



Kwang Sung



Interim Report 2008
二零零八年中期報告



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

Stock Code 股份代號: 2310



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CORPORATE INFORMATION AND FINANCIAL CALENDAR

CORPORATE INFORMATION

Board of Directors

Non-executive director

Mr. Yang Ho Sung (*Chairman*)

Executive directors

Mr. Yang Jai Sung

Mr. Kim Sun Cheol (*resigned on 1 April 2008*)

Mr. Woo Nam Jin

Mr. Lee Kyu Young

Independent non-executive directors

Dr. Kim Chung Kweon

Dr. Han Byung Joon

Mr. Kim Chan Su

Executive Committee

Mr. Yang Jai Sung

Mr. Kim Sun Cheol (*resigned on 1 April 2008*)

Mr. Woo Nam Jin

Mr. Lee Kyu Young

Audit Committee

Mr. Kim Chan Su

Dr. Kim Chung Kweon

Dr. Han Byung Joon

Mr. Yang Ho Sung

Remuneration Committee

Dr. Han Byung Joon

Dr. Kim Chung Kweon

Mr. Kim Chan Su

Mr. Yang Jai Sung

Company Secretary

Ms. Sin Lai Lan

公司資料及財務行事曆

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

金善哲先生 (*於二零零八年四月一日辭任*)

禹南珍先生

李圭英先生

獨立非執行董事

金正權博士

韓丙濬博士

金瓊洙先生

執行委員會

梁在星先生

金善哲先生 (*於二零零八年四月一日辭任*)

禹南珍先生

李圭英先生

審核委員會

金瓊洙先生

金正權博士

韓丙濬博士

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

公司秘書

單麗蘭女士

Qualified Accountant

Mr. Kwok Kim Hung, Eddie (*appointed on 6 May 2008*)
Mr. Chow Kam Keung, Albert (*resigned on 6 May 2008*)

Authorised Representatives

Mr. Yang Jai Sung
Ms. Sin Lai Lan

Registered Office and Principal Place of Business

Units 208-209, 2/F., Bio-Informatics Centre
No. 2 Science Park West Avenue
Hong Kong Science Park
Shatin, N.T.
Hong Kong

AUDITORS

KPMG
Certified Public Accountants

Share Registrar and Transfer Office

Tricor Standard Limited
Level 25, Three Pacific Place
1 Queen's Road East
Hong Kong

Investor Relations Contact

Strategic Financial Relations Limited
Unit A, 29/F., Admiralty Centre 1
18 Harcourt Road
Hong Kong
Tel: (852) 2864-4831/2864-4812
Fax: (852) 2804-2789

Stock Code

Stock Exchange of Hong Kong: 2310

合資格會計師

郭劍雄先生 (於二零零八年五月六日獲委任)
周錦強先生 (於二零零八年五月六日辭任)

授權代表

梁在星先生
單麗蘭女士

註冊辦事處及主要營業地點

香港
新界沙田
香港科學園
科技大道西2號
生物資訊中心2樓208-209室

核數師

畢馬威會計師事務所
執業會計師

股份過戶登記處

卓佳標準有限公司
香港
皇后大道東1號
太古廣場3座25樓

投資者關係通訊

縱橫財經公關顧問有限公司
香港
夏愨道18號
海富中心一期29樓A室
電話：(852) 2864-4831/2864-4812
傳真：(852) 2804-2789

股份代號

香港聯合交易所：2310

Company Website

www.kse.com.hk

FINANCIAL CALENDAR

Announcement of 2008 Interim Results
12 September 2008

Ex-dividend Date for Interim Dividend
3 October 2008

Closure of Register of Members
8 to 10 October 2008

Record Date for Interim Dividend
10 October 2008

Despatch of Dividend Cheques
on or about 17 October 2008

公司網址

www.kse.com.hk

財務行事曆

公佈二零零八年中期業績
二零零八年九月十二日

中期股息除息日期
二零零八年十月三日

暫停辦理股份過戶登記
二零零八年十月八至十日

中期股息記錄日期
二零零八年十月十日

寄發股息支票
約於二零零八年十月十七日

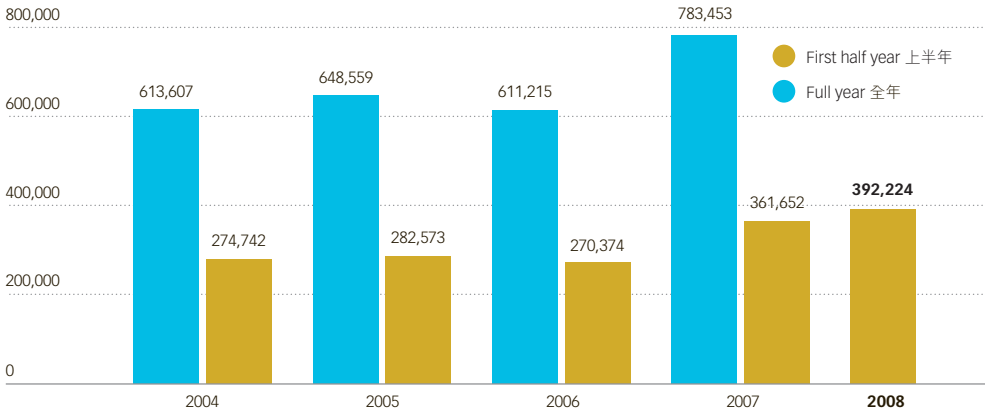


FINANCIAL HIGHLIGHTS 財務摘要

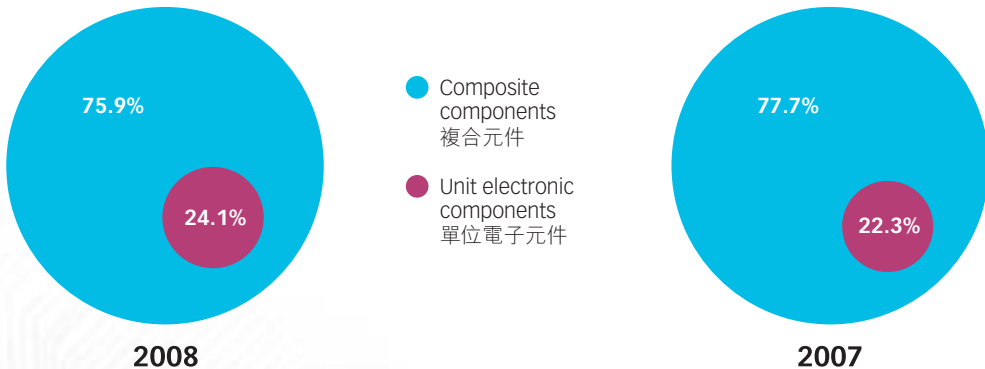
Six months ended 30 June 截至六月三十日止六個月

Turnover 營業額

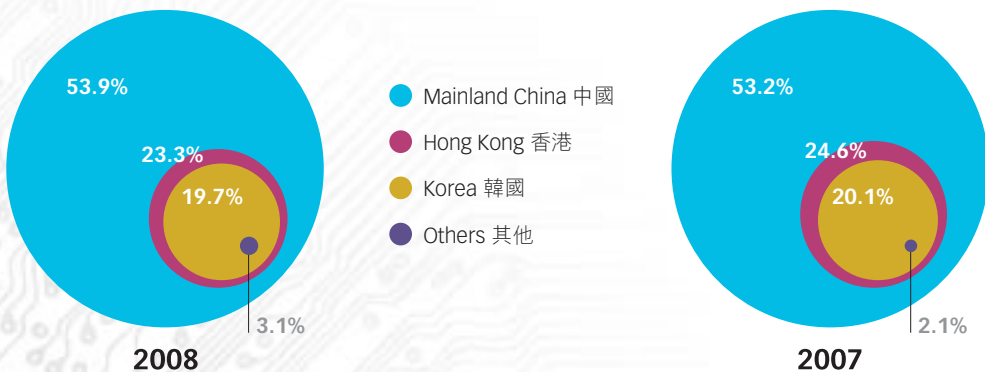
(HK\$'000 千港元)



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

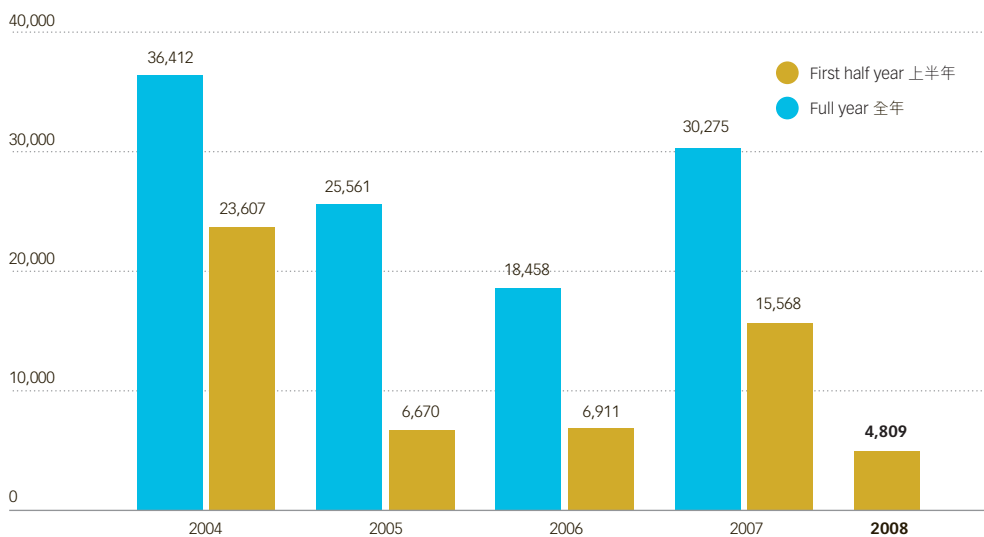


FINANCIAL HIGHLIGHTS 財務摘要

Six months ended 30 June 截至六月三十日止六個月

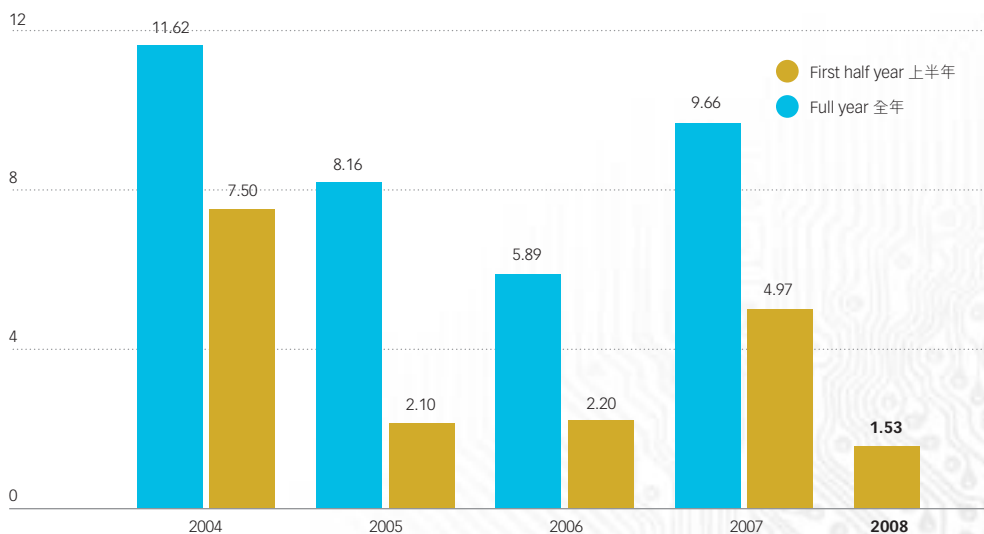
Net Profit 純利

(HK\$'000 千港元)



Basic Earnings per Share 每股基本盈利

(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		
		2008 二零零八年	2007 二零零七年	% Changes 變動
Results (HK\$'000)	業績 (千港元)			
Turnover	營業額	392,224	361,652	+8.5%
Gross profit	毛利	53,130	57,098	-6.9%
Profit from operations	經營溢利	5,843	17,425	-66.5%
Profit after taxation attributable to equity shareholders	除稅後 股本持有人 應佔溢利	4,809	15,568	-69.1%
Interim dividend	中期股息	1,577	4,701	-66.5%
Per Share Data (HK cents)	每股數據 (港仙)			
Basic earnings	基本盈利	1.53	4.97	-69.2%
Diluted earnings	攤薄盈利	1.49	4.90	-69.6%
Interim dividend	中期股息	0.50	1.50	-66.7%
Financial Ratio (%)	財務比率 (%)			
Gross profit margin	毛利率	13.55	15.79	-14.2%
Net profit margin	純利率	1.23	4.30	-71.4%
Dividend payout	派息比率	32.79	30.20	+8.6%

		At 30 June 2008 於二零零八年 六月三十日			At 31 December 2007 於二零零七年 十二月三十一日		% Changes 變動
		Note 附註					
Assets and Liabilities (HK\$'000)	資產與負債 (千港元)						
Total assets	總資產		512,477	479,445		+6.9%	
Total liabilities	總負債		125,642	84,609		+48.5%	
Shareholders' equity	股東權益		386,835	394,836		-2.0%	
Per Share Data (HK dollars)	每股數據 (港元)						
Net asset value per share	每股資產淨值		1.23	1.26		-2.4%	
Financial Ratio	財務比率						
Current ratio	流動比率	1	3.46	4.61		-24.9%	
Quick ratio	速動比率	2	2.67	3.75		-28.8%	
Gearing ratio	負債比率	3	0.25	0.18		+38.9%	

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。

INTERIM DIVIDEND

The Board of Directors (the "Board") has declared an interim dividend of HK0.5 cents per share for the six months ended 30 June 2008 (six months ended 30 June 2007: HK1.5 cents). Dividend cheques will be despatched by mail on or about 17 October 2008 to shareholders whose names are registered in the register of members of Kwang Sung Electronics H.K. Co. Limited (the "Company") on 10 October 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 October 2008 to 10 October 2008, both dates inclusive, during which period, no transfer of shares will be registered. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at Level 25, Three Pacific Place, 1 Queen's Road East, Hong Kong not later than 4:00 p.m. on 6 October 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2008, turnover of the Company and its subsidiaries (the "Group") grew by 8.5% from HK\$361,652,000 to HK\$392,224,000 over the corresponding period last year. Profit for the period amounted to HK\$4,809,000, representing a decrease of 69.1% as compared to HK\$15,568,000 over the corresponding period last year. Basic earnings per share were HK1.53 cents, 69.2% decrease from HK4.97 cents over the corresponding period last year.

The increase in turnover was primarily a result of the net sales growth of wireless solutions, offsetting the slow down in the growth of the Group's major products including tuner modules for home audios and car audios.

During the period under review, gross profit was down by 6.9% to HK\$53,130,000 as compared to that over the corresponding period last year despite the increase in turnover. The decrease was due to the combined effect

中期股息

董事會(「董事會」)已宣派截至二零零八年六月三十日止六個月中期股息每股0.5港仙(截至二零零七年六月三十日止六個月: 1.5港仙)。股息支票將約於二零零八年十月十七日郵寄予於二零零八年十月十日名列光星電子香港有限公司(「本公司」)股東名冊之股東。

暫停辦理股份過戶登記

本公司將於二零零八年十月八日至二零零八年十月十日(包括首尾兩天)暫停辦理股份過戶登記手續。為確保獲派中期股息,所有辦妥之過戶文件連同有關股票,最遲須於二零零八年十月六日下午四時正前送達位於香港皇后大道東1號太古廣場3座25樓之本公司股份過戶登記處,卓佳標準有限公司,辦理過戶手續。

管理層討論及分析

財務回顧

於截至二零零八年六月三十日止六個月,本公司及其附屬公司(「本集團」)之營業額由去年同期之361,652,000港元增加至392,224,000港元,增長8.5%。本期間溢利達4,809,000港元,與去年同期之15,568,000港元相比減少69.1%。每股基本盈利為1.53港仙,與去年同期之4.97港仙相比減少69.2%。

營業額增加,主要是由於無線解決方案淨銷售額增長,抵消本集團諸如汽車音響和家用音響調諧器模組等主要產品之增長放緩。

於回顧期內,儘管營業額增加,但與去年同期相比,毛利降低6.9%至53,130,000港元。此減少乃由於一系列因素所致,包括人民幣升值、新頒布中國勞動合同法、原材料價格

of Renminbi (“RMB”) appreciation, enactment of the new China Labor Contract Law, rising raw material costs, and the claim from a number of employees based in the People’s Republic of China (the “PRC”) against the Group in respect of overtime compensation over the past two years. For the period under review, the Group’s gross profit margin was 13.5%, as compared to 15.8% over the corresponding period last year.

Other revenue decreased by 27.4% to HK\$2,268,000, primarily as a result of decrease in bank interest income during the period.

Operating expenses increased by HK\$6,760,000 or 15.8% to HK\$49,555,000 as compared to HK\$42,795,000 over the corresponding period last year. The increase was mainly attributable to the additional increase in impairment losses on doubtful debts of HK\$3,161,000 and the foreign exchange loss of HK\$1,515,000.

Income tax decreased by 44.3% from HK\$1,857,000 over the corresponding period last year to HK\$1,034,000. This amount mainly reflected provision for Hong Kong Profits Tax and PRC income tax of HK\$1,298,000 for profits generated during the period, additional provision for PRC income tax of HK\$3,037,000 in respect of voluntary transfer pricing adjustment and a tax refund of HK\$3,268,000 on reinvestment of profit derived from its subsidiary, as paid-up capital of the subsidiary.

Based on the foregoing, the Group recorded profit after taxation attributable to equity shareholders of HK\$4,809,000 for the six months ended 30 June 2008, representing a decrease of 69.1%, as compared to HK\$15,568,000 over the corresponding period last year.

Financial Condition, Liquidity and Financial Resources

The Group’s operations are generally financed by internally generated cash flow. As at 30 June 2008, the Group had cash and bank balances of HK\$153,718,000 and net current assets of HK\$302,022,000. Total shareholders’ funds amounted to HK\$386,835,000 as at 30 June 2008.

上漲，以及一些駐在中華人民共和國（「中國」）之僱員就過往兩年之超時補償向本集團申索。於回顧期內，本集團毛利率為13.5%，去年同期則為15.8%。

其他收益減少27.4%至2,268,000港元，主要是由於本期間內銀行利息收入減少所致。

經營開支增加6,760,000港元或15.8%至49,555,000港元，而去年同期則為42,795,000港元。此增加主要是由於呆賬減值虧損額外增加3,161,000港元及匯兌虧損1,515,000港元所致。

所得稅從去年同期之1,857,000港元下降44.3%至1,034,000港元，主要反映就本期間產生之溢利所作之香港利得稅及中國所得稅撥備1,298,000港元，就自願調整轉讓定價所作之中國所得稅額外撥備3,037,000港元，以及來自其附屬公司之溢利再投資（作為該附屬公司之實繳股本）之退稅額3,268,000港元。

基於上述，本集團於截至二零零八年六月三十日止六個月錄得股本持有人應佔除稅後溢利4,809,000港元，與去年同期之15,568,000港元相比，減少69.1%。

財務狀況、流動資金及財務資源

本集團一般以其內部產生的現金流為其業務提供資金。於二零零八年六月三十日，本集團的現金及銀行結餘為153,718,000港元，而流動資產淨值則為302,022,000港元。於二零零八年六月三十日的股東資金為386,835,000港元。

As at 30 June 2008, the Group had no outstanding borrowings. Its current ratio, defined as current assets divided by current liabilities, was 3.46, whilst the gearing ratio, defined as total liabilities divided by total assets, was 0.25.

Foreign Exchange Exposure, Hedging and Off Balance Sheet Financial Instruments

The Group is exposed to foreign currency risks, primarily in making sales and purchases denominated in United States Dollars ("USD") and Japanese Yen ("JPY"). Our operation in Korea pays its operating expenses in Korean Won ("KRW").

As Hong Kong Dollars ("HKD") is pegged to USD and RMB is managed float with reference to a basket of currencies yet within the limited per day fluctuation, the Group does not expect any significant fluctuation in the HKD/USD and further significant appreciation of RMB due to stronger USD position. The Group has taken steps to ensure that its net exposure to other currencies such as JPY and KRW, is kept at an acceptable level by buying and selling foreign currencies at spot rates when necessary to address short-term imbalances.

Investment Activities

The Group did not make any material acquisition or disposal of any of its subsidiaries and associated company during the six months ended 30 June 2008.

Charges on Assets

As at 30 June 2008, the Group had banking facilities of HK\$155,040,000 but no assets were pledged to banks to secure them.

Contingent Liabilities

Other than the details of contingent liabilities stated in note 17 of the unaudited interim financial report on page 48, the Group did not have any significant contingent liabilities as at 30 June 2008 and 31 December 2007.

於二零零八年六月三十日，本集團並無未償還的借貸。本集團之流動比率（流動資產與流動負債之比率）為3.46，而負債比率（總負債與總資產之比率）則為0.25。

外匯風險、對沖及賬外金融工具

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。

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不會出現任何重大波動，而美元走勢漸強，亦不會令人民幣出現重大升值。本集團已採取措施，在必要的情況下按即期匯率買賣外幣，以針對短期之不平衡，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。

投資活動

截至二零零八年六月三十日止六個月，本集團並無任何收購或出售其附屬公司及聯營公司的重大事項。

資產抵押

於二零零八年六月三十日，本集團有155,040,000港元之銀行備用信貸額，但並無抵押任何資產予銀行以獲取該等信貸。

或然負債

除載於未經審核中期財務報告第48頁附註17之或然負債詳情外，本集團於二零零八年六月三十日及二零零七年十二月三十一日並無任何重大或然負債。

Employees and Remuneration Policy

As at 30 June 2008, the Group had about 1,992 employees, of whom 26 are based in Hong Kong, 1,869 in the PRC, and 97 in Korea.

For the six months ended 30 June 2008, staff costs slightly decreased by 1.3% from HK\$47,077,000 to HK\$46,478,000 over the corresponding period last year.

Employees are remunerated according to their individual performance, work experiences and with reference to market conditions. In addition to basic salaries and retirement schemes, staff benefits include medical care, discretionary share options and performance bonuses.

BUSINESS REVIEW

Composite Components Business

During the period under review, composite components business remained the Group's major source of revenue, accounting for 75.9% of the Group's total turnover. Turnover from the segment amounted to HK\$297,518,000, an increase of 5.9% as compared to HK\$281,009,000 over the corresponding period last year.

Sales of tuner modules for both home audios and car audios slowed down during the review period. This was mainly due to major customers' cautious outlook on consumer demand which resulted in the slowing down of orders to the Group. The two products brought turnover of HK\$119,872,000 and HK\$64,889,000 respectively, representing 2.8% and 10.5% decrease as compared to those over the corresponding period in 2007.

Sales of wireless solutions, including wireless speaker systems and microphones to leading electronics companies achieved a triple-digit growth of 157.2%, driving turnover from HK\$25,916,000 over the corresponding period last year to HK\$66,655,000. Such remarkable segmental growth was mainly attributable to the Group's persistent efforts in developing and marketing products with enhanced features to target customers.

僱員及酬金政策

於二零零八年六月三十日，本集團約有1,992名僱員，其中26名駐守香港，1,869名駐守中國，而97名則駐守韓國。

員工成本由去年同期47,077,000港元微降1.3%至截至二零零八年六月三十日止六個月之46,478,000港元。

僱員之酬金是根據個人表現、工作經驗及相關市況釐定。除基本薪金及退休計劃外，員工福利亦包括醫療計劃、酌情購股權及表現花紅。

業務回顧

複合元件業務

於回顧期內，複合元件業務仍為本集團收益的主要來源，佔本集團總營業額約75.9%。本分部之營業額為297,518,000港元，較去年同期281,009,000港元上升5.9%。

於回顧期內，家用音響及汽車音響調諧器模組之銷售放緩，主要因為主要客戶對消費者需求之展望變得審慎使下單進展緩慢所致。兩款產品的營業額分別錄得119,872,000港元及64,889,000港元，分別比二零零七年同期減少2.8%及10.5%。

售予頂尖電子公司無線方案(包括無線揚聲器系統及擴音器)銷售額，由去年同期25,916,000港元上升157.2%至66,655,000港元。該分部出現明顯增長，主要因為本集團不遺餘力地發展及向目標客戶推廣具先進性能之產品。

Launched in 2006, the digital product category mainly supplies tuner modules for digital multimedia broadcasting (“DMB”) in navigation systems and personal multimedia players (“PMP”) in Korea. Sales of tuner modules for DMB and digital audio broadcasting (“DAB”) for the period amounted to HK\$22,190,000, representing a 17.9% decrease as compared to that over the corresponding period last year. The decrease was primarily attributable to the falling market demand driven by economic downturn.

In recent years, the Group has allocated more resources to research and development and launched new products including global positioning system (“GPS”) engines, MP3 decoders for car audios, and tuner modules for hybrid digital radio (“HD Radio”). During the period under review, sales of these products progressed steadily, translating into revenues for the Group, despite that they are still relatively insignificant.

Unit Electronic Components Business

For the six months ended 30 June 2008, turnover from unit electronic components business amounted to HK\$94,706,000, representing an increase of 17.4% as compared to HK\$80,643,000 over the corresponding period last year. The increase in sales of unit electronic components was mainly due to the increase in sales of transformers during the period.

Prospects

Looking forward, the Group expects to face challenges from the sluggish consumer market, rising labor cost and other expenses in the PRC arising from the new Labor Contract Law and the appreciation of RMB in addition to the continuous cost pressure from raw material price amidst global economic downturn. However, the Group will endeavor to neutralise the negative impacts riding on its enhanced market position, financial and operational strengths as well as the growth potential of new business segments.

Despite the negative growth of tuner modules for car audios during the review period, the Group expects orders from newly secured customers to help achieving rebound of the segment in the second half of the year which is the traditional peak season of the industry. Thus,

本集團的數碼產品類別於二零零六年在韓國推出用於導航系統的數碼多媒體廣播（「DMB」）及個人多媒體播放器（「PMP」）的數碼調諧器模組。本集團的DMB及數碼音響廣播（「DAB」）數碼調諧器模組於期內的銷售額達22,190,000港元，比去年同期減少17.9%。減少主要因為經濟衰退使市場需求減少所致。

本集團於近年來一直有投放資源研究及開發及推出新產品，包括全球定位系統（「GPS」）引擎、汽車音響MP3解碼器，以及混合式數碼收音機（「HD收音機」）的調諧器模組。於回顧期內，縱使該等產品之銷售額相對不大，但增長穩定，仍為本集團帶來收益。

單位電子元件業務

截至二零零八年六月三十日止六個月，年內來自單位電子元件業務的營業額為94,706,000港元，較去年同期的80,643,000港元增加17.4%。單位電子元件銷售額之增長，主要因為變壓器於期內之銷售額上升所致。

前景

展望未來，本集團預期會面臨全球經濟下滑的同時，亦將面對消費市場不景，因頒布新勞動合同法及人民幣升值導致中國勞工成本及其他開支上升，以及持續來自原材料價格之成本壓力等重重挑戰。然而，本集團將善用其已提升的市場地位、財務及營運能力及新業務分部之增長潛力，盡力將負面影響舒緩。

儘管汽車音響調諧器模組於回顧期內出現負增長，惟本集團預期，將於下半年（即業界傳統旺季）收到新客戶之訂單，協助該分部業績反彈。因此，本集團將竭盡全力於年底將此分部推回增長的軌道。不過，考慮到本

the Group will put its best foot forward in moving this segment back on to the growth track by the end of the year. However, taking into account the Group's dominant market position and saturation of demand for tuner modules for home audios, the Group does not expect growth this year.

The Group believes that the application of its wireless solutions on different consumer products and brands will continue to expand in the years ahead. The Group will explore more new customers and expects to generate sustainable and significant growth in sales for the second half of the 2008 financial year.

Despite the solid market position of digital tuner modules for DMB in Korea, taking into account the market size and other economic factors which limit their growth potential, the Group plans to allocate more resources to GPS engines to create another value-added solution targeting at the camera detector board ("CDB") in addition to personal navigation devices ("PND") and PMP. The Group expects to achieve noteworthy growth in GPS engines by the end of the year.

The Group will maintain its research and development focus to deliver our long-term commitment to enhance the quality and expand the range of products for our customers. Apart from its research and development efforts, the Group will continue to invest in new technologies and accelerate the automation of production lines, so as to boost its production capacity and efficiency. The Group targets to position itself to meet the increasingly demanding customers amid fierce competition.

Exercising prudence, the Group will primarily focus on cementing its business foundation and achieving growth through expanding its product portfolio for the second half of the year. Financially, it expects to achieve improvement in performance in the second half year, barring unforeseen circumstances such as the overtime compensation disputes.

Investor Relations

The Group values its relationship with investors and is committed to maintaining transparency of its management philosophy, operational performance and

集團之市場主導地位，加上家用音響調諧器模組之需求已見飽和，本集團預期本年度將不會有增長。

本集團相信，無線方案在不同消費產品及品牌之應用將於來年持續增長。本集團將物色更多新客戶，可望在二零零八年財政年度下半年錄得持續而明顯之增長。

雖然DMB數碼調諧器模組在韓國之市場地位穩固，惟考慮到因市場規模及其他經濟因素而使其增長潛力受限，本集團計劃調撥較多資源於GPS引擎，並以攝影機偵察器（「CDB」）為目標，以便在個人導航裝置（「PND」）及PMP以外，再創造另一套以增值方案。本集團預期，GPS引擎可望在年底前錄得可觀增長。

本集團會維持其研究及開發重點，為客戶提升產品質素及擴展產品種類的長遠決心。除努力研究及開發外，本集團亦會繼續投資於新技術，並加快自動化生產線，以提升產能及效率。本集團亦已準備就緒，在激烈競爭下滿足客戶不斷提高之要求。

於下半年，本集團將精明行事，主要集中鞏固業務基礎，並通過擴大產品組合實現增長。最後，如無不可預知之情況（如超時補償方面之爭議），本集團預期下半年之財務狀況將有所改善。

投資者關係

本集團非常重視與投資者的關係，並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。回顧期內，本集團安排與基金

strategic development plans. During the review period, the Group arranged meetings with fund managers and analysts to share and exchange opinions. The Company also practises timely dissemination of information including interim reports, annual reports, announcements, press releases and other corporate updates via its website at www.kse.com.hk.

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this interim report, the Company has not maintained the prescribed public float as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company and its controlling shareholder are committed to finding possible ways to resolve the issue of insufficient public float of the Company as soon as possible.

Corporate Social Responsibility

As a caring company, the Group has been active in fulfilling its corporate social responsibility by acting in the interest of all stakeholders of the Company, the Company itself, and the society and environment. During the review period, the Company donated a total of HK\$960,000 (six months ended 30 June 2007: HK\$840,000) to charities to promote the well-being of the needy. The Company complied with the requirement of ISO 14001: 2004 on environmental management system. It also continued to make sure its products conform to the European Union's environmental protection guidelines including the Directive on the Restriction of the use of certain Hazardous Substances in Electrical and Electronic Equipment on manufacturing activities.

Caring about the health and work safety of its staff, in addition to providing adequate training to all its managers and employees, the Group maintains appropriate safety systems and effective control to minimise staff exposure to potentially hazardous materials or adverse work conditions. The Group also ensures employees enjoy equal opportunities. It does not tolerate any form of harassment or discrimination in respect of employment and occupation thereby providing a fair work environment to its employees.

