

Corporate Social Responsibility

While the Company considers itself a part of the community, the community is a stakeholder of the Company and the Company recognizes its responsibility to improve the well-being of society. During the review period, the Group made charitable and other donation of HK\$780,000 (Six months ended 30 June 2005: HK\$680,000).

The Group is attentive to the health and work safety of its staff and also makes sure they are treated fairly. The Group conforms to the European Union's green requirements regarding manufacturing activities for all products to be subjected to Restriction of Hazardous Substances, and all managers and employees to be trained in health and work safety. The Group maintains appropriate safety systems and effective control to minimize staff exposure to potentially hazardous materials or adverse conditions at work. The Group also ensures that each employee enjoys equal opportunities, and no form of harassment or discrimination in respect of employment and occupation will be tolerated.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2006, 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

企業社會責任

作為社會其中一份子，本公司與社會有著密切的關係，亦明白有責任致力改善社會各階層的福利。回顧期內，本集團作出慈善及其他捐款780,000港元（截至二零零五年六月三十日止六個月：680,000港元）。

本集團一向關注僱員的健康及工作安全，同時確保他們獲得平等待遇。本集團的生產程序嚴格遵守歐盟環保指引，所有產品均符合有害物質限制條例的規定。本集團亦向經理及僱員提供有關健康及工作安全的培訓。此外，本集團亦設有適當的安全系統及有效控制措施，以減低僱員接觸有害物質或處於惡劣工作環境。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的任何騷擾或歧視行為。

權益披露及其他資料

權益披露

董事及行政總裁於股份、相關股份之權益及淡倉

於二零零六年六月三十日，根據證券及期貨條例（「證券及期貨條例」）第352條須予備存的登記冊所載，或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「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

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 the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(1) *Interests in issued shares*

(「標準守則」)向本公司及聯交所作出之申報，本公司董事及行政總裁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及淡倉如下：

(1) 已發行股份權益

Name of directors 董事姓名	Ordinary shares of HK\$0.1 each 每股面值0.1港元之普通股				
	Beneficial owned interest 實益擁有 之權益	Interest of controlled corporations 受控制法團 之權益	Equity derivatives 股本衍生 工具 (note 2) (附註2)	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
Mr. Yang Jai Sung 梁在星先生	147,500,000	59,500,000 (note 1) (附註1)	-	207,000,000	66.07%
Mr. Kim Sun Cheol 金善哲先生	698,000	-	1,000,000	1,698,000	0.54%
Mr. Woo Nam Jin 禹南珍先生	-	-	1,000,000	1,000,000	0.32%

Note:

- (i) Mr. Yang Jai Sung and his relatives are interested in 79.5% of the issued share capital of Kwang Sung Electronics Co., Ltd. (“Kwang Sung Korea”) and therefore Mr. Yang Jai Sung is deemed or taken to be interested in these ordinary shares which are beneficially owned by Kwang Sung Korea for the purpose of the SFO.
- (ii) These represented interests of options granted to directors under the share option scheme to subscribe for shares of the Company. Further details are set out in the section “Share Option Scheme” below.

(2) Interests in underlying shares

The directors of the Company have been granted options under the Company’s share option scheme, details of which are set out in the section “Share Option Scheme” below.

Save as disclosed above, as at 30 June 2006, none of the directors, chief executive of the Company or their associates had any other discloseable interests required under section 352 of the SFO.

Share Option Scheme

The Company adopted a share option scheme on 16 June 2003 whereby the directors of the Company are authorized, 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 share option scheme shall be valid and effective for a period of ten years ending on 15 June 2013, after which no further options can be

附註：

- (i) 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」)已發行股本之79.5%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股份之權益。
- (ii) 該等權益指根據購股權計劃授予董事認購本公司股份之購股權權益，進一步詳情載於下文「購股權計劃」一節。

(2) 相關股份權益

根據本公司之購股權計劃，本公司之董事已獲授予購股權，有關詳情載於下文「購股權計劃」一節。

除上文披露者外，於二零零六年六月三十日，概無本公司之董事、行政總裁或彼等之關連人士擁有任何其他根據證券及期貨條例第352條被要求須予披露之權益。

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。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。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。購股權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，其後將不得再授出任何購股權。購股權可由授出日期起計一年至三年內逐步行使，並將於董事會授出購股權時通

granted. The options are exercisable progressively between one to three years from the date of grant and will expire at the end of a period to be notified by the Board to each option-holder upon the grant of option, and in any event, such period shall not exceed ten years from the date of grant.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the share option scheme shall not exceed 30% of the issued share capital of the Company from time to time. Subject always to the above overall limit, the directors may grant options under the share option scheme, generally and without further authority, in respect of such number of shares which may be issued upon exercise of all options to be granted under the share option scheme not exceeding 10% of the issued share capital of the Company as at 4 July 2003, being the date on which the Company's shares were listed on the Main Board of the Stock Exchange. For the purpose of calculating the above, options lapsed in accordance with the share option scheme shall not be counted.

The total number of ordinary shares available for issue under the share option scheme as at 30 June 2006 was 31,330,000 shares which represented 10% of the issued share capital of the Company at 30 June 2006. In respect of the maximum entitlement of each participant under the scheme, the total number of ordinary shares issued and to be issued upon exercise of the options granted to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Company's ordinary shares in issue, unless approved by the shareholders in general meeting.

知各購股權持有人之期間終結時屆滿，惟該等期間不可超出授出日期起計十年。

於行使所有根據購股權計劃已授出惟未行使購股權時可能發行之股份總數量最多不得超過本公司不時已發行股本之30%。在一直遵守以上總限額之情況下，董事會可在一般及不再有進一步授權情況下授出購股權，所涉股份數目為於行使根據購股權計劃之所有購股權時可能發行之股數，其不超過本公司於二零零三年七月四日（即本公司股份在聯交所主板上市之日期）已發行股本之10%。就計算上述股份數目而言，根據購股權計劃而失效之購股權將不在計算之列。

於二零零六年六月三十日，購股權計劃下可供發行之普通股總數為31,330,000股股份，相當於二零零六年六月三十日本公司已發行股本之10%。就每一名參與者於計劃下可獲之最高配額，每名參與者於任何十二個月期間因行使授予彼等之購股權（包括已行使、註銷及尚未行使之購股權）已獲發行及將獲發行之普通股總數，不得超過本公司已發行普通股之1%，除非獲股東在股東大會上批准則作別論。

At 30 June 2006, the directors and employees of the Group and certain eligible persons had the following interests in options to subscribe for shares of the Company (market value per share at 30 June 2006 was HK\$1.40) granted at nominal consideration under the share option scheme of the Company. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company.

於二零零六年六月三十日，本集團董事及僱員及部份合資格人士於根據本公司購股權計劃以象徵式代價授出可認購本公司股份（於二零零六年六月三十日每股市價為1.40港元）之購股權中，持有以下權益。購股權並無上市。每份購股權賦與持有人權利認購本公司每股面值0.1港元之普通股一股。

	No. of options outstanding on 1 January 2006 於二零零六年 一月一日 未行使之 購股權數目	No. of options outstanding on 30 June 2006 於二零零六年 六月三十日 未行使之 購股權數目	Date of grant 授出日期	Period during which options are exercisable 購股權 可予行使期間	Exercise price per share 每股 行使價 HK\$ 港元	Market value per share at date of grant 於授出 日期之 每股市價 HK\$ 港元
Executive directors 執行董事						
Mr. Kim Sun Cheol 金善哲先生	1,000,000	1,000,000	7 July 2003 二零零三年 七月七日	1 July 2004 to 30 June 2008 二零零四年七月一日至 二零零八年六月三十日	1.294	1.25
Mr. Woo Nam Jin 禹南珍先生	1,000,000	1,000,000	6 May 2004 二零零四年 五月六日	1 May 2005 to 30 April 2009 二零零五年五月一日至 二零零九年四月三十日	1.666	1.63
Employees 僱員	13,800,000	13,800,000	7 July 2003 二零零三年 七月七日	1 July 2004 to 30 June 2008 二零零四年七月一日至 二零零八年六月三十日	1.294	1.25
Other eligible persons 其他合資格人士	4,600,000	4,600,000	7 July 2003 二零零三年 七月七日	1 July 2004 to 30 June 2008 二零零四年七月一日至 二零零八年六月三十日	1.294	1.25

Notes:

- (1) The options granted to the directors are registered under the names of the directors who are also the beneficial owners.
- (2) The maximum percentage of the share options being exercisable is determined in stages as follows:

On or after 1st year anniversary	30%
On or after 2nd year anniversary	another 30%
On or after 3rd year anniversary	another 40%

附註：

- (1) 授予董事之購股權乃以董事之姓名登記，而彼等亦為實益擁有人。
- (2) 按階段劃分購股權可予行使之最高百分比如下：

於一周年當日或之後	30%
於兩周年當日或之後	另外30%
於三周年當日或之後	另外40%

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2006, the following persons (other than the directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company were as follows:

Substantial shareholders 主要股東	No. of ordinary shares held 持有之 普通股總數	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 Kang Mi Young (note 1) 姜美英女士(附註1)	207,000,000	Interest of spouse 配偶之權益	66.07%
Kwang Sung Electronics Co., Ltd. 株式會社光星電子	59,500,000	Beneficial owner 實益擁有人	18.99%
Jayhawk China Fund (Cayman), Ltd. ("Jayhawk")	49,154,000	Beneficial owner/ Investment manager 實益擁有人/投資經理	15.69%
Mr. Kent C. McCarthy ("Mr. McCarthy") (note 2)(附註2)	49,154,000	Interest of controlled corporations 受控制法團之權益	15.69%
Other person 其他人士			
Pacific Sun Investment Management (HK) Ltd. Sub a/c The China Mantou Master Fund (note 3)(附註3)	25,112,000	Beneficial owner/ Investment manager 實益擁有人/投資經理	8.02%

Notes:

- (1) Madam 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.
- (2) Mr. McCarthy was deemed or taken to be interested in these ordinary shares through his indirect 100% control in Jayhawk. These interests were duplicated by those beneficially owned by Jayhawk.

主要股東及其他人士於股份、相關股份之權益及淡倉

於二零零六年六月三十日，除本公司董事或行政總裁外，下列人士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如下：

Ordinary shares of HK\$0.1 each 每股面值0.1港元之普通股

Substantial shareholders 主要股東	No. of ordinary shares held 持有之 普通股總數	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 Kang Mi Young (note 1) 姜美英女士(附註1)	207,000,000	Interest of spouse 配偶之權益	66.07%
Kwang Sung Electronics Co., Ltd. 株式會社光星電子	59,500,000	Beneficial owner 實益擁有人	18.99%
Jayhawk China Fund (Cayman), Ltd. ("Jayhawk")	49,154,000	Beneficial owner/ Investment manager 實益擁有人/投資經理	15.69%
Mr. Kent C. McCarthy ("Mr. McCarthy") (note 2)(附註2)	49,154,000	Interest of controlled corporations 受控制法團之權益	15.69%
Other person 其他人士			
Pacific Sun Investment Management (HK) Ltd. Sub a/c The China Mantou Master Fund (note 3)(附註3)	25,112,000	Beneficial owner/ Investment manager 實益擁有人/投資經理	8.02%

附註：

- (1) 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。
- (2) McCarthy先生透過彼於Jayhawk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。該等權益與Jayhawk實益擁有人屬同一批。

(3) These ordinary shares were held by The China Mantou Master Fund (the "Fund"), and Pacific Sun Investment Management (HK) Ltd. was the investment manager of the Fund.

Save as disclosed above, no other interests was required to be recorded in the register kept under section 336 of the SFO.

Other Information

Corporate Governance

The Group is committed to achieving high standards of corporate governance. Throughout the review period, the Company has complied with all applicable provisions as set out in the Code on Corporate Governance Practices in appendix 14 of the Listing Rules.

Model Code for Securities Transactions by Directors

The Company, having made specific enquiry, confirms that all directors complied with the Model Code set out in appendix 10 of the Listing Rules, and 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, during the six months ended 30 June 2006.

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

Neither the Company nor its subsidiary has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2006.

(3) 該等普通股由The China Mantou Master Fund(「基金」)持有；而Pacific Sun Investment Management (HK) Ltd.為基金之投資經理。

除上文所披露者外，本公司並無得悉任何其他人士需要記錄於依照證券及期貨條例第336條存置之登記冊之有關權益。

其他資料

企業管治

本集團一向承諾恪守最嚴謹之企業管治。於回顧期間，本公司一直遵守上市規則附錄14所載之企業管治常規守則之所有適用規定。

董事進行證券交易標準守則

截止二零零六年六月三十日止六個月內，本公司經具體查詢後確認，所有董事均有遵守上市規則附錄10所載之標準守則。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。

購買、出售或贖回本公司上市證券

截至二零零六年六月三十日止六個月，本公司或其附屬公司概無購買、出售或贖回本公司任何上市證券。

Audit Committee

The Audit Committee of the Company consists of three independent non-executive directors and one non-executive director. It has adopted its terms of reference according to the requirements set out in appendix 14 of the Listing Rules. The primary duties of the Audit Committee are to oversee the financial reporting process and the adequacy and effectiveness of the Company's system of internal control.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters, including the review of the unaudited interim financial report for the six months ended 30 June 2006.

Remuneration Committee

The Remuneration Committee of the Company comprises three independent non-executive directors and one executive director. It has adopted its terms of reference in line with the code provisions set out in appendix 14 of the Listing Rules. The committee's responsibilities include reviewing remuneration packages of directors and senior management and making recommendations to the Board on the remuneration structure from time to time.

審核委員會

本公司之審核委員會由三名獨立非執行董事及一名非執行董事組成。委員會已按照上市規則附錄14所載之守則採納其職權範圍。審核委員會之主要職務為監察本公司之財務呈報程序，及監察本公司內部監控制度是否足夠及有效。

審核委員會經已與管理層檢討本集團採用之會計準則及慣例，並已討論內部監控及財務呈報事宜，包括審閱截至二零零六年六月三十日止六個月之未經審核中期財務報告。

薪酬委員會

本公司之薪酬委員會由三名獨立非執行董事及一名執行董事組成。委員會已按照上市規則附錄14所載之守則採納其職權範圍。委員會之責任包括檢討董事及高級管理層之薪酬組合及就薪酬架構不時向董事會作出建議。

Publication of the Interim Results Announcement and Interim Report

The interim results announcement is published on the Company's website at www.kse.com.hk and the Stock Exchange's website at www.hkex.com.hk, and the interim report will be available at the said websites and dispatched to shareholders of the Company in late September 2006.

By Order of the Board

Yang Jai Sung

Executive Director and Chief Executive Officer

Hong Kong, 15 September 2006

刊登中期業績公佈及中期報告

中期業績公佈於本公司之網站 www.kse.com.hk 及聯交所之網站 www.hkex.com.hk 刊登。中期報告將於二零零六年九月底在上述網站刊登，並寄發予本公司股東。

承董事會命

執行董事兼行政總裁

梁在星

香港，二零零六年九月十五日