,428
Segment (loss) profit	分部(虧損)溢利			(32,494)	3,428
Unallocated other income	未分配其他收入			5,152	3,465
Fair value change on derivative financial liabilities	衍生金融負債之公允價值變動			305	246
(Loss) profit before taxation	除稅前(虧損)溢利			(27,037)	7,139

The entire segment turnover reported above is from external customers.

Segment (loss) profit represents (loss) profit incurred/earned by each segment without allocation of other income. This is the measure reported to the executive directors of the Company, for the purposes of resource allocation and performance assessment.

上述所有分部營業額均來自外部客戶。

分部(虧損)溢利指各分部所承受(虧損)／所賺溢利，而未分配其他收入。此乃向本公司執行董事報告以決定資源分配及表現評估之計量。



Notes to the Condensed Consolidated
Financial Statements

簡明綜合財務報表附註

**3. Turnover and Segment
Information (Continued)**

The following is an analysis of the Group's assets by reportable segments:

3. 營業額及分部資料 (續)

以下為本集團之資產按可呈報分部所作之分析：

		At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Composite components	複合元件	204,962	178,618
Unit electronic components	單位電子元件	197,156	145,047
Unallocated assets	未經分配資產	153,391	206,237
Consolidated total assets	綜合資產總值	555,509	529,902

All assets are allocated to reportable segments other than investment property, cash and cash equivalents, part of other receivables, amounts due from shareholders and deposits for acquisition of property, plant and equipment. Assets used jointly by reportable segments allocated on the basis of the production capacity.

所有資產分配至可呈報分部，投資物業、現金及現金等價物、部份其他應收賬款、應收股東款項，以及購置物業、機器及設備之按金除外。可呈報分部共用之資產乃按產能分配。

4. Seasonality of Operations

The Group generally experiences higher sales in the second half year, due to the increasing customer demands during the summer holiday. As a result, the first half year typically reports lower revenues and segment results for the Group, than the second half year.

4. 經營季節性

本集團一般於下半年獲得較高銷售額，乃由於客戶需求於暑期有所增加。因此，本集團於上半年所錄得之收益及分部業績一般較下半年為低。

Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

5. (Loss) Profit before Taxation

5. 除稅前(虧損)溢利

Six months ended 30 June
截至六月三十日止六個月

		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
(Loss) profit before taxation is arrived at after charging (crediting):	除稅前(虧損)溢利經扣除(計入):		
Auditors' remuneration	核數師酬金	310	323
Allowance for inventories (included in cost of sales)	存貨撥備 (計入銷售成本)	9,124	1,303
Amortisation of intangible assets (included in research and development expenses)	無形資產攤銷 (計入研發開支)	584	574
Written off of club membership	會所會籍撇銷	-	73
Cost of inventories recognised as an expense*	確認為開支之 存貨成本*	253,875	302,965
Depreciation of property, plant and equipment	物業、機器及 設備之折舊	6,838	8,799
Minimum lease payments under operating leases in respect of rented properties	租賃物業之經營 租賃下之最低 租賃付款	2,545	2,399
Impairment loss on trade receivables (included in other operating expenses)	應收貿易賬款 減值虧損(計入 其他經營開支)	-	1,708
Increase in fair value of investment property	投資物業公允價值 增加	(900)	(840)
Gain on disposal of property, plant and equipment	出售物業、機器及 設備之收益	(3,040)	(841)
Interest income	利息收入	(126)	(558)
Net rental income	租金收入淨額	(156)	(156)
Reversal of impairment loss on trade receivables (included in other income)	應收貿易賬款 減值虧損撥 (計入其他收入)	(322)	(154)
Net foreign exchange loss (gain)	匯兌虧損(收益)淨額	837	(754)

* Cost of inventories recognised as an expense includes amount of approximately HK\$4,207,000 (2010: HK\$5,115,000) relating to depreciation of property, plant and equipment and operating lease rentals in respect of land and buildings, which amounts are also included in the respective total amounts disclosed separately above.

確認為開支之存貨成本包括有關物業、機器及設備之折舊及土地及樓宇之經營租賃租金之款項約4,207,000港元(二零一零年: 5,115,000港元), 並已計入上述個別披露之各款項總額內。



Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

6. Taxation

6. 稅項

Six months ended 30 June

截至六月三十日止六個月

		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Current tax	本期稅項		
Hong Kong Profits Tax	香港利得稅		
Provision for the period	本期間撥備	-	1,738
PRC Corporate Income Tax	中國企業所得稅		
Provision for the period	本期間撥備	308	1,209
Under-provision in prior years	以過往年度之撥備不足	20	58
		328	1,267
Korean Corporate Income Tax	韓國企業所得稅		
Under-provision in prior years	以過往年度之撥備不足	655	-
		983	3,005
Deferred tax	遞延稅項		
Charged for the period	本期間支銷	-	344
		983	3,349

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

6. Taxation (Continued)

- (i) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2011 and 2010. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2011 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2011.

Pursuant to Shen Guo Shui Fa 2008 notice 145, Shenzhen Kwang Sung Electronics Co., Ltd. (“Shenzhen Kwang Sung”) is subject to the People’s Republic of China (the “PRC”) Corporate Income Tax at a rate of 20% in 2009, 22% in 2010 and 24% in 2011. From 1 January 2012, the applicable tax rate will be 25%.

Provision for the PRC Corporate Income Tax for Shenzhen Kwang Sung and Kwang Sung Electronics Trading (Shenzhen) Co., Ltd. is calculated at 24% (2010: 22%) and 25% (2010: 25%) of estimated assessable profits for the periods, respectively.

The basic Korean Corporate Income Tax rates for year starting on or after 1 January 2010 are 10% on the first KRW200,000,000 of the tax base and 22% for the excess. The tax rates are 10% and 22% for 2011. In addition to the tax rate, there is a resident surcharge of 10% on the income tax liability. No provision for taxation has been made for the six months ended 30 June 2011 and 2010 as the tax losses brought forward from prior years exceed the estimated assessable profits for both periods.

6. 稅項 (續)

- (i) 香港利得稅將按截至二零一一年及二零一零年六月三十日止六個月之估計應課稅溢利按16.5%之稅率計算。由於本集團在截至二零一一年六月三十日止六個月並無就香港利得稅錄得應課稅溢利，故於截至二零一一年六月三十日止六個月概無就香港利得稅作出撥備。

根據深國稅發[2008]145號通告，深圳光星電子有限公司(「深圳光星」)於二零零九年、二零一零年及二零一一年分別須按中華人民共和國(「中國」)企業所得稅率20%、22%及24%計算。自二零一二年一月一日起，其適用稅率將為25%。

深圳光星及光星電子貿易(深圳)有限公司之中國企業所得稅撥備乃以本年度估計應課稅溢利分別按24%及25%(二零一零年：22%及25%)計算。

由二零一零年一月一日或以後開始之年度，基本韓國企業所得稅率為稅基中首200,000,000韓圓為10%，超過之部份則為22%。於二零一一年之稅率為10%及22%。除稅率外，亦就所得稅負債徵收10%居民附加稅。由於過往年度之稅項虧損超過兩個年度之估計應課稅溢利，故截至二零一一年及二零一零年六月三十日止六個月均無作出稅項撥備。



Notes to the Condensed Consolidated
Financial Statements

簡明綜合財務報表附註

6. Taxation (continued)

- (ii) The Group carries out manufacturing activities in the PRC through its subsidiary, Shenzhen Kwang Sung and under the terms of a processing agreement with a third party factory, and has substantial involvement in these manufacturing activities undertaken in the PRC. The profits earned are thus considered to be partly arising and derived from the manufacturing activities carried out in the PRC and partly from other activities performed in Hong Kong. Accordingly, the Group claimed a 50:50 offshore concession in respect of Hong Kong Profits Tax which had been agreed with the Hong Kong Inland Revenue Department (the "HKIRD") in the year of assessment 1999/2000.

In 2008, the HKIRD enquired the Group the basis of its 50:50 offshore claims for the years of assessment 2001/02 to 2006/07 in relation to the Group's manufacturing activities carried out in the PRC, and issued an additional assessment of approximately HK\$3,318,000 for the year of assessment 2001/02 on the basis that the Group was not eligible to the 50:50 offshore claims for profits derived from manufacturing activities carried out by Shenzhen Kwang Sung. The Company lodged an objection against the additional assessment and purchased a tax reserve certificate of approximately HK\$3,318,000 as demanded by the HKIRD in 2008.

In March 2009, the HKIRD issued another demand note for additional tax payable for the year of assessment 2002/03 amounted to approximately HK\$6,424,000 in relation to the above 50:50 offshore claims. The Company lodged an objection against the additional assessment and purchased a tax reserve certificate of approximately HK\$6,424,000 as demanded by the HKIRD in 2009.

6. 稅項(續)

- (ii) 本集團透過其附屬公司深圳光星以及根據與第三方工廠訂立之一項加工協議之條款在中國進行製造活動，並積極參與在中國進行之該等製造活動。由此所賺取之溢利，部份被視為從中國進行之製造活動所產生及取得，而部份被視為從香港進行之其他活動所產生及取得。故此，本集團就香港利得稅提出50:50之離岸申索要求，而香港稅務局曾於一九九九／二零零零評稅年度同意該豁免要求。

於二零零八年，香港稅務局向本集團查詢有關本集團在中國所進行的製造活動而就二零零一／零二至二零零六／零七評稅年度提出50:50離岸申索要求之依據，並基於本集團不合資格就深圳光星進行之製造活動所賺取溢利享有50:50之離岸申索，而就二零零一／零二評稅年度發出額外評稅約3,318,000港元。本公司於二零零八年對該額外評稅提出反對，並如香港稅務局要求購買儲稅券約3,318,000港元。

於二零零九年三月，香港稅務局發出另一份額外評稅通知書，就二零零二／零三評稅年度發出有關上述50:50離岸申索之額外評稅約6,424,000港元。本公司於二零零九年對額外評稅提出反對，並如香港稅務局要求購買儲稅券約6,424,000港元。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

6. Taxation (Continued)

(ii) (Continued)

In March 2010, the HKIRD issued another demand note for additional tax payable for the year of assessment 2003/04 amounted to approximately HK\$9,334,000 in relation to the above 50:50 offshore claims. The Company lodged an objection against the additional assessment and purchased a tax reserve certificate of approximately HK\$9,334,000 as demanded by the HKIRD in 2010.

In March 2011, the HKIRD issued another demand note for additional tax payable for the year of assessment 2004/05 amounted to approximately HK\$4,306,000 in relation to the above 50:50 offshore claims. The Company lodged an objection against the additional assessment and purchased a tax reserve certificate of approximately HK\$4,306,000 as demanded by the HKIRD in 2011.

The Group's operation has remained unchanged since 1999/2000, in view of the stringent approach adopted by the HKIRD in treating 50:50 manufacturing offshore profits claim, the Group had made provision for the previously 50:50 offshore claims of approximately HK\$35,996,000 during the year ended 31 December 2009, however, a sum of tax expense of approximately HK\$9,946,000 should be borne by two shareholders.

6. 稅項 (續)

(ii) (續)

於二零一零年三月，香港稅務局發出另一份額外評稅通知書，就二零零三／零四評稅年度發出有關上述50:50離岸申索之額外評稅約9,334,000港元。本公司於二零一零年對額外評稅提出反對，並如香港稅務局要求購買儲稅券約9,334,000港元。

於二零一一年三月，香港稅務局發出另一份額外評稅通知書，就二零零四／零五評稅年度發出有關上述50:50離岸申索之額外評稅約4,306,000港元。本公司於二零一一年對額外評稅提出反對，並如香港稅務局要求購買儲稅券約4,306,000港元。

本集團自一九九九／二零零零年以來之營運維持不變，但有見香港稅務局在處理50:50製造業務離岸溢利豁免申索上採取嚴格手法，故本集團已就過往之50:50離岸申索於截至二零零九年十二月三十一日止年度作出約35,996,000港元撥備。然而，稅項開支總額約9,946,000港元須由兩位股東承擔。



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

7. Dividends

No dividends were paid, declared or proposed during the reporting period (six months ended 30 June 2010: nil). The directors do not recommend the payment of an interim dividend.

8. (Loss) Earnings per Share

- (i) The calculation of basic (loss) earnings per share is based on the (loss) profit for the period attributable to owners of the Company of approximately HK\$27,926,000 (six months ended 30 June 2010: profit of approximately HK\$4,025,000) and the weighted average number of ordinary shares of 323,897,000 (six months ended 30 June 2010: 323,897,000) in issue during the six months ended 30 June 2011.
- (ii) There were no dilutive potential ordinary shares during the six months ended 30 June 2011 and 2010, therefore, diluted (loss) earnings per share is the same as the basic (loss) earnings per share.

7. 股息

於報告期間並沒有派付、宣派或建議股息(截至二零一零年六月三十日止六個月：零)。董事不建議派付中期股息。

8. 每股(虧損)盈利

- (i) 每股基本(虧損)盈利是按本公司擁有人應佔期間(虧損)溢利約27,926,000港元(截至二零一零年六月三十日止六個月：溢利約4,025,000港元)及於截至二零一零年六月三十日止六個月已發行普通股之加權平均數323,897,000股(截至二零一零年六月三十日止六個月：323,897,000股)計算。
- (ii) 本公司於截至二零一一年及二零一零年六月三十日止六個月並無具攤薄性質之潛在股份，故每股攤薄(虧損)盈利與每股基本(虧損)盈利相同。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

9. Property, Plant and Equipment

The Group's land and buildings held for own use were revalued as at 30 June 2011 and 31 December 2010 at their open market value by reference to recent market evidence of transaction prices for similar properties in the same locations and conditions. The valuations were carried out by Vigers Appraisal & Consulting Limited, an independent firm of professional surveyors who had among their staff members of the Hong Kong Institute of Surveyors. A revaluation surplus of approximately HK\$3,868,000 (2010: nil) was transferred to the properties revaluation reserve, net of deferred tax of approximately HK\$638,000 (2010: nil) which was included in the consolidated income statement for the six months ended 30 June 2011.

During the six months ended 30 June 2011, the Group acquired items of property, plant and equipment with a cost of approximately HK\$32,609,000 (six months ended 30 June 2010: HK\$10,929,000). In addition, the Group disposed of certain fully depreciated property, plant and equipment with cash proceeds of approximately HK\$3,040,000 (six months ended 30 June 2010: zero carrying value and cash proceeds of HK\$841,000), resulting in a gain on disposal of approximately HK\$3,040,000 (six months ended 30 June 2010: HK\$841,000).

9. 物業、機器及設備

於二零一一年六月三十日及二零一零年十二月三十一日，曾就本集團持有作自用之土地及樓宇之公開市值進行重估，乃參考同一地區及情況相若物業之成交金額作市場憑證。該等估值由與本集團並無關連之獨立專業估值師威格斯資產評估顧問有限公司進行，其部份員工為香港測量師學會成員。約3,868,000港元重估盈餘(二零一零年：零)於扣除遞延稅項約638,000港元(二零一零年：無)後已被轉撥至物業重估儲備。其計入截至二零一一年六月三十日止六個月之綜合損益表內。

於截至二零一一年六月三十日止六個月，本集團以約32,609,000港元(截至二零一零年六月三十日止六個月：10,929,000港元)購置物業、機器及設備。另外，本集團以出售所得現金約3,040,000港元出售若干已予全數折舊之物業、機器及設備(截至二零一零年六月三十日止六個月：賬面值為零港元，所得現金約841,000港元)，從而產生出售收益淨額約3,040,000港元(截至二零一零年六月三十日止六個月：841,000港元)。



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

10. Investment Property

The Group's investment property was revaluated as at 30 June 2011 and 31 December 2010 at its open market value. The valuations as at 30 June 2011 and 31 December 2010 were carried out by Vigers Appraisal & Consulting Limited, which is independent professional surveyors not connected with the Group and had among staff members of the Hong Kong Institute of Surveyors. The valuations were arrived at by reference to the market evidence of transaction price for similar properties in the same locations and conditions. The resulting increase in fair value of approximately HK\$900,000 (2010: HK\$840,000) has been recognised in profit or loss for the six months ended 30 June 2011.