經理和分析員多次會面，分享和交流意見。本公司亦準時發佈消息，確保公司網站 www.kse.com.hk 載有最新資料，包括中期報告、年報、公告、新聞稿和公司的其他最新資訊。

根據本公司可公開查閱之資料及就本公司董事所知，於本中期報告日期，本公司未能達到香港聯合交易所有限公司證券上市規則（「上市規則」）要求的公眾持股量水平。本公司及其控股股東承諾積極尋找可行方法以便盡快解決本公司公眾持股量不足的問題。

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，維護本公司所有利益相關者、企業本身、社會和環境之利益。於回顧期內，本公司共捐款960,000港元（截至二零零七年六月三十日止六個月：840,000港元）作慈善用途，以改善有需要人士的福利。本公司符合環境管理體系ISO 14001: 2004標準。企業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電子設備中限制使用某些有害物質指令的規條。

本集團一向關注僱員的健康及工作安全，除向所有經理及僱員提供足夠培訓外，本集團更設置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環境工作。本集團亦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，從而為僱員提供公平的工作環境。

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions

As at 30 June 2008, 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 recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") (collectively "discloseable interests") were as follows:

(a) Interests in Issued Shares of the Company

Name of directors 董事姓名	Beneficial owner 實益 擁有人	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	% of
				number of shares held 持有之 股份總數	total issued shares 佔已發行股份 總百分比
Mr. Yang Jai Sung 梁在星先生	147,700,000	59,500,000 (note 1) (附註 1)	-	207,200,000	65.70%
Mr. Kim Sun Cheol 金善哲先生	-	-	1,000,000 (note 3) (附註 3)	1,000,000	0.32%
Mr. Woo Nam Jin 禹南珍先生	-	-	1,000,000	1,000,000	0.32%

權益披露及其他資料

權益披露

董事及行政總裁之權益及淡倉

於二零零八年六月三十日，根據證券及期貨條例第352條須予備存的登記冊所載，或根據上市公司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或淡倉（統稱「須予披露權益」）如下：

(a) 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

Notes:

- (1) 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 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.
- (2) 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.
- (3) These interests of options expired at day end of 30 June 2008 and automatically lapsed on 1 July 2008.

(b) Interests in Underlying Shares of the Company

The directors and/or the chief executive 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 2008, none of the directors and/or the chief executive of the Company, or their respective associates had any other discloseable interests as required.

附註：

- (1) 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」）已發行之股本之約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。
- (2) 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。
- (3) 該等購股權權益於二零零八年六月三十日結束時期滿，並於二零零八年七月一日自動失效。

(b) 本公司相關股份權益

根據本公司之購股權計劃，本公司之董事及／或行政總裁已獲授予購股權，有關詳情載於下文「購股權計劃」一節。

除上文披露者外，於二零零八年六月三十日，概無本公司之董事及／或行政總裁或彼等之各自關連人士擁有任何其他須予披露之權益。

SHARE OPTION SCHEME

The Company adopted a share option 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 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 granted. The exercise price of each share option is the highest of (i) the nominal value of the shares; (ii) the closing price of the shares on the Stock Exchange on the date of grant; and (iii) the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of grant. 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 18 May 2005, being the date passing the resolution regarding the refreshment of general limit of options. 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 2008 was 31,330,000 shares which represented 9.93% of the issued share capital of the Company at 30 June 2008. In respect of the maximum entitlement of each participant under the scheme, the total number of ordinary shares

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。每份購股權之行使價為下列三項之較高者：(i) 股份之面值；(ii) 於授出日期股份於聯交所之收市價；及(iii) 於緊接授出日期前五個營業日股份於聯交所之平均收市價。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所通知各購股權持有人之購股權行使期間終結時屆滿，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，董事會可在一般性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，其不超過本公司於二零零五年五月十八日（即更新購股權一般限額之決議案通過之日期）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。

於二零零八年六月三十日，購股權計劃下可供發行之普通股總數為31,330,000股股份，相當於二零零八年六月三十日本公司已發行股本之9.93%。就每名參與者於計劃下之配額上限而言，其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

issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Company's ordinary shares in issue, unless approved by the shareholders in general meeting.

As at 30 June 2008, the directors and employees of the Group and certain eligible persons had the following interests in options to subscribe for shares of the Company granted at nominal consideration under the share option scheme of the Company (market value per share at 30 June 2008: HK\$2.686). The options are unlisted. Each share option gives the option holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company.

未行使之購股權) 獲行使而發行及將發行之普通股總數，不得超過本公司已發行普通股之1%，惟獲股東於股東大會上批准者則作別論。

本集團董事與僱員及部份合資格人士根據本公司購股權計劃以象徵式代價獲授出可認購本公司股份之購股權，於二零零八年六月三十日，彼等持有以下權益(於二零零八年六月三十日每股市值：2.686港元)。購股權並無上市。每份購股權賦予購股權持有人權利認購本公司每股面值0.1港元之普通股一股。

Category or name of participant 參與者類別或姓名	No. of share options 購股權數目 (note 3) (附註 3)			Outstanding as of 30 June 2008 於二零零八年六月三十日 尚未行使	Expired at day end of 30 June 2008 於二零零八年六月三十日 結束時期滿	Balance as of day end of 30 June 2008 於二零零八年六月三十日 結束時餘額	Date of grant 授出日期	Option exercise period 購股權行使期	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值 HK\$ 港元
	Outstanding on 1 January 2008 於二零零八年一月一日 尚未行使	Exercised during the period 期內行使	Lapsed during the period 期內已失效							
Executive directors 執行董事										
Mr. Kim Sun Cheol 金善哲先生	1,000,000	-	-	1,000,000	1,000,000 (note 5) (附註 5)	-	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 馮南珍先生	1,000,000	-	-	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										
	12,520,000	1,782,000	600,000 (note 4) (附註 4)	10,138,000	10,138,000 (note 5) (附註 5)	-	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										
	2,700,000	-	-	2,700,000	2,700,000 (note 5) (附註 5)	-	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% |
- (3) Number of share options refers to the number of underlying shares in the Company covered by the options under the share option scheme.
- (4) The 600,000 share options held by a resigned employee lapsed on 31 May 2008.
- (5) These interests of options expired at day end of 30 June 2008 and automatically lapsed on 1 July 2008.

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% |
- (3) 購股權數目指購股權計劃下購股權涉及之本公司相關股份。
- (4) 一名離職僱員，其擁有600,000份購股權已於二零零八年五月三十一日失效。
- (5) 該等購股權權益於二零零八年六月三十日結束時期滿，並於二零零八年七月一日自動失效。

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2008, 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:

主要股東及其他人士於股份、相關股份之權益及淡倉

截至於二零零八年六月三十日，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		
	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
Substantial shareholders			
主要股東			
Madam Kang Mi Young (note 1) 姜美英女士(附註 1)	207,200,000	Interest of spouse 配偶之權益	65.70%
Kwang Sung Electronics Co., Ltd. 株式會社光星電子	59,500,000	Beneficial owner 實益擁有人	18.87%
Jayhawk China Fund (Cayman), Ltd. ("Jayhawk")	33,906,000	Beneficial owner/ Investment manager 實益擁有人／ 投資經理	10.75%
Mr. Kent C. McCarthy ("Mr. McCarthy") (note 2) ("Mr. McCarthy先生")(附註 2)	63,738,000	Interest of controlled corporations 受控制法團之權益	20.21%
Other persons			
其他人士			
Pacific Sun Investment Management (HK) Ltd. ("Pacific Sun") Sub a/c The China Mantou Master Fund 從屬戶口 The China Mantou Master Fund	31,639,500 (note 3) (附註 3)	Beneficial owner/ Investment manager 實益擁有人／ 投資經理	10.03%
UBS AG	31,639,500 (note 4) (附註 4)	Prime broker 主要經紀	10.03%

Notes:

- (1) Madam Kang Mi Young is the wife of Mr. Yang Jai Sung and is deemed to be interested in these ordinary shares in which Mr. Yang Jai Sung is deemed or taken to be interested for the purpose of the SFO.
- (2) Mr. McCarthy is deemed or taken to be interested in these ordinary shares through his indirect 100% control in Jayhawk and other five funds. These interests were partly duplicated by those beneficially owned by Jayhawk.
- (3) These shares were held by The China Mantou Master Fund (the "Fund"). Pacific Sun is the investment manager of the Fund.
- (4) UBS AG is the prime broker of the Fund. These shares were duplicated by those beneficially owned by the Fund.

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

OTHER INFORMATION

Code on Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Corporate Governance Code") in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2008.

Model Code for Securities Transactions by Directors

The Company, having made specific enquiries, 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 2008.

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及其他五個基金持有之100%間接控制權而被視為或被認為擁有該等普通股之權益。該等部份權益與Jayhawk實益擁有者屬同一批。
- (3) 該等股份由The China Mantou Master Fund(「基金」)持有；而Pacific Sun為基金之投資經理。
- (4) UBS AG為基金之主要經紀。該等股份與基金實益擁有者屬同一批。

除上文所披露者外，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

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。截至二零零八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14所載企業管治常規守則(「企業管治守則」)的守則條文。

董事進行證券交易標準守則

截止二零零八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。

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2008.

Review of Accounts

The Audit committee has reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and discussed auditing, financial reporting process and internal control matters including a review of the unaudited interim financial report for the six months ended 30 June 2008.

Publication of the Interim Results Announcement and Interim Report

The interim results announcement has been published on the websites of the Company (www.kse.com.hk) and the Stock Exchange (www.hkex.com.hk), and the interim report is available at the said websites and despatched to shareholders of the Company in this late September.

By Order of the Board

Yang Jai Sung

Executive Director and Chief Executive Officer

Hong Kong, 12 September 2008

購買、出售或贖回本公司上市證券

截至二零零八年六月三十日止六個月，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

賬目審閱

審核委員會已與管理層及本公司核數師審閱本集團採納之會計原則及慣例，並討論核數、財務申報程序及內部監控事宜，包括審閱截至二零零八年六月三十日止六個月之未經審核中期財務報告。

刊登中期業績公告及中期報告

中期業績公告已於本公司之網站 (www.kse.com.hk) 及聯交所之網站 (www.hkex.com.hk) 刊登。中期報告亦於本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，二零零八年九月十二日

INDEPENDENT REVIEW REPORT

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 report set out on pages 25 to 48 which comprises the consolidated balance sheet of Kwang Sung Electronics H.K. Co. Limited as of 30 June 2008, and the related consolidated statements of income, and changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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.

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

獨立審閱報告

致：光星電子香港有限公司
董事會
(於香港註冊成立之有限公司)

引言

本所已審閱第25至48頁所載光星電子香港有限公司之中期財務報告，其中包括於二零零八年六月三十日之綜合資產負債表，以及截至該日止六個月之相關綜合損益表、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」之規定編製中期報告。根據香港會計準則第34號，董事須對此中期財務報告之編製與呈列負責。

本所之責任是根據審閱之結果，對中期財務報告作出結論，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。本所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。

審閱範圍

本所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。審閱中期財務報告主要包括向負責財務及會計事宜之人員作出查詢，及進行

of the interim financial report 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 report as at 30 June 2008 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim financial reporting".

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

12 September 2008

分析及其他審閱工作程序。審閱之範圍遠較按照香港審計準則進行之審計範圍為小，故審閱工作所能提供之保證程度不及審計。因此，本所不會發表審計意見。

結論

按照本所之審閱結果，本所並無發現任何事項，令本所相信截至二零零八年六月三十日止六個月之中期財務報告在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

畢馬威會計師事務所

執業會計師

香港中環
遮打道10號
太子大廈8樓

二零零八年九月十二日

FINANCIAL STATEMENTS

財務報告

Consolidated statement of income for the six months ended 30 June 2008 – unaudited

(Expressed in Hong Kong dollars)

綜合損益表 截至二零零八年六月三十日止六個月 – 未經審核

(以港元為單位)

		Six months ended 30 June 截至六月三十日止六個月		
		2008 二零零八年	2007 二零零七年	
		\$'000 千元	\$'000 千元	
	Note 附註			
Turnover	營業額	2	392,224	361,652
Cost of sales	銷售成本		(339,094)	(304,554)
Gross profit	毛利		53,130	57,098
Other revenue	其他收益		2,268	3,122
Selling and distribution expenses	銷售及分銷開支		(12,133)	(11,855)
Administrative expenses	行政開支		(8,297)	(5,340)
Research and development expenses	研發開支		(21,375)	(23,869)
Other operating expenses	其他經營開支		(7,750)	(1,731)
Profit from operations and before taxation	經營及除稅前溢利	4	5,843	17,425
Income tax	所得稅	5	(1,034)	(1,857)
Profit after taxation attributable to equity shareholders of the Company	本公司股本持有人應佔除稅後溢利		4,809	15,568
Interim dividend declared after the interim period	中期後宣派之中期股息	6(i)	1,577	4,701
			HK cents	HK cents
Earnings per share	每股盈利	7	1.53	4.97
– Basic	– 基本		1.53	4.97
– Diluted	– 攤薄		1.49	4.90

The notes on pages 29 to 48 form part of this interim financial report.

第29至48頁之附註為此中期財務報告之一部份。

**Consolidated balance sheet
at 30 June 2008
– unaudited**

(Expressed in Hong Kong dollars)

**綜合資產負債表
於二零零八年六月三十日
– 未經審核**

(以港元為單位)

		Note	At 30 June 2008 於 二零零八年 六月三十日 \$'000 千元	At 31 December 2007 於 二零零七年 十二月三十一日 \$'000 千元
		附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	8	87,151	96,850
Intangible assets	無形資產		695	718
Other equity securities	其他股本證券	9	–	–
			87,846	97,568
Current assets	流動資產			
Inventories	存貨	10	96,883	70,667
Trade and other receivables	應收貿易及其他賬款	11	170,712	125,795
Tax reserve certificate	儲稅券	5(i)	3,318	–
Cash and cash equivalents	現金及現金等價物	12	153,718	185,415
			424,631	381,877
Current liabilities	流動負債			
Trade and other payables	應付貿易及其他賬款	13	116,095	79,774
Current tax payable	本期應付稅項		6,514	3,137
			122,609	82,911
Net current assets	流動資產淨值		302,022	298,966
Total assets less current liabilities	資產總值減流動負債		389,868	396,534
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債		3,033	1,698
Net assets	資產淨值		386,835	394,836
Capital and reserves	資本及儲備	14		
Share capital	股本		31,536	31,358
Reserves	儲備		355,299	363,478
Total equity – attributable to equity shareholders of the Company	本公司股本持有人應佔總權益		386,835	394,836

The notes on pages 29 to 48 form part of this interim financial report.

第29至48頁之附註為此中期財務報告之一部份。

**Consolidated statement of changes in equity
for the six months ended 30 June 2008
– unaudited**

(Expressed in Hong Kong dollars)

綜合權益變動表

**截至二零零八年六月三十日止六個月
– 未經審核**

(以港元為單位)

	Note 附註	Six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Total equity at 1 January		394,836	361,662
Net loss recognised directly in equity:			
Exchange differences on translation of financial statements of overseas branch	14	(9,333)	–
Deferred tax debited to land and buildings revaluation reserve	14	(1,368)	–
		(10,701)	–
Net profit for the period		4,809	15,568
Total recognised income and expense for the year		(5,892)	15,568
Dividends approved and paid	6(ii)	(4,415)	(3,446)
Movements in equity arising from capital transactions:			
Share issued under share option scheme	14	2,306	–
Equity settled share-based transactions	14	–	27
		2,306	27
Total equity at 30 June		386,835	373,811

The notes on pages 29 to 48 form part of this interim financial report.

第29至48頁之附註為此中期財務報告之一部份。

**Condensed consolidated statement of cash flows
for the six months ended 30 June 2008
– unaudited**

(Expressed in Hong Kong dollars)

簡明綜合現金流量表**截至二零零八年六月三十日止六個月
– 未經審核**

(以港元為單位)

		Six months ended 30 June	
		截至六月三十日止六個月	
		2008	2007
		二零零八年	二零零七年
		\$'000	\$'000
		千元	千元
	Note 附註		
Cash used in operations	業務所用現金	(21,935)	(13,085)
Tax paid	已付稅項	(684)	(1,395)
Net cash used in operating activities	經營業務所用之現金淨額	(22,619)	(14,480)
Net cash used in investing activities	投資活動所用之現金淨額	(5,082)	(3,439)
Net cash used in financing activities	融資活動所用之現金淨額	(2,109)	(3,446)
Net decrease in cash and cash equivalents	現金及現金等價物之減少淨額	(29,810)	(21,365)
Effect of foreign exchange rate changes	匯率變動之影響	(4,976)	804
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	158,910	136,590
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等價物	124,124	116,029
	12		

The notes on pages 29 to 48 form part of this interim financial report.

第29至48頁之附註為此中期財務報告之一部份。

Notes on the unaudited interim financial report

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

The interim financial report is unaudited, but has been reviewed by the Company's Audit committee and by KPMG 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 ("HKICPA"). KPMG's independent review report to the Board of Directors is included on pages 23 to 24.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the HKICPA. It was authorised for issuance on 12 September 2008.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

The Hong Kong Financial Reporting Standards ("HKFRSs", which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance) that are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2008 may be affected by the issue of additional interpretation(s) or other changes announced by the HKICPA subsequent to the date of issuance of this interim financial report. Therefore the accounting policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

未經審核之中期財務報告附註

(以港元為單位)

1. 編製基準

本中期財務報告乃未經審核，但本公司之審核委員會及畢馬威會計師事務所已根據香港會計師公會（「會計師公會」）頒布之香港審閱工作準則第2410號「公司獨立核數師對中期財務資料之審閱」作出審閱。畢馬威會計師事務所致董事會之獨立審閱報告載於第23至24頁。

本中期財務報告已按照香港聯合交易所有限公司證券上市規則（「上市規則」）內適用之披露條文編製，並已遵守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。報告獲批准於二零零八年九月十二日刊發。

這些中期財務報告按照香港會計準則第34號之規定編製，有關規定要求管理層作出可影響政策應用，以及所呈報之資產與負債及收入與開支由年初至今之金額之判斷、估算及假設。實際業績可能與此等估算不同。

本中期財務報告乃按照與二零零七年全年財務報表所採納之相同會計政策編製。

若會計師公會於這些中期財務報告刊發日期之後頒布其他變更，或會影響到可供截至二零零八年十二月三十一日止之全年財務報表內自願提前採納之香港財務報告準則（此乃包含會計師公會所頒布之全部適用個別香港財務報告準則、香港會計準則及詮釋之統稱、香港公認會計原則及香港《公司條例》之規定）。因此，於本中期財務報告刊發之日，亦未能準確確定將用作編製本集團該期間財務業績之會計政策。

1. BASIS OF PREPARATION (Continued)

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2007 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2007 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 April 2008.

2. SEGMENT REPORTING

The Group's primary format for reporting segment information is business segments. Turnover represents the sales value of goods supplied to customers less goods returned and after trade discounts.

(i) Business segments

The Group comprises two main business segments:

- manufacture and sale of composite components; and
- manufacture and sale of unit electronic components.

1. 編製基準 (續)

本中期財務報告載有簡明綜合財務報表及經選定之解釋附註。附註闡述了自二零零七年度財務報表刊發以來，在了解本集團之財務狀況和表現方面極為重要之事件和交易。簡明綜合中期財務報表及其附註並不包括根據香港財務報告準則編製整份財務報表所須之所有資料。

本中期報告所載有關截至二零零七年十二月三十一日止財政年度之財務資料並不構成本公司在該財政年度之法定財務報表，但這些財務資料均取自有關之財務報表。截至二零零七年十二月三十一日止年度之法定財務報表可從本公司之註冊辦事處索取。核數師已在其二零零八年四月八日之報告中，對這些財務報表表示無保留意見。

2. 分部報告

本集團分部資料之主要呈報方式為業務分部。營業額指供應予客戶之貨品銷售值減退回貨品並經扣除貿易折扣之金額。

(i) 業務分部

本集團業務包括兩個主要業務分部：

- 製造及銷售複合元件；及
- 製造及銷售單位電子元件。

2. SEGMENT REPORTING (Continued)

2. 分部報告(續)

(i) Business segments (Continued)

(i) 業務分部(續)

		Composite components 複合元件		Unit electronic components 單位電子元件		Consolidated 綜合	
		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		Six months ended 30 June 截至六月三十日 止六個月	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元	2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元	2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Turnover	營業額	297,518	281,009	94,706	80,643	392,224	361,652
Segment results	分部業績	6,879	10,342	(3,304)	3,961	3,575	14,303
Unallocated operating income	未經分配經營收入					2,268	3,122
Profit from operations	經營溢利					5,843	17,425

(ii) Geographical segments

(ii) 地區分部

An analysis of the Group's turnover by geographical location determined on the basis of the destination of the products is as follows:

本集團按產品目的地釐定之地區營業額分析如下：

		Turnover 營業額	
		Six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Mainland China	中國	211,320	192,322
Hong Kong	香港	91,210	88,923
Korea	韓國	77,463	72,878
Others	其他	12,231	7,529
		392,224	361,652

3. 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.

4. PROFIT FROM OPERATIONS AND BEFORE TAXATION

Profit from operations and before taxation is arrived at after charging/(crediting):

3. 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。

4. 經營及除稅前溢利

經營及除稅前溢利經扣除／(計入)：

		Six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Cost of sales (note)	銷售成本 (附註)	339,094	304,554
Depreciation (note)	折舊 (附註)	9,986	10,090
Interest income	利息收入	(2,087)	(2,529)
Impairment losses on doubtful debts	呆賬減值虧損	3,161	-
Net foreign exchange loss/(gain)	外匯虧損／(收益)淨額	1,153	(1,485)
Auditor's remuneration	核數師酬金	496	412
Operating lease charges:	經營租賃費用：		
minimum lease payments	最低租賃付款		
– hire of properties (note)	– 物業租賃 (附註)		
		2,476	2,171

Note: Cost of sales included depreciation expenses and operating lease charges in respect of properties of \$7,741,000 (2007: \$7,806,000) which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

附註：銷售成本包括折舊開支及物業之經營租賃費用7,741,000元(二零零七年：7,806,000元)，該款項亦已計入上表個別披露各類開支之總金額內。

5. INCOME TAX

5. 所得稅

		Six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Current tax – Hong Kong Profits Tax	本期稅項 – 香港利得稅		
Provision for the period	本期間撥備	433	1,342
Current tax – PRC taxation	本期稅項 – 中國稅項		
Provision for the period	本期間撥備	865	758
Under/(over) provision for PRC tax in respect of prior years	以往年度就中國稅項之撥備不足/(過剩)	3,037	(5)
Tax refund on reinvestment of profit derived from a subsidiary (note)	來自一間附屬公司之溢利再投資退稅額(附註)	(3,268)	–
		634	753
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時性差異之產生及轉回	161	(238)
Effect of changes in tax rates on deferred tax balances	稅率變動對遞延稅項之影響	(194)	–
		(33)	(238)
		1,034	1,857

Note: During the year ended 31 December 2007, the Company reinvested part of the profit derived from its subsidiary, Shenzhen Kwang Sung Electronics Co., Ltd. ("Shenzhen Kwang Sung") which is a wholly-foreign owned enterprise established in the People's Republic of China (the "PRC"), as paid-up capital of the subsidiary. Pursuant to the PRC tax rules and regulations, the Company is entitled to a tax refund of \$3,268,000 representing the income tax previously paid by the subsidiary on the reinvested amount.

附註：於截至二零零七年十二月三十一日止年度內，本公司將來自其附屬公司深圳光星電子有限公司（「深圳光星」）之部分溢利再投資，作為該附屬公司之實繳股本。該附屬公司乃一間於中華人民共和國（「中國」）成立之外商獨資企業。根據中國稅務規則及條例，本公司可獲得退稅額3,268,000元，即該附屬公司先前就再投資金額所支付之所得稅。

5. INCOME TAX (Continued)

- (i) Provision for Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the Group's estimated assessable profits arising in Hong Kong for the six months ended 30 June 2008.

On 27 February 2008, the Financial Secretary of the Hong Kong SAR Government announced his annual Budget which proposes a cut in the profits tax rate from 17.5% to 16.5% with effect from the fiscal year 2008/09.

The Company 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 Company claimed a 50:50 offshore concession in respect of Hong Kong Profits Tax which had been agreed with the Hong Kong Inland Revenue Department ("HKIRD") in the year of assessment 1999/2000.

In February 2008, the HKIRD enquired the Company the basis of its 50:50 offshore concession claims for the years of assessment 2001/02 to 2006/07 in relation to the Company's manufacturing activities carried out by Shenzhen Kwang Sung and the third party processing factory in the PRC, and issued an additional assessment of \$3,318,000 for the year of assessment 2001/02. The Company lodged an objection against the additional assessment in March 2008 and purchased a tax reserve certificate in the same amount to satisfy the HKIRD's requirements for holdover of the additional tax demanded for the year of assessment 2001/02. The amount is included in the balance sheet as at 30 June 2008 under current assets.

Since the operation mode has remained unchanged since the year of assessment 1999/2000, the directors consider that the Company should have the ground to pursue the 50:50 offshore concession claims. Therefore, no provision has been made for the 2001/02 additional assessment or for any other additional tax liabilities for the years under enquiry.

In the opinion of the directors, adequate provision for Hong Kong Profits Tax has been made in this interim financial report.

5. 所得稅(續)

- (i) 香港利得稅之撥備，是按本集團截至二零零八年六月三十日止六個月估計於香港產生之應課稅溢利以16.5% (二零零七年：17.5%) 之稅率計算。

於二零零八年二月二十七日，香港特區政府財政司司長公佈財政預算案，建議將利得稅稅率由17.5%降至16.5%，於二零零八／零九財政年度起生效。

本公司透過其附屬公司深圳光星以及根據與第三方之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，部分被視為從中國進行之製造活動所產生及取得，而部分被視為從香港進行之其他活動所產生及取得。故此，本公司就香港利得稅提出50:50之離岸豁免要求，而香港稅務局(「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。

於二零零八年二月，香港稅務局向本公司查詢有關本公司就深圳光星及第三方加工工廠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離岸豁免要求之依據，並就二零零一／零二評稅年度發出補加評稅3,318,000元。本公司於二零零八年三月對該補加評稅提出反對，以同一金額購買儲稅券以符合香港稅務局就暫繳二零零一／零二評稅年度之補加評稅之要求。該金額計入二零零八年六月三十日之資產負債表中流動資產一項。

由於自一九九九／二零零零年評稅年度以來之營運模式維持不變，故董事認為本公司應有合理據爭取該50:50離岸豁免。因此，並無就二零零一／零二年度的補加評稅或查詢當中的其他年度之任何其他額外稅務負債作出撥備。

董事認為，香港利得稅已在本中期財務報告中作出足夠撥備。

5. INCOME TAX (Continued)

- (ii) Effective 1 January 2008, the applicable tax rate for the subsidiary operating in the PRC is 25% pursuant to the Corporate Income Tax Law of the PRC passed by the Tenth National People's Congress on 16 March 2007. Provision for income tax in respect of the subsidiary in the PRC is calculated at 25% (2007: 15%) of its estimated assessable profits for the six months ended 30 June 2008.
- (iii) In September 2007, the Shenzhen Local Tax Bureau enquired the related party transactions and the transfer pricing policy of Shenzhen Kwang Sung during the five years from 1 January 2002 to 31 December 2006. Shenzhen Kwang Sung had submitted the requested information to the Shenzhen Local Tax Bureau in September 2007 and proposed a compromise settlement of an additional income tax payable of \$1,408,000 in respect of the transfer pricing adjustment. Full provision of \$1,408,000 has been provided in the financial statements for the year ended 31 December 2007.

At of 30 June 2008, the Company is still undergoing negotiation with the Shenzhen Local Tax Bureau on the compromise settlement. Based on their recent negotiation with the Shenzhen Local Tax Bureau, the directors reassessed that the Company would have to pay \$4,445,000 PRC enterprise income tax in order to reach a compromise settlement. Accordingly, an additional provision of \$3,037,000 had been provided in the financial statements for the six months ended 30 June 2008.

Out of the tax provision of \$4,445,000, \$358,000 was pertained to the 6-month period ended 30 June 2003 which would be indemnified by a substantial shareholder.

Up to the date of this interim financial report, the Company has yet to obtain the agreement of the Shenzhen Local Tax Bureau to its proposed settlement, but the directors of the Company consider that adequate provision for PRC income tax has been made in this interim financial report.

5. 所得稅(續)

- (ii) 由二零零八年一月一日起，根據第十屆全國人民代表大會於二零零七年三月十六日通過之《中國企業所得稅法》，在中國營運之附屬公司適用稅率為25%。中國附屬公司之所得稅撥備，是按其截至二零零八年六月三十日止六個月之估計應課稅溢利以25%（二零零七年：15%）之稅率計算。
- (iii) 於二零零七年九月，深圳市地方稅務局查詢深圳光星由二零零二年一月一日至二零零六年十二月三十一日五年內之關連人士交易及轉移定價政策。深圳光星已於二零零七年九月向深圳市地方稅務局提交所要求的資料，並已提出就轉移定價調整繳付一筆額外所得稅1,408,000元以解決該事件。截至二零零七年十二月三十一日止年度，在財務報表中已作出全數撥備1,408,000元。

於二零零八年六月三十日，本公司仍與深圳市地方稅務局就解決事件進行商討。根據與深圳市地方稅務局之最近討論，董事重估本公司需繳付中國企業所得稅4,445,000元，以解決事件。因此，截至二零零八年六月三十日止六個月之財務報表已作出額外撥備3,037,000元。

在4,445,000元之稅項撥備中，與截至二零零三年六月三十日止六個月期間有關的358,000元將由主要股東作出彌償。

截至本中期財務報告之刊發日期，本公司並無取得深圳市地方稅務局就本公司提出的解決方法表示同意，惟本公司董事認為已在本中期財務報告中就中國所得稅作出足夠撥備。

5. INCOME TAX (Continued)

- (iv) Effective 1 January 2008, a 10% withholding tax will be levied on dividends declared to foreign investors from the PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investor. Pursuant to a double tax arrangement between the PRC and Hong Kong, the Company is subject to a withholding tax at the rate of 5% for any dividend payment from its PRC subsidiary.

As the Company controls the dividend policy of its PRC subsidiary, it is able to control the timing of the reversal of temporary differences associated with the investment in subsidiary. Furthermore, the Company has determined that those profits will not be distributed in the foreseeable future. Therefore the Company did not recognise a withholding tax liability at 30 June 2008. In this regards, the Group did not recognise deferred tax liability of \$195,000.

- (v) No provision has been made for Korea income tax as the Group did not generate assessable profits subject to Korea income tax for the six months ended 30 June 2008 and 2007.

5. 所得稅 (續)

- (iv) 由二零零八年一月一日起，中國將就海外投資者獲宣派之股息徵收10%預扣稅。倘若中國與外國投資者所在司法權區訂立稅務條約，則或會應用較低的預扣稅率。根據中國與香港之間的雙重徵稅安排，本公司須就中國附屬公司所支付之任何股息按5%之預扣稅率繳付預扣稅。

由於本公司控制其中國附屬公司之股息政策，故能控制轉撥與附屬公司投資有關之暫時差異之時間。另外，本公司斷定該等溢利不會於可見未來派發。因此，本公司並無就二零零八年六月三十日之預扣稅作出確認。就此而言，本集團並無就遞延稅項負債195,000元作出確認。

- (v) 因截至二零零八年及二零零七年六月三十日止六個月本集團並無產生需繳韓國所得稅之應課稅溢利，故並無為韓國之所得稅作出任何撥備。

6. DIVIDENDS

- (i) Dividend payable to equity shareholders of the Company attributable to the interim period:

		Six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Interim dividend declared after the interim period of 0.5 cents (2007: 1.5 cents) per ordinary share	中期後宣派之中期股息每股普通股0.5仙(二零零七年：1.5仙)	1,577	4,701

The interim dividend has not been recognised as a liability at the balance sheet date. The calculation of the 2007 interim dividend is based on the number of ordinary shares outstanding at this interim financial report.

中期股息於結算日尚未確認為負債。二零零七年中期股息乃按本中期財務報告日期之已發行普通股數目為基準計算。

- (ii) Dividend payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period:

		Six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Final dividend in respect of the financial year ended 31 December 2007, approved and paid during the following interim period of 1.4 cents (year ended 31 December 2006: 1.1 cents) per ordinary share	屬於截至二零零七年十二月三十一日止財政年度並於隨後中期內批准及派付之末期股息每股普通股1.4仙(截至二零零六年十二月三十一日止年度：1.1仙)	4,415	3,446

6. 股息

- (i) 中期應佔應付予本公司股本持有人的股息：

- (ii) 中期內批准及派付之屬於對上一個財政年度應付予本公司股本持有人的股息：

7. EARNINGS PER SHARE

(i) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of \$4,809,000 (2007: \$15,568,000) and the weighted average number of ordinary shares of 314,925,000 (2007: 313,300,000) in issue during the six months ended 30 June 2008.

(ii) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of \$4,809,000 (2007: \$15,568,000) and the weighted average number of ordinary shares of 323,122,000 (2007: 317,890,000) after adjusting for the effect of all dilutive potential ordinary shares.

(iii) Reconciliation

7. 每股盈利

(i) 每股基本盈利

每股基本盈利是按本公司股本持有人應佔溢利4,809,000元(二零零七年: 15,568,000元)及截至二零零八年六月三十日止六個月內已發行普通股之加權平均數314,925,000股(二零零七年: 313,300,000股)計算。

(ii) 每股攤薄盈利

每股攤薄盈利是按股東應佔溢利4,809,000元(二零零七年: 15,568,000元)及在就所有潛在攤薄普通股之影響作出調整後普通股之加權平均數323,122,000股(二零零七年: 317,890,000股)計算。

(iii) 對賬

		Number of shares 股份數目	
		Six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年	2007 二零零七年
		'000 千股	'000 千股
Weighted average number of ordinary shares used in calculating basic earnings per share	用以計算每股基本盈利的普通股加權平均數	314,925	313,300
Deemed issue of ordinary shares for no consideration	視為無償發行普通股	8,197	4,590
Weighted average number of ordinary shares used in calculating diluted earnings per share	用以計算每股攤薄盈利的普通股加權平均數	323,122	317,890

8. PROPERTY, PLANT AND EQUIPMENT

The Group's land and buildings held for own use were revalued as at 31 December 2007 by Vigers Appraisal & Consulting Limited, an independent firm of professional surveyors who had among their staff members of the Hong Kong Institute of Surveyors, at their open market value by direct comparison approach by making reference to comparable sales transactions as available in the relevant market. As a result of the update, revaluation surplus of \$10,657,000, net of deferred tax, was transferred to land and buildings revaluation reserve of the Group (see note 14) and a net gain of \$1,456,000 and the deferred tax thereon of \$52,000 were included in the consolidated income statement for the year ended 31 December 2007.

The directors of the Company, who are not qualified valuers, have reviewed the carrying value of the land and buildings as at 30 June 2008 with reference to the relevant market indices. In their opinion, there have been no significant changes in the value of land and buildings during the period from 31 December 2007 to 30 June 2008.

9. OTHER EQUITY SECURITIES

Other equity securities represent equity investments in an unlisted corporate entity with a cost of \$1,500,000 (at 31 December 2007: \$1,500,000), against which a full provision for impairment loss has been made in prior years and maintained at 30 June 2008.

10. INVENTORIES

The analysis of the amount of inventories recognised as cost of sales is as follows:

		Six months ended 30 June 截至六月三十日止六個月	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Carrying amount of inventories sold	所出售存貨之賬面值	340,662	305,478
Reversal of write down of inventories	撇減存貨撥回	(1,568)	(924)
		<u>339,094</u>	<u>304,554</u>

The reversal of write-down of inventories made in prior years arose due to subsequent usage of inventories previously provided for.

8. 物業、機器及設備

於二零零七年十二月三十一日，威格斯資產評估顧問有限公司按直接比較法，並參考於有關市場可供比較之銷售交易就本集團持有作自用之土地及樓宇之公開市值進行重估。威格斯資產評估顧問有限公司為獨立專業估價師，其部份員工為香港測量師學會成員。由於重估的關係，10,657,000元重估盈餘(扣除遞延稅項)已被轉撥至本集團之土地及樓宇重估儲備(見附註14)，而收入淨額1,456,000元及據此之遞延稅項52,000元已被納入截至二零零七年十二月三十一日止年度之綜合損益表。

本公司董事(並非合資格估價師)已參考有關市場指標審閱土地及樓宇於二零零八年六月三十日之賬面值。彼等認為，由二零零七年十二月三十一日至二零零八年六月三十日期間，土地及樓宇價值並無重大變動。

9. 其他股本證券

其他股本證券指以代價1,500,000元(於二零零七年十二月三十一日：1,500,000元)投資於一間非上市企業實體之股本，過往年度已就於其作出全面減值虧損撥備，並於二零零八年六月三十日繼續維持。

10. 存貨

已確認為銷售成本之存貨金額分析如下：

過往年度的撇減存貨撥回乃因其後消耗先前撥備之存貨而導致。

11. TRADE AND OTHER RECEIVABLES

11. 應收貿易及其他賬款

		At 30 June 2008 於 二零零八年 六月三十日 \$'000 千元	At 31 December 2007 於 二零零七年 十二月三十一日 \$'000 千元
Trade receivables	應收貿易賬款	153,211	115,326
Short term loans to key management personnel and employees	向主要管理人員及僱員提供短期貸款	1,208	1,629
Sales proceeds of other equity securities	其他股本證券之出售所得款項	1,684	1,684
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	14,609	7,156
		170,712	125,795

The ageing analysis of trade receivables (net of impairment losses for bad and doubtful debts) as of the balance sheet date is as follows:

於結算日，應收貿易賬款(扣除呆壞賬減值撥備)之賬齡分析如下：

		At 30 June 2008 於 二零零八年 六月三十日 \$'000 千元	At 31 December 2007 於 二零零七年 十二月三十一日 \$'000 千元
Current	未逾期	113,310	83,073
Less than 1 month past due	逾期少於一個月	22,817	20,950
Over 1 month but less than 3 months past due	逾期多於一個月但少於三個月	15,516	9,648
Over 3 months but less than 12 months past due	逾期多於三個月但少於十二個月	1,568	1,655
		153,211	115,326

New customers are normally required to trade on a cash basis. Credit is offered to existing customers following an established payment records. The credit terms granted by the Group to its customers (including a shareholder (note 16(i))) generally range from one to two months.

新客戶一般會以現金方式進行交易。在評估付款記錄後，會給予現有客戶信貸。本集團給予客戶(包括一名股東(附註16(i)))之除賬期，一般介乎一至兩個月。

12. CASH AND CASH EQUIVALENTS

12. 現金及現金等價物

		At 30 June 2008 於 二零零八年 六月三十日 \$'000 千元	At 31 December 2007 於 二零零七年 十二月三十一日 \$'000 千元
Deposits with banks and other financial institutions	銀行及其他金融機構之存款	65,888	151,223
Cash at bank and in hand	銀行存款及現金	87,830	34,192
Cash and cash equivalents in the consolidated balance sheet	綜合資產負債表內之現金及現金等價物	153,718	185,415
Less: deposits with banks and other financial institutions with more than three months of maturity when placed	減：存款時到期日多於三個月之銀行及其他金融機構之存款	(29,594)	(26,505)
Cash and cash equivalents in the condensed consolidated cash flow statement	簡明綜合現金流量表內之現金及現金等價物	124,124	158,910

13. TRADE AND OTHER PAYABLES

13. 應付貿易及其他賬款

		At 30 June 2008 於 二零零八年 六月三十日 \$'000 千元	At 31 December 2007 於 二零零七年 十二月三十一日 \$'000 千元
Trade payables	應付貿易賬款	101,176	66,240
Accrued expenses and other payables	應計費用及其他應付款項	14,919	13,534
		116,095	79,774

13. TRADE AND OTHER PAYABLES (Continued)

The ageing analysis of trade payables as of the balance sheet date is as follows:

	At 30 June 2008 於 二零零八年 六月三十日 \$'000 千元	At 31 December 2007 於 二零零七年 十二月三十一日 \$'000 千元
Due within 1 month or on demand	52,964	42,761
Due after 1 month but within 3 months	48,212	23,479
	101,176	66,240

13. 應付貿易及其他賬款(續)

於結算日，應付貿易賬款之賬齡分析如下：



14. CAPITAL AND RESERVES

14. 資本及儲備

		Share capital	Share premium	Capital reserve	Land and buildings revaluation reserve	Statutory reserve	Exchange reserve	Retained profits	Total
		股本	股份溢價	資本儲備	土地及樓宇重估儲備	法定儲備	匯兌儲備	保留溢利	總計
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元	千元
At 1 January 2007	於二零零七年一月一日	31,330	52,900	5,839	3,902	3,012	-	264,679	361,662
Transfer between reserves (note (i))	儲備間之轉撥 (附註(i))	-	-	(787)	-	-	-	787	-
Final dividend approved in respect of the previous year (note 6(ii))	就以往年度批准之末期股息 (附註6(ii))	-	-	-	-	-	-	(3,446)	(3,446)
Equity settled share-based transactions	以股份為基礎之股本付款交易	-	-	27	-	-	-	-	27
Profit for the period	期內溢利	-	-	-	-	-	-	15,568	15,568
At 30 June 2007	於二零零七年六月三十日	31,330	52,900	5,079	3,902	3,012	-	277,588	373,811
Shares issued under share options scheme	根據購股權計劃發行股份	28	410	(76)	-	-	-	-	362
Transfer between reserves	儲備間之轉撥	-	-	-	-	3,477	-	(3,477)	-
Revaluation surplus, net of deferred tax	重估盈餘，經扣除遞延稅項	-	-	-	10,657	-	-	-	10,657
Profit for the period	期內溢利	-	-	-	-	-	-	14,707	14,707
Dividend declared in respect of the current year (note 6(i))	已宣派之本年度股息 (附註6(i))	-	-	-	-	-	-	(4,701)	(4,701)
At 31 December 2007	於二零零七年十二月三十一日	31,358	53,310	5,003	14,559	6,489	-	284,117	394,836
At 1 January 2008	於二零零八年一月一日	31,358	53,310	5,003	14,559	6,489	-	284,117	394,836
Shares issued under share options scheme	根據購股權計劃發行股份	178	2,611	(483)	-	-	-	-	2,306
Transfer between reserves (note (i))	儲備間之轉撥 (附註(i))	-	-	(3,916)	-	-	-	3,916	-
Transfer from deferred tax	從遞延稅項中轉撥	-	-	-	(1,368)	-	-	-	(1,368)
Exchange difference on translation of financial statements of overseas branch (note (ii))	換算境外分公司財務報表產生之匯兌差額 (附註(ii))	-	-	-	-	-	(9,333)	-	(9,333)
Final dividend approved in respect of the previous year (note 6(ii))	就以往年度批准之末期股息 (附註6(ii))	-	-	-	-	-	-	(4,415)	(4,415)
Profit for the period	期內溢利	-	-	-	-	-	-	4,809	4,809
At 30 June 2008	於二零零八年六月三十日	31,536	55,921	604	13,191	6,489	(9,333)	288,427	386,835

14. CAPITAL AND RESERVES (Continued)

Notes:

- (i) The transfer from capital reserve to retained profits represents the value of share options lapsed or expired during the period ended 30 June 2008 and 2007.
- (ii) At 1 January 2008, the Company has changed the functional currency of the Korea branch from Hong Kong Dollars to Korean Won because the Korea branch has substantially increased its trading activities of electronics components primarily in the Korea market. Sales and purchases conducted in the Korea market were denominated and settled in Korean Won.

Equity settled share-based transactions

The Company has a share options 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 \$0.1 each of the Company.

During the six months ended 30 June 2008, options were exercised to subscribe for 1,782,000 ordinary shares of \$0.1 each in the Company at total consideration of \$2,306,000 of which \$178,000 was credited into share capital and the balance of \$2,128,000 was credited into the share premium account. \$483,000 has been transferred from the capital reserve to the share premium account. At 30 June 2008, the outstanding share options were:

14. 資本及儲備(續)

附註：

- (i) 由資本儲備轉撥至保留溢利之金額指於截至二零零八年及二零零七年六月三十日止期間失效或屆滿之購股權價值。
- (ii) 於二零零八年一月一日，由於韓國分公司已大幅增加其主要於韓國市場所從事之電子元件貿易活動，因此本公司已將韓國分公司之功能貨幣由港元更換為韓圓。於韓國市場所進行之買賣以韓圓計值及交割。

以股本支付之股份交易

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元之普通股之權利。

截至二零零八年六月三十日止六個月，已行使購股權以認購1,782,000股每股面值0.1元之本公司普通股，總代價為2,306,000元，其中178,000元已計入股本，而餘額2,128,000元已計入股份溢價賬。483,000元已從資本儲備轉撥至股份溢價賬。於二零零八年六月三十日，未行使購股權為：

Date granted 授出日期	Exercise period 行使期	Exercise price 行使價	Number of options outstanding at 30 June 2008 於二零零八年六月三十日之未行使購股權數目
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	1,000,000

15. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

15. 未償付而又未在本中期財務報告內提撥準備之資本承擔

		At 30 June 2008 於 二零零八年 六月三十日 \$'000 千元	At 31 December 2007 於 二零零七年 十二月三十一日 \$'000 千元
Investment in Foreign Invested Commercial Enterprise (note)	於外資商業企業之投資(附註)		
Contracted for	已訂約	591	-
Authorised but not contracted for	已授權但未訂約	-	525
		591	525

Note: On 5 December 2007, the directors of the Company has approved to establish a wholly owned subsidiary in Shenzhen, the PRC, with total investments of RMB500,000, to provide agency services to the Company in the mainland China. On 21 May 2008, the Shenzhen local government approved the establishment of the new subsidiary.

附註：於二零零七年十二月五日，本公司董事批准在中國深圳成立一間全資附屬公司，總投資額為人民幣500,000元，在中國內地提供代理服務。於二零零八年五月二十一日，深圳當地政府批准成立新附屬公司。

16. MATERIAL RELATED PARTY TRANSACTIONS

16. 重大關連人士交易

(i) Transactions with shareholder

(i) 與股東進行之交易

During the six months ended 30 June 2008, the Group entered into the following transactions with Kwang Sung Electronics Co., Ltd. ("Kwang Sung Korea"), a major shareholder of the Company:

於截至二零零八年六月三十日止六個月內，本集團與本公司之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	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Sales of finished goods	銷售製成品	3,746	5,043
Purchases of raw materials	購買原材料	-	112
Referral commission paid/payable	已付/應付轉介佣金	1,773	3,046

16. MATERIAL RELATED PARTY TRANSACTIONS
(Continued)(i) Transactions with shareholder
(Continued)

At 30 June 2008, included in the following balance sheet captions are the amounts due from/(to) Kwang Sung Korea:

		At 30 June 2008 於 二零零八年 六月三十日 \$'000 千元	At 31 December 2007 於 二零零七年 十二月三十一日 \$'000 千元
Trade receivables	應收貿易賬款	1,449	1,390
Trade payables	應付貿易賬款	-	(14)
Accrued expenses and other payables	應計費用及 其他應付款項	(596)	(1,333)

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

16. 重大關連人士交易(續)

(i) 與股東進行之交易(續)

於二零零八年六月三十日，下列資產負債表之項目中包括應收／(應付)韓國光星之款項：

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。

(ii) Transactions with other related parties

(a) Key management personnel remuneration

Remuneration for key management personnel, 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	
		2008 二零零八年 \$'000 千元	2007 二零零七年 \$'000 千元
Short-term employee benefits	短期僱員福利	4,867	6,429
Post-employment benefits	離職後福利	94	113
Equity compensation benefits	股本補償福利	-	27
		4,961	6,569

(ii) 與其他關連人士進行之交易

(a) 主要管理人員之酬金

主要管理人員酬金(包括支付予本公司董事之金額)載列如下：

16. MATERIAL RELATED PARTY TRANSACTIONS
(Continued)

(ii) Transactions with other related parties
(Continued)

- (b) During the six months ended 30 June 2008, the Group paid a consultancy fee to a close family member of a major shareholder (also a director of the Company) amounting to \$316,000 (2007: \$337,000).
- (c) Loan to key management personnel

16. 重大關連人士交易(續)

(ii) 與其他關連人士進行之交易(續)

- (b) 於截至二零零八年六月三十日止六個月，本集團向一名主要股東(亦為本公司董事)的一名近親支付顧問費316,000元(二零零七年：337,000元)。
- (c) 向主要管理人員提供貸款

Name of borrower 借款人	Mr. Jo Jung Ho 趙正鏞先生
Position 職位	General manager 總經理
Terms of the loan 貸款條款	
- duration and repayment terms - 貸款期及償還條款	Repayable on demand 按要求償還
- loan amount - 貸款額	\$424,000 424,000元
- interest rate - 利率	Nil 零
- security - 抵押	None 無
Balance of the loan 貸款結餘	
- at 1 January 2007 - 於二零零七年一月一日	\$424,000 424,000元
- at 31 December 2007 and 1 January 2008 - 於二零零七年十二月三十一日及 二零零八年一月一日	\$251,400 251,400元
- at 30 June 2008 - 於二零零八年六月三十日	\$225,300 225,300元
Maximum balance outstanding 未償還之最高結餘	
- during 2008 - 於二零零八年	\$251,400 251,400元
- during 2007 - 於二零零七年	\$424,000 424,000元

There was no amount due but unpaid, nor any provision made against the loan at 30 June 2008 and 31 December 2007.

於二零零八年六月三十日及二零零七年十二月三十一日並無已到期但未償還之款項，亦無就貸款作任何撥備。

17. CONTINGENT LIABILITIES

In February 2008, the HKIRD enquired the Company the basis of its 50:50 offshore concession claims for the years of assessment 2001/02 to 2006/07 in relation to the Company's manufacturing activities carried out by Shenzhen Kwang Sung and the third party processing factory in the PRC, and issued an additional assessment of \$3,318,000 for the year of assessment 2001/02. The Company lodged an objection against the additional assessment in March 2008. The Company has yet to receive further comments from the HKIRD for its objection on the additional assessment.

Since the 50:50 offshore concession claims had been agreed with the HKIRD in year of assessment 1999/2000 and the mode of operations has remained unchanged, the Company is collecting information in response to the enquiries raised by the HKIRD to substantiate its offshore claims. Accordingly, the directors of the Company consider it is premature to quantify or provide for any additional tax liabilities in this regard.

Pursuant to a Deed of Indemnity dated 23 June 2003, the additional tax liability in relation to the Company's operations prior to 23 June 2003 is indemnified by the substantial shareholders upon the listing of the Company's shares on the Stock Exchange.

Should the Company be unable to provide sufficient documentation information for the objection, the Company would have to pay an additional Hong Kong Profits Tax for the years of assessment 2001/02 to 2006/07.

17. 或然負債

於二零零八年二月，香港稅務局向本公司查詢有關本公司就深圳光星及中國一家第三方加工廠商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離岸豁免要求之依據，並就二零零一／零二評稅年度發出額外評稅3,318,000元。本公司於二零零八年三月對該額外評稅提出反對。迄今，本公司尚未收到香港稅務局就本公司反對補加評稅所作之進一步意見。

由於50:50離岸豁免要求曾於一九九九／二零零零評稅年度獲香港稅務局同意，而營運模式仍維持不變，故本公司正就香港稅務局提出的查詢搜集有關資料，為離岸豁免要求提供理據。因此，本公司董事認為現時就此方面計算任何額外稅務負債或作出有關準備為時尚早。

根據本公司股份在聯交所上市時所訂立日期為二零零三年六月二十三日之彌償保證契約，於二零零三年六月二十三日以前有關本公司營運之額外稅務負債獲得主要股東之彌償。

倘本公司未能就該反對提供足夠文件資料，則本公司應要就二零零一／零二至二零零六／零七評稅年度支付補加香港利得稅。

