



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

Stock Code 股份代號 : 2310



2011

ANNUAL REPORT 年報

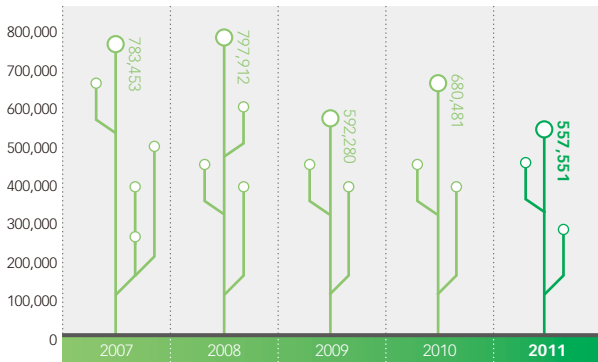
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Financial Highlights 財務摘要

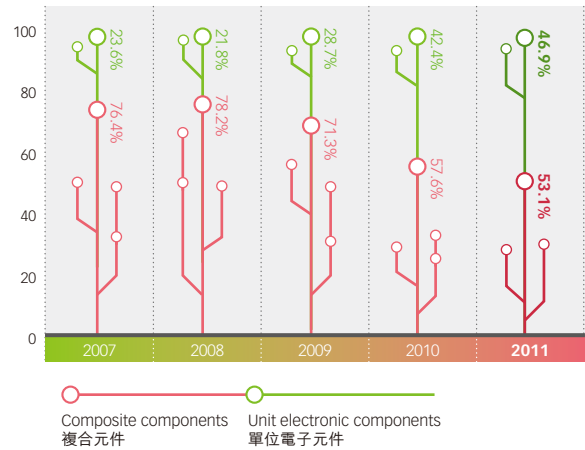
Turnover 營業額

(HK\$'000 千港元)



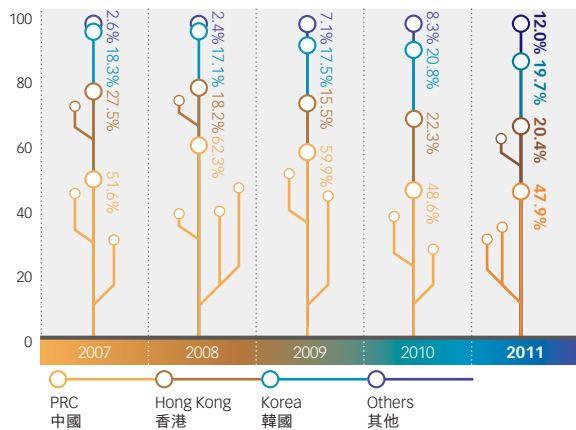
Turnover by Business Segments 按業務分部劃分之營業額分析

(% 百分比)



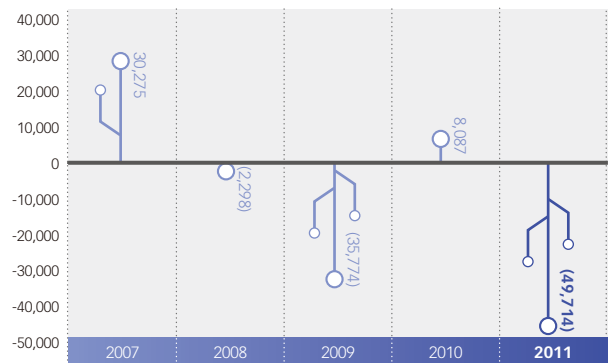
Turnover by Geographical Regions 按地區分佈劃分之營業額分析

(% 百分比)



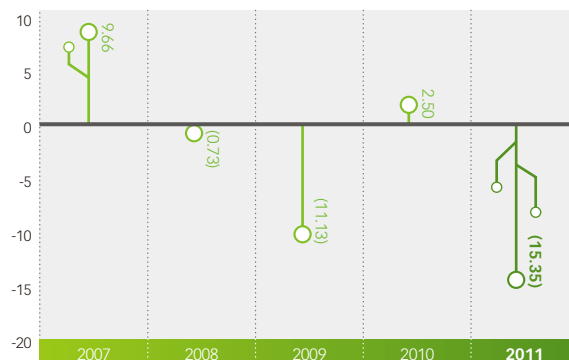
Profit (Loss) Attributable to Owners of the Company 本公司擁有人應佔溢利(虧損)

(HK\$'000 千港元)



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

(HK cents 港仙)