11. Investments in Equity Securities

Investments in equity securities represent equity securities in an unlisted corporate entity with a cost of HK\$1,500,000 (31 December 2010: HK\$1,500,000), against which a full provision for impairment loss has been made in prior years.

10. 投資物業

於二零一一年六月三十日及二零一零年十二月三十一日，曾就本集團投資物業之公開市值予以重估。於二零一一年六月三十日及二零一零年十二月三十一日評值由與本集團並無關連之獨立專業測量師行威格斯資產評估顧問有限公司進行，其部份員工為香港測量師學會成員。所作出之估值乃參考同一地區及情況相若物業之成交金額作市場憑證。公允價值增加約900,000港元(二零一零年：840,000港元)已於截至二零一一年六月三十日止六個月之損益中入賬。

11. 股本證券投資

股本證券投資指於非上市企業實體之股本投資，成本1,500,000港元(二零一零年十二月三十一日：1,500,000港元)，已於往年作出全數減值虧損撥備。

Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

12. Trade and Other Receivables

12. 應收貿易及其他賬款

	At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade and bills receivables (net of allowance for doubtful debts)	118,151	105,870
Short term loans to key management personnel and employees	82	128
Proceeds receivable from disposal of equity securities	722	688
Tax reserve certificates (note 6(ii))	23,382	19,075
Deposits, prepayments and other receivables	23,426	14,309
	165,763	140,070



Notes to the Condensed Consolidated
Financial Statements

簡明綜合財務報表附註

12. Trade and Other Receivables
(Continued)

The Group allows an average credit period of 30-90 days to its trade customers. The aged analysis of the Group's trade and bills receivables, presented based on the invoice date, net of allowance for doubtful debts, is as follows:

12. 應收貿易及其他賬款
(續)

本集團給予其貿易客戶之平均信貸期為30至90天。按發票日呈列本集團之應收貿易及票據賬款(扣除呆賬撥備)之賬齡分析如下：

		At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
0-90 days	0至90日	108,344	95,591
91-180 days	91至180日	9,398	10,279
181-365 days	181至365日	409	-
		118,151	105,870

Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

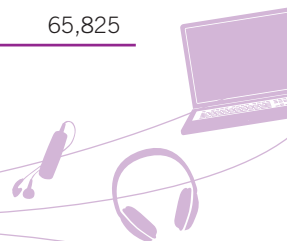
13. Trade and Other Payables

		At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade payables	應付貿易賬款	74,959	65,825
Accrued expenses and other payables	應計費用及 其他應付賬款	23,246	18,631
		98,205	84,456

The following is an analysis of trade payables by age, presented based on the invoice date:

按發票日呈列之應付貿易賬款之賬齡分析如下：

		At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
0-90 days	0至90日	73,130	64,938
91-180 days	91至180日	1,077	767
181-365 days	181至365日	631	120
over 365 days	多於365日	121	-
		74,959	65,825



Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

14. Bank Borrowings

During the six months ended 30 June 2011, the Group obtained a new bank loan of approximately HK\$29,485,000 secured by the Company's land and buildings with an aggregate carrying value of approximately HK\$56,075,000. The proceeds were used to finance the acquisition of property, plant and equipment.

The Group also repaid bank borrowings of approximately HK\$180,000 during the six months ended 30 June 2011.

During the six months ended 30 June 2010, the Group obtained a new bank loan of approximately HK\$12,811,000 secured by the Company's land and buildings with an aggregate carrying value of approximately HK\$19,356,000 and an unsecured loan of approximately HK\$15,569,000. The proceeds were used to finance the acquisition of property, plant and equipment.

The bank borrowings bears interest ranged from 4.19% to 5.18% per annum with maturity date within 1 year (30 June 2010: 3.02% to 5.18% per annum with maturity date ranged from 2 to 4 years).

14. 銀行借貸

於截至二零一一年六月三十日止六個月，本集團取得一筆新銀行貸款約29,485,000港元，以本公司之土地及樓宇（總賬面值約為56,075,000港元）為抵押。所得款項乃用作撥資購買物業、機器及設備。

本集團於截至二零一一年六月三十日止六個月亦已償還約180,000港元之銀行借貸。

於截至二零一零年六月三十日止六個月，本集團取得一筆新銀行貸款約12,811,000港元，以本公司之土地及樓宇（總賬面值約為19,356,000港元）為抵押，及一筆無抵押貸款約15,569,000港元。所得款項乃用作撥資購買物業、機器及設備。

銀行借貸按年利率4.19至5.18厘計息，須於一年內償還（二零一零年六月三十日：按年利率3.02至5.18厘計息，須於二至四年內償還）。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

15. Derivative Financial Liabilities

In March 2009, the Group and the Company entered into a patent transfer agreement (the “Agreement”) with an independent third party (the “Seller”). The consideration of approximately HK\$10,242,000 was partially satisfied by issuing 8,534,933 shares of the Company at HK\$0.41 per share to the Seller and the remaining consideration of approximately HK\$6,743,000 will be settled in cash along with put options (“Options”) on period from the end of third year to the end of fourth year after the transaction, under either condition:

- (i) the Group and the Company will not be required to make further payment if the share price of the Company is higher than HK\$1.2; or
- (ii) if the share price of the Company is lower than HK\$1.2, the Group and the Company will be required to pay the difference of the basis price (being HK\$1.2) and the share price, multiple the number of shares sold to the Seller.

The details of the Options were set out in the Agreement and the Company’s announcement dated 30 March 2009.

15. 衍生金融負債

於二零零九年三月，本集團及本公司與獨立第三方（「賣方」）訂立一份專利權轉讓協議（「協議」）。代價約10,242,000港元，部份按每股0.41港元發行8,534,933股本公司股份予賣方，代價餘額約6,743,000港元將於交易之後第三年底至第四年底期間以認沽期權（「期權」）於以下情況下以現金結付：

- (i) 倘本公司之股份價格高於1.2港元，本集團及本公司毋須支付餘額；或
- (ii) 倘本公司之股份價格低於1.2港元，本集團及本公司須支付基本價格（即1.2港元）與股份價格之間的差額，乘以出售予賣方之股份數目。

期權之詳情載於協議及本公司於二零零九年三月三十日發出之公告。



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簡明綜合財務報表附註

15. Derivative Financial Liabilities
(Continued)

The fair value of the Options granted is estimated at the date of grant using binomial model taking into account the terms and conditions upon which the Options were granted. The inputs into the model were as follows:

		At 30 June 2011 於 二零一一年 六月三十日	At 31 December 2010 於 二零一零年 十二月三十一日
Dividend yield	股息率	0%	0%
Expected volatility	預期波幅	66%	87%
Risk-free interest rate	無風險利息	0.3%	0.8%
Expected life	預期年期	1.75 years年	2.25 years年
Weighted average share price	加權平均股價	HK\$0.540 0.540港元	HK\$0.630 0.630港元

The binomial model has been used to estimate the fair value of the Options. The variables and assumptions used in computing the fair value of the Options are based on the directors' best estimate. The value of the Options varies with different variables of certain subjective assumptions.

Fair value change on derivative financial liabilities of approximately HK\$305,000 was recognised during the six months ended 30 June 2011 (six months ended 30 June 2010: HK\$246,000).

所授出期權之公允價值乃採用二項式定價方法並計入授出期權之條款及條件進行估計。該模式之輸入數據包括：

二項式模式已用於估計期權之公允價值。計算期權公允價值所採用變數及假設乃按照董事最佳估算為準。期權價值因變數隨著若干主觀假設之不同而改變。

衍生金融負債之公允價值變動約305,000港元已於截至二零一一年六月三十日止六個月確認(截至二零一零年六月三十日止六個月：246,000港元)。

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16. Share Capital and Share Option Scheme

(i) Share capital

		(i) 股本	
		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股面值0.1港元之普通股		
Authorised:	法定：		
At 1 January 2010 (audited), 31 December 2010 (audited) and 30 June 2011 (unaudited)	於二零一零年一月一日 (經審核)、二零一零年 十二月三十一日 (經審核)及二零一一年 六月三十日(未經審核)	1,500,000	150,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2010 (audited), 31 December 2010 (audited) and 30 June 2011 (unaudited)	於二零一零年一月一日 (經審核)、二零一零年 十二月三十一日 (經審核)及二零一一年 六月三十日(未經審核)	323,897	32,390

(ii) Share option scheme

The Company has a share option scheme which was adopted on 16 June 2003 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, advisers and consultants, to take up options to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company.

No share options had been granted to directors or employees for the six months ended 30 June 2011 and 2010.

(ii) 購股權計劃

本公司設有一項於二零零三年六月十六日採納之購股權計劃，據此，本公司董事獲授權酌情邀請本集團僱員(包括本集團任何公司之董事)、顧問及諮詢人接納可認購本公司股份之購股權。各份購股權均賦予其持有人可認購本公司一股每股面值0.1港元之普通股之權利。

於截至二零一一年及二零一零年六月三十日止六個月，並無授出購股權予董事或僱員。



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簡明綜合財務報表附註

17. Commitments

(i) The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within one year	一年內	4,608	4,799
In the second to fifth year inclusive	第二年至第五年內 (包括首尾兩年)	4,284	6,027
		8,892	10,826

Operating lease payments represent rentals payables by the Group for certain of its office premises and staff quarter. Leases are negotiated for an average term of ranged from 2 to 10 years and rentals are fixed for the leases period.

經營租賃款項指本集團就若干辦公室物業及員工宿舍之應付租金。租約經磋商後平均為期二至十年，期內租金固定。

17. 承擔

(i) 本集團作為承租人

於呈報期末，本集團根據不可解除經營租賃有日後應付之最低租賃款項之承擔如下：

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

17. Commitments (Continued)

(ii) The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receipts which fall due as follows:

	At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within one year 一年內	64	220

All of the properties held have committed tenants for the next year.

全部所持有之物業於未來一年均有已承諾租戶。

17. 承擔 (續)

(ii) 本集團作為出租人

於呈報期末，本集團已與租戶訂約之日後最低租賃如下：



Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

17. Commitments (Continued)

- (iii) Capital commitments outstanding at the end of reporting period contracted but not provided for in the interim financial information are as follows:

17. 承擔(續)

- (iii) 於呈報日期已訂約但尚未於中期財務資料內提撥準備之資本承擔如下：

	At 30 June 2011 於 二零一一年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2010 於 二零一零年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for	18,902	27,500

就購置物業、機器及設備已訂約之資本承擔

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

18. Material Related Party Transactions

(i) Transactions with shareholders

- (a) During the six months ended 30 June 2011 and 2010, the Group entered into the following transactions with Kwang Sung Electronics Co., Ltd. (“Kwang Sung Korea”), a major shareholder of the Company:

18. 重大關連人士交易

(i) 與股東之交易

- (a) 於截至二零一一年及二零一零年六月三十日止六個月，本集團與本公司主要股東株式會社光星電子（「韓國光星」）訂立以下交易：

		Six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Sales of finished goods	銷售製成品	214	395
Referral commission paid/payable	已付／應付轉介佣金	238	337
Production outsourcing fees paid/payable	已付／應付外包生產費	1,327	443

The directors of the Company are of the opinion that the above transactions were conducted in the ordinary course of business and were on normal commercial terms.

本公司之董事認為，上述交易是在日常及一般業務過程中按正常商業條款進行。



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Financial Statements

簡明綜合財務報表附註

**18. Material Related Party
Transactions (Continued)****(i) Transactions with shareholders
(Continued)**

- (b)** Pursuant to a Deed of Indemnity dated 23 June 2003, two shareholders, Mr Yang Jai Sung and Kwang Sung Korea, would indemnify the Group for any tax liabilities payable for periods prior to 30 June 2003. Amount receivable from Mr Yang Jai Sung and Kwang Sung Korea under the indemnity at 30 June 2011 is approximately HK\$5,896,000 and HK\$4,050,000 (31 December 2010: HK\$6,124,000 and HK\$4,206,000) respectively.

18. 重大關連人士交易 (續)**(i) 與股東之交易 (續)**

- (b)** 根據日期為二零零三年六月二十三日之彌償保證契約，兩名股東梁在星先生及韓國光星就於二零零三年六月三十日期間之任何稅務負債向本集團作出彌償。根據彌償保證於二零一一年六月三十日應收梁在星先生及韓國光星之款項分別約為5,896,000港元及4,050,000港元(二零一零年十二月三十一日：6,124,000港元及4,206,000港元)。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

18. Material Related Party Transactions (Continued)

(ii) Transactions with other related parties

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors is as follows:

		Six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2010 二零一零年 HK\$'000 千港元 (Unaudited) (未經審核)
Short-term employee benefits	短期僱員福利	6,702	6,350
Post-employment benefits	離職後福利	115	114
		6,817	6,464

(b) During the six months ended 30 June 2011, the Group paid a consultancy fee of approximately HK\$284,000 (six months ended 30 June 2010: HK\$287,000) to a close family member of Mr. Yang Jai Sung, a shareholder and a director of the Company.

18. 重大關連人士交易(續)

(ii) 與其他關連人士之交易

(a) 主要管理人員之酬金

本集團主要管理人員酬金(包括已支付予本公司董事之金額)載列如下:

(b) 於截至二零一一年六月三十日止六個月,本集團向本公司之股東兼董事梁在星先生一名近親支付顧問費約284,000港元(截至二零一零年六月三十日止六個月:287,000港元)。



Notes to the Condensed Consolidated Financial Statements 簡明綜合財務報表附註

18. Material Related Party Transactions (Continued)

(ii) Transactions with other related parties

(c) Loan to key management personnel

Included in other receivables were loans to key management personnel and the terms of which are as follows:

Name of borrower
借款人
Position
職位

Mr Suh Jin Won
徐陳愿先生
General manager
總經理

Mr Lee Don Gi
李敦基先生
General manager
總經理

Terms of the loan
貸款之條款

– Repayment terms
– 貸款年期
– loan amount
– 貸款金額
– interest rate
– 息率
– security
– 抵押

Repayment on demand
要求時償還
RMB30,000
人民幣30,000元
Nil
零
None
無

Repayable on demand
要求時償還
KRW10,000,000
10,000,000韓圓
Nil
零
None
無

Balance of the loan
貸款結餘

– at 31 December 2010
and 1 January 2011
– 於二零一零年十二月三十一日
及二零一一年一月一日
– at 30 June 2011
– 於二零一一年六月三十日

HK\$35,000
35,000港元
HK\$nil
零港元

HK\$69,000
69,000港元
HK\$72,000
72,000港元

18. 重大關連人士交易 (續)

(ii) 與其他關連人士之交易

(c) 向主要管理人員提供貸款

其他應收款項包括向主要管理人員提供之貸款，其條款如下：

Name of borrower
借款人
Position
職位

Mr Suh Jin Won
徐陳愿先生
General manager
總經理

Mr Lee Don Gi
李敦基先生
General manager
總經理

Terms of the loan
貸款之條款

– Repayment terms
– 貸款年期
– loan amount
– 貸款金額
– interest rate
– 息率
– security
– 抵押

Repayment on demand
要求時償還
RMB30,000
人民幣30,000元
Nil
零
None
無

Repayable on demand
要求時償還
KRW10,000,000
10,000,000韓圓
Nil
零
None
無

Balance of the loan
貸款結餘

– at 31 December 2010
and 1 January 2011
– 於二零一零年十二月三十一日
及二零一一年一月一日
– at 30 June 2011
– 於二零一一年六月三十日

HK\$35,000
35,000港元
HK\$nil
零港元

HK\$69,000
69,000港元
HK\$72,000
72,000港元