		Note 附註	2011 二零一一年	2010 二零一零年	% Changes 變動百分比
Results HK\$'000	業績 千港元				
Turnover	營業額		557,551	680,481	(18.07)
Gross profit	毛利		21,064	92,863	(77.32)
(Loss) profit before taxation	除稅前(虧損)溢利		(57,389)	14,018	(509.40)
(Loss) profit after taxation attributable to owners of the Company	本公司擁有人 應佔除稅後 (虧損)溢利		(49,714)	8,087	(714.74)
Dividends	股息		-	-	-
Assets and Liabilities HK\$'000	資產與負債 千港元				
Total assets	總資產		553,021	529,902	4.36
Total liabilities	總負債		225,772	155,918	44.80
Shareholders' equity	股東權益		327,249	373,984	(12.50)
Per Share Data HK cents	每股數據 港仙				
Basic (loss) earnings	基本(虧損)盈利		(15.35)	2.50	(714.00)
Diluted (loss) earnings	攤薄(虧損)盈利		(15.35)	2.50	(714.00)
Dividends	股息		-	-	-
HK\$ Net asset value	港元 資產淨值		1.01	1.15	(12.17)
Financial Ratio	財務比率				
Gross profit margin (%)	毛利率(%)		3.78	13.65	(72.31)
Net (loss) profit margin (%)	淨(虧損)溢利(%)		(8.98)	1.13	(894.69)
Current ratio	流動比率	1	1.54	2.59	(40.54)
Quick ratio	速動比率	2	1.24	2.00	(38.00)
Gearing ratio	負債比率	3	0.41	0.29	41.38

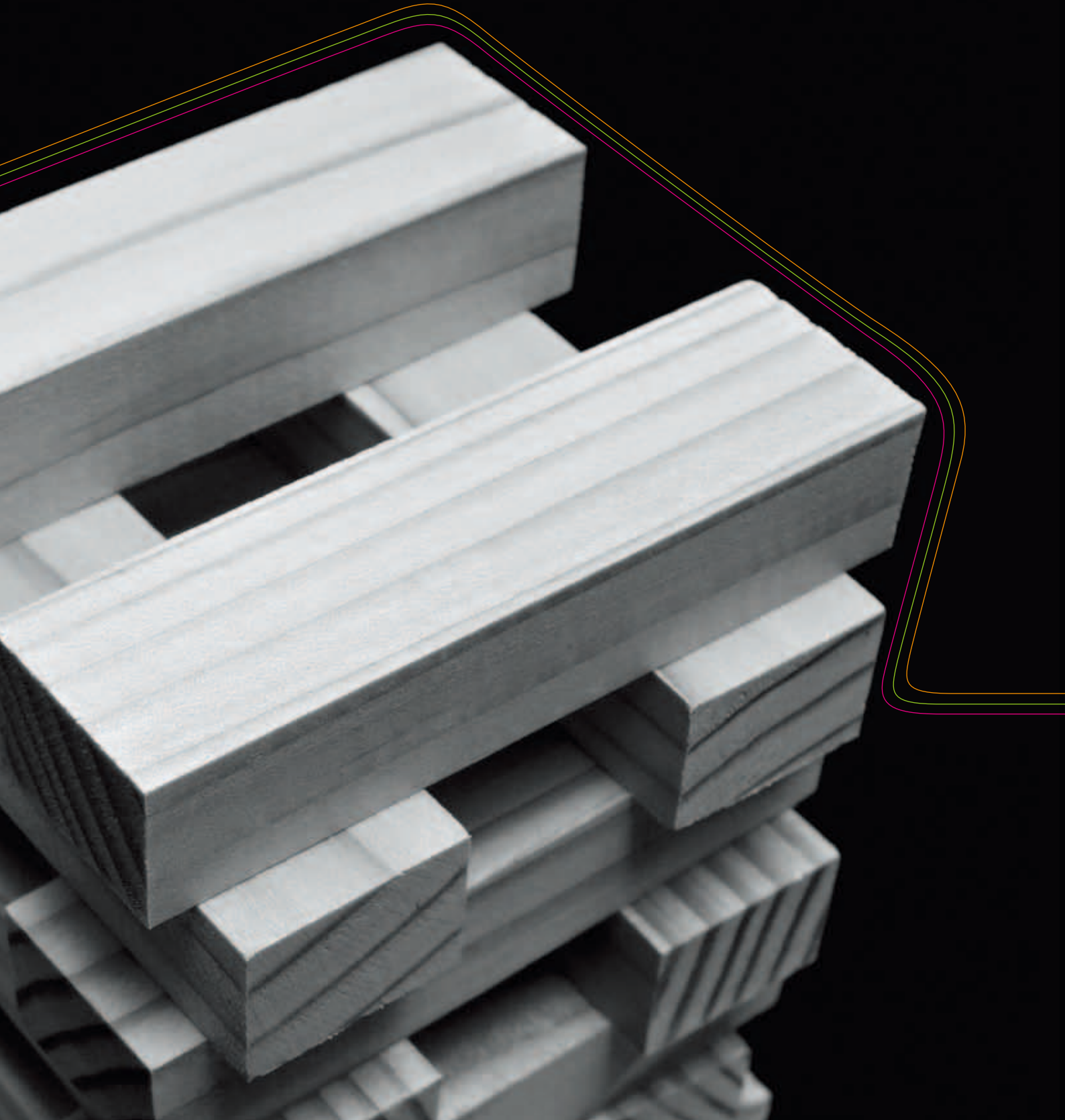
Notes:

- (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。
- (2) 速動比率指不包括存貨的流動資產除以流動負債。
- (3) 負債比率指總負債除以總資產。

SUSTAINABLE GROWTH



Chairman's Statement

主席報告書

We are keeping abreast of market trend to develop multi-function electronic devices and expect positive returns to be generated on this investment

我們致緊貼市場趨勢開發多功能電子裝置，並預期將可從這一投資中取得正面回報



Chairman's Statement 主席報告書



○ We are emphasising product design and development to strengthen our competitive edge

我們致著重產品研發，藉以增強競爭優勢

To capture the opportunities arising in the dynamic yet challenging consumer electronic products industry, during the last years, the Group has tried to transform itself from an OEM (original equipment manufacturer) and ODM (original design manufacturer) of electronic components supplier into a more proactive industry player, focusing on research and development of integrated total solutions. We expect positive returns will be generated on this investment as the Group will benefit from the transformation in the long run.

為了捕捉充滿動態而富挑戰性的消費類電子產品行業所產生的機遇，本集團在過去年度已嘗試由一個OEM（原始設備製造商）/ODM（原始設計製造商）電子元件供應商轉型成為一個更加積極的行業角色，專注於設計及開發整合、全面的解決方案。我們預期將可從這一投資中取得正面回報，而本集團長遠亦將能從轉型中受惠。

Yang Ho Sung 梁皓星
Chairman 主席

Given the declining demand of traditional consumer products and the accelerated product life cycles, the Group is actively looking for fresh opportunities. We have analysed the growing popularity of smartphones and other mobile devices while working with our clients to develop multi-function electronic devices such as a smartphone dual docking system and an integrated wireless bluetooth speaker to tap the business opportunities of this market trend. While the demand for traditional home electronics products is dropping, the Group is accelerating the pace to expand the product portfolio to include higher margin automotive electronics. We are already one of the major suppliers of car audio systems solutions in the Korean automotive market and we are striving to further extend our market share and position in this arena.

鑒於傳統消費類產品需求萎縮及產品週期加快，本集團正積極找尋新的機會。我們分析了智能電話和其他移動裝置日益普及的趨勢，並和客戶協力開發多功能電子裝置，如智能手機雙重對接系統和經整合藍牙揚聲器等，以把握這一市場趨勢的商機。傳統家庭電子產品需求下降，本集團便加快步伐擴大產品組合，涵蓋較高利潤的汽車電子產品。我們已是韓國汽車市場車輛音響系統解決方案的主要供應商之一，並正致力擴大本身在此領域的市場份額和地位。

Looking ahead, we see opportunities as well as challenges in the market. The flexibility and to promptly respond to rapidly evolving market trends are essential in this fast-changing industry. We plan to strengthen our competitive edge by emphasising product design and development, aiming at providing our customers with quality products that can cater for their needs. The construction of our new production plant in Korea is to be completed and commence trial production in April 2012. The new production facilities should enhance the Group's research and development capability as well as the production capacity, thus strengthening our leading position in the industry.

展望未來，我們看到市場上機遇與挑戰並存。靈活並迅速對應急速演變的市場趨勢，是在這日新月異的行業成功所必不可少的因素。我們計劃增強我們的競爭優勢，通過注重產品研發，銳意為客戶提供能照顧他們需要的優質產品。我們在韓國的新生產廠房將告竣工並於二零一二年四月開始試產。這新的生產設施應能提升本集團的研發實力乃至產能，從而強化我們在行內的領先地位。

Caution and prudence will be our guiding sentiments for the year ahead. The Group will continue its prudent financial management strategy by maintaining stringent controls on cash flow while further boosting its operational efficiency.

來年我們將謹慎行事。本集團將貫徹其審慎的財務管理策略，對現金流維持嚴格的控制，同時進一步提高營運效率。

On behalf of the Group, I would like to extend my deep appreciation to our highly committed management team and staff. I would also wish to offer my sincere gratitude to all shareholders, my fellow board members and our customers for their unwavering support, which is critical to the continued success of the Group.

本人謹代表本集團對我們高度堅定投入的管理層團隊和員工致以最深謝意。本人亦願衷心感謝全體股東、董事會同袍以及客戶的無間斷支持，而這正是本集團屢創佳績的關鍵。

By Order of the Board 承董事會命

Yang Ho Sung 梁皓星

Chairman 主席

Hong Kong, 30 March 2012

香港，二零一二年三月三十日

CONTINUOUS CREATION

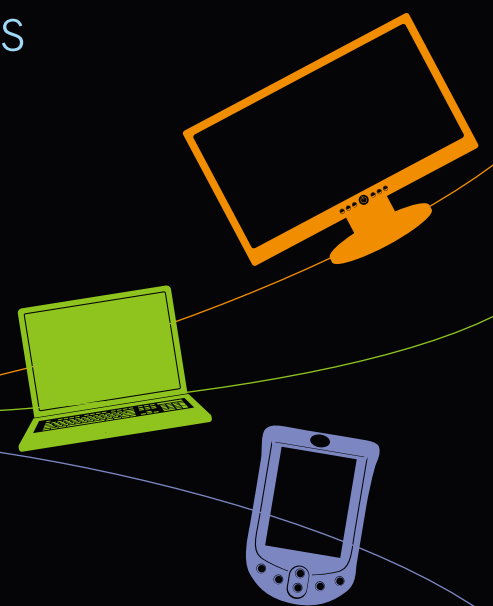


CEO's Report

行政總裁報告書

We have adjusted our business strategies by actively launching new products with better profitability and address the ever-changing market trends

我們致繼續調整其業務策略，
積極推出具更佳盈利能力之新產品
以滿足不斷變化之市場需求



CEO's Report 行政總裁報告書



- **We are diversifying our concentrated market on consumer electronics. We have received positive market feedback on newly launched product and expect to see improved business results in the second half of 2012**

我們多元化其主打消費電子市場，並於新推出產品方面獲得正面市場反應，預期二零一二年下半年業務成績有所改善

Financial Review

Turnover

Total turnover decreased by HK\$122,930,000 or 18.1%, from HK\$680,481,000 in 2010 to HK\$557,551,000 in 2011. This mainly reflected decrease in sales of composite components by HK\$95,543,000 and unit electronic components by HK\$27,387,000.

財務回顧

營業額

總營業額由二零一零年680,481,000港元減少122,930,000港元至二零一一年557,551,000港元，減幅為18.1%。此主要反映複合元件銷售額減少95,543,000港元及單位電子元件銷售額減少27,387,000港元。

Yang Jai Sung 梁在星
CEO 行政總裁

Cost of Sales

Cost of sales decreased by HK\$51,131,000 or 8.7% to HK\$536,487,000 (2010: HK\$587,618,000). Cost of sales as a percentage of sales rose from 86.4% in 2010 to 96.2% in 2011. Cost of materials consumed remained unchanged, accounting for 66.4% of the total cost of sales in both years. The decline in cost of sales was mainly due to a drop in the Group's turnover in 2011.

Gross Profit

As a result of decrease in turnover, gross profit decreased by HK\$71,799,000 or 77.3%, to HK\$21,064,000 in 2011 (2010: HK\$92,863,000). The drop in gross profit was primarily due to an increase in slow moving inventory provision by HK\$20,942,000, increase in subcontracting fee by HK\$7,723,000 and increase in direct labour by HK\$4,247,000. Accordingly, overall gross profit margin also declined from 13.6% in 2010 to 3.8% in 2011.

Other Income and Gains

Other income and gains increased by HK\$430,000 or 5.0% from HK\$8,552,000 in 2010 to HK\$8,982,000 in 2011. The rise in other income and gains was primarily due to net effect of an increase in gain on disposal of fixed assets of HK\$1,433,000 and rise in fair value of investment property of HK\$1,586,000 and decrease in value added tax refund of HK\$2,748,000.

銷售成本

銷售成本減少51,131,000港元至536,487,000港元(二零一零年: 587,618,000港元), 減幅為8.7%。銷售成本佔銷售之百分比率由二零一零年86.4%升至二零一一年96.2%。消耗材料之成本維持不變, 佔兩個年度銷售成本總額之66.4%。銷售成本減少主要乃因本集團於二零一一年之營業額減少所致。

毛利

因營業額下降, 毛利遂減少71,799,000港元至二零一一年21,064,000港元, 減幅為77.3%(二零一零年: 92,863,000港元)。毛利減少主要乃因滯銷存貨撥備增加20,942,000港元, 外包費用增加7,723,000港元以及直接工資增加4,247,000港元所致。因此, 總毛利率亦由二零一零年13.6%減少至二零一一年3.8%。

其他收入及收益

其他收入及收益由二零一零年8,552,000港元增加430,000港元至二零一一年8,982,000港元, 增幅為5.0%。其他收入及收益增加主要乃因出售固定資產收益增加1,433,000港元, 投資物業之公允值增加1,586,000港元及增值稅退款減少2,748,000港元之淨影響所致。

CEO's Report 行政總裁報告書

Selling and Distribution Expenses

Selling and distribution expenses decreased by HK\$3,640,000 or 17.1%, from HK\$21,308,000 in 2010 to HK\$17,668,000 in 2011. The reduction in such expenses corresponded with the decline in turnover.

Administrative Expenses

Administrative expenses increased by HK\$201,000 or 1.0%, from HK\$19,644,000 in 2010 to HK\$19,845,000 in 2011. Administrative expenses kept at about the same level as 2010.

Research and Development Expenses

Research and development expenses slightly decreased by HK\$830,000 or 2.3%, from HK\$35,658,000 in 2010 to HK\$34,828,000 in 2011. The decline was due to the net effect of an increase in sundry research and development costs by HK\$1,629,000 and decrease in salaries by HK\$2,659,000.

Other Operating Expenses

Other operating expenses increased by HK\$4,696,000 or 45.2% from HK\$10,398,000 in 2010 to HK\$15,094,000 in 2011. The increase was primarily due to the impairment loss on goodwill of HK\$5,857,000, arising from acquisition of a subsidiary in prior years.

Finance Costs

No finance costs were recorded in 2011. This reflected finance costs capitalised on construction in progress for the Group's new facilities in Korea.

Taxation

In 2008, the Hong Kong Inland Revenue Department (the "HKIRD") enquired the Company about the basis of its 50:50 offshore claims in relation to its manufacturing activities carried out by Shenzhen Kwang Sung Electronics Co., Ltd. ("Shenzhen Kwang Sung") and a third party processing factory in the People's Republic of China (the "PRC"), and the deductibility of lease rentals since year of assessment 2001/02 and issued additional assessments for the prior years. Accordingly, the Company has lodged objections, made provision for Hong Kong Profits Tax of HK\$33,891,000 for the previously 50:50 offshore claims and deduction of lease rentals for years of assessment 2001/02 to 2007/08 (the "period") and purchased tax reserve certificates of HK\$23,380,000 as demanded by the HKIRD.

Having considered the advice from the Company's tax advisor, on 30 December 2011, the Company submitted a compromise settlement proposal (the "Proposal") regarding the Company's taxation affairs for the Period to the HKIRD, via its tax advisor, with a view of compromising on the tax assessment dispute.

With the Proposal accepted by the HKIRD, tax dispute in respect of the Period is now settled. Based on notices and letters received from the HKIRD, net Profits Tax payable for the Period has been revised to HK\$24,239,000. As the Company has made provision for Hong Kong Profits Tax of HK\$33,891,000 for the Period, the excessive tax provision of HK\$9,652,000 made in previous years have been written back to the consolidated income statement in 2011.

Pursuant to a Deed of Indemnity dated 23 June 2003, two shareholders, Mr. Yang Jai Sung and Kwang Sung Electronics Co., Ltd. would indemnify the Group for any tax liabilities for period prior to 30 June 2003. Out of the above tax liabilities of HK\$24,239,000, a sum of tax expenses of HK\$8,479,000 should be therefore borne by the two shareholders.

On the other hand, the HKIRD currently issued notices of assessment and statement of loss to the Company for the years of assessment 2008/09 to 2010/11 in accordance with the Profits Tax returns submitted to the HKIRD for the respective years although the compromise settlement bases agreed under the Proposal have yet to be applied. Based on currently available information, in the opinion of the directors, the current provision for Hong Kong Profits Tax for years of assessment 2008/09 to 2010/11 is sufficient.

銷售及分銷開支

銷售及分銷開支由二零一零年21,308,000港元減少3,640,000港元至二零一一年17,668,000港元，減幅為17.1%。相關開支減少與營業額減少一致。

行政開支

行政開支由二零一零年19,644,000港元增加201,000港元至二零一一年19,845,000港元，增幅為1.0%。行政開支與二零一零年幾乎維持同一水平。

研發開支

研發開支由二零一零年35,658,000港元稍微減少830,000港元至二零一一年34,828,000港元，減幅為2.3%。減少乃因年內雜項研發費用增加1,629,000港元及薪金減少2,659,000港元之淨影響所致。

其他經營開支

其他經營開支由二零一零年10,398,000港元增加4,696,000港元至二零一一年15,094,000港元，增幅為45.2%。增加主要由於往年收購一間附屬公司產生商譽減值虧損5,857,000港元所致。

融資成本

二零一一年並無錄得融資成本。反映出融資成本已在本集團位於韓國新設施之在建工程中資本化。

稅項

於二零零八年，香港稅務局向本公司查詢有關本公司在中華人民共和國（「中國」）由深圳光星電子有限公司（「深圳光星」）及第三方工廠所進行的製造活動及租賃租金扣稅問題而就二零零一／零二評稅年度以來提出50:50離岸申索要求之依據及發出於過往年度之補加評稅。本公司已提出反對，就過往之50:50離岸申索和二零零一／零二至二零零七／零八評稅年度（「該期間」）之租賃租金扣稅作出33,891,000港元香港利得稅撥備，並按香港稅務局要求購買儲稅券23,380,000港元。

經考慮本公司稅務顧問之意見後，於二零一一年十二月三十日，本公司透過其稅務顧問，就該期間之稅項事務向香港稅務局呈交折衷和解計劃（「該計劃」），以期就評稅爭議作出妥協。

按香港稅務局所接受之計劃，與該期間有關之稅項爭議已獲解決。按照來自香港稅務局之通告及函件，該期間應繳利得稅項淨額乃修訂為24,239,000港元。由於本公司已就該期間之香港利得稅作出33,891,000港元之撥備，往年所作出為數9,652,000港元之多餘稅項撥備已回撥至二零一一年之綜合損益表。

根據日期為二零零三年六月二十三日之彌償保證契約，兩名股東梁在星先生及株式會社光星電子就於二零零三年六月三十日前期間之任何稅項負債向本集團作出彌償保證。因而在上述稅項負債24,239,000港元當中，稅項開支總額8,479,000港元須由該兩位股東承擔。

另一方面，雖然該計劃下經協定之折衷和解方案尚未予應用，香港稅務局現按照各年度呈交香港稅務局之報稅表，就二零零八／零九至二零一零／一一評稅年度發出多份評稅通知書及評定虧損通知書。按照目前可獲得之資料，董事認為，現時就二零零八／零九至二零一零／一一評稅年度所作出之稅項撥備乃屬充份。

CEO's Report 行政總裁報告書

The PRC Corporate Income Tax decreased by HK\$585,000 or 33.1% from HK\$1,766,000 in 2010 to HK\$1,181,000 in 2011. Taking into consideration the above reversal of provision of HK\$9,652,000 in Hong Kong Profits Tax, under provision of Korean Corporate Income Tax of HK\$655,000 for prior years and deferred tax charge of HK\$505,000 net overall tax credit amount to HK\$7,311,000 in 2011, as compared with overall tax expenses of HK\$6,325,000 in 2010.

(Loss) profit for the Year

As a result of the foregoing, the Group reported a loss after taxation attributable to owners of the Company of HK\$49,714,000 in 2011 compared to a profit after taxation attributable to owners of the Company of HK\$8,087,000 in 2010.

Working Capital

Trade and bills receivable increased by HK\$6,469,000 or 6.1% from HK\$105,870,000 as at 31 December 2010 to HK\$112,339,000 as at 31 December 2011. This was primarily a result of an increase in turnover from HK\$66,819,000 in the last two months of 2010 to HK\$96,476,000 in the last two months of 2011. Accordingly, trade and bills receivable turnover days increased from 60.7 days in 2010 to 71.4 days in 2011. Trade and bills receivables turnover days are equal to the average trade and bills receivables divided by turnover and multiplied by 365 days for the year.

Inventory balance decreased by HK\$18,664,000 or 22.6% from HK\$82,673,000 as at 31 December 2010 to HK\$64,009,000 as at 31 December 2011. The decrease in inventory balance was mainly due to an increase in the slow moving stocks provision provided during the year. Inventory turnover days increased from 43.4 days in 2010 to 49.9 days in 2011. The calculation of inventory turnover days is based on the average inventory balances divided by cost of sales and multiplied by 365 days for the year.

Trade payable increased by HK\$10,489,000 or 15.9% from HK\$65,825,000 as at 31 December 2010 to HK\$76,314,000 as at 31 December 2011. The increase in trade payable was primarily due to the increase in purchase of raw material from HK\$77,734,000 in the last quarter of 2010 to HK\$94,737,000 in the last quarter of 2011. Trade payable turnover days increased from 42.7 days in 2010 to 48.4 days in 2011. Trade payables turnover days is equal to the average trade payables divided by cost of sales and multiplied by 365 days for the year.

Liquidity, Financial Resources and Capital Structure

The Group generally finances its operation with internally generated cash and banking facilities provided by its principal bankers. The net cash position (total cash and bank balances less total bank borrowings) decreased by HK\$83,441,000 or 69.7% from HK\$119,661,000 as at 31 December 2010 to HK\$36,220,000 as at 31 December 2011. The decrease in net cash position primarily reflected the additional bank loans drawn by the Group to meet its capital needs for construction of facilities in Korea.

Current ratio, being the ratio of current assets to current liabilities, decreased from 2.59 as at 31 December 2010 to 1.54 as at 31 December 2011. Gearing ratio, in terms of total liabilities to total assets, increased from 0.29 as at 31 December 2010 to 0.41 as at 31 December 2011. The decrease in current ratio and increase in gearing ratio were primarily due to higher bank borrowings to finance capital expenditure in respect of the Group's new facilities in Korea that are under construction. However, the Group intends to restructure existing bank borrowing from short term bank borrowing to long term bank borrowing in 2012 in order to enhance the Group's liquidity.

中國企業所得稅由二零一零年1,766,000港元減少585,000港元至二零一一年1,181,000港元，減幅為33.1%。計及於過往年度上述撥回香港利得稅9,652,000港元之撥備，韓國企業所得稅不足撥備655,000港元及遞延稅項支出505,000港元，二零一一年淨總稅項抵免達7,311,000港元，而二零一零年總稅項開支則為6,325,000港元。

年度（虧損）溢利

由於上述因素的共同影響，本集團於二零一一年錄得本公司擁有人應佔除稅後虧損49,714,000港元，而二零一零年為本公司擁有人應佔溢利8,087,000港元。

營運資金

應收貿易及票據賬款由二零一零年十二月三十一日之105,870,000港元增加6,469,000港元至二零一一年十二月三十一日之112,339,000港元，增幅為6.1%。增加主要因營業額由二零一零年最後兩個月之66,819,000港元增加至二零一一年最後兩個月之96,476,000港元所致。應收貿易及票據賬款周轉天數由二零一零年60.7天增加至二零一一年71.4天。應收貿易及票據賬款周轉天數乃相等於平均應收貿易及票據賬款除以營業額再乘以本年度365日計算。

存貨結餘由二零一零年十二月三十一日之82,673,000港元減少18,664,000港元至二零一一年十二月三十一日之64,009,000港元，減幅為22.6%。存貨結餘減少主要由於年內計提之滯銷存貨撥備增加所致。存貨周轉天數由二零一零年43.4天增加至二零一一年49.9天。存貨周轉天數乃按平均存貨結餘除以銷售成本再乘以本年度365日計算。

應付貿易賬款由二零一零年十二月三十一日之65,825,000港元增加10,489,000港元至二零一一年十二月三十一日之76,314,000港元，增幅為15.9%。應付貿易賬款增加主要由於原材料採購額由二零一零年末季77,734,000港元增至二零一一年末季94,737,000港元所致。應付貿易賬款周轉天數由二零一零年42.7天增加至二零一一年48.4天。應付貿易賬款周轉天數相等於平均應付賬款除以銷售成本再乘以本年度365日計算。

流動資金、財務資源及資本結構

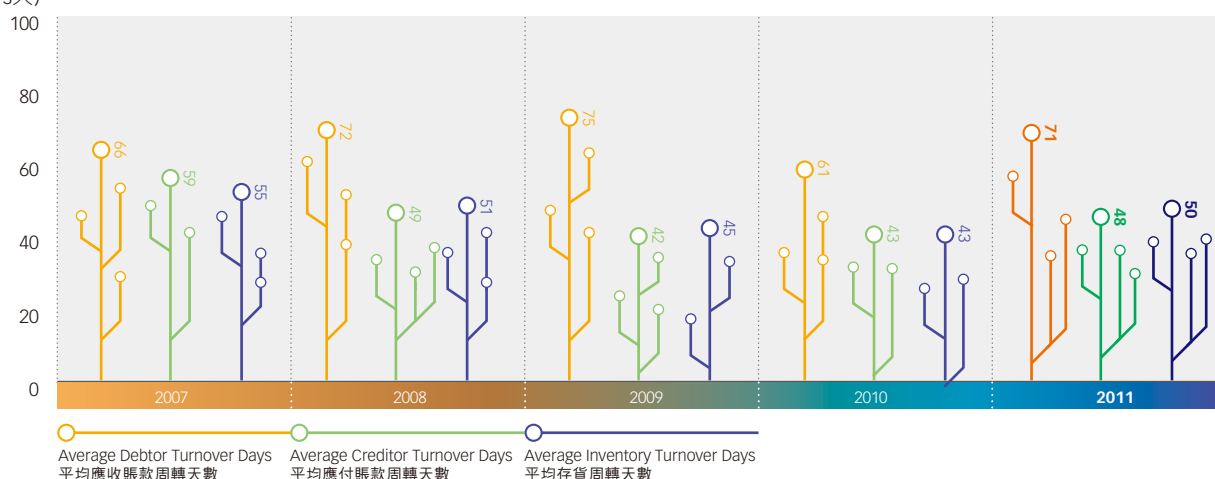
本集團一般以其內部產生現金及其主要往來銀行所提供之銀行融資，為其業務運作提供資金。淨現金狀況（現金及銀行結餘總額減銀行借貸總額）由二零一零年十二月三十一日之119,661,000港元減少83,441,000港元或69.7%至二零一一年十二月三十一日之36,220,000港元。淨現金狀況減少主要反映本集團支取更多銀行貸款以滿足於韓國建設設施之資金需求。

流動比率（流動資產與流動負債的比率）由二零一零年十二月三十一日之2.59減至二零一一年十二月三十一日之1.54，而負債比率（總負債與總資產之比率）則由二零一零年十二月三十一日之0.29增至二零一一年十二月三十一日之0.41。流動比率下降以及負債比率上升，主要是由於更多銀行借貸以就本集團於韓國正在建設中之新設施撥付資金開支所致。然而，本集團擬重組其現有銀行借貸，於二零一二年由短期銀行借貸改為長期銀行借貸，藉以提升本集團之資金流動性。

Turnover Days for 5 Years

五年之周轉天數

(Days天)



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Foreign Exchange Exposure, Hedging and Off Balance Sheet Financial Instruments

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

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

As the Hong Kong Dollar ("HKD") is pegged to the USD and Renminbi ("RMB") is adjusted within the daily fluctuation range under a managed floating exchange rate policy with reference to a basket of currencies, the Group does not expect any significant fluctuation in the exchange rates of the HKD/USD and RMB/USD in the foreseeable future. In the instance where short-term imbalance occurs, the Group will take necessary steps to ensure that net exposure to other currencies such as JPY and KRW is maintained at an acceptable level. The Group will continue to closely monitor exchange rate trends.

Investment Activities

In 2010, the Group acquired a parcel of land in Korea at a consideration of HK\$52,120,000 and commenced construction of new facilities in December 2010. The project, when completed, will facilitate the Group's research and development, manufacturing, and sales and marketing activities as well as provide administrative offices. As at 31 December 2011, the Group has invested HK\$62,721,000 in construction of the building complex, which is expected to be completed by April 2012.

Aside from the aforementioned, the Group did not make any material acquisitions or dispose of any of its subsidiaries or associated companies during the year.

Charges on Assets

As at 31 December 2011, the Group's certain assets of the Group, with an aggregate carrying value of HK\$57,822,000 were pledged to secure banking facilities.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2011. The Group is not involved in any current material legal proceedings, nor is it aware of any pending or potential material legal proceedings involving the Group.

Capital Commitments

As at 31 December 2011, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK\$14,619,000.

Employees and Remuneration Policy

As at 31 December 2011, the Group had 953 employees, including 28 based in Hong Kong, 840 in the PRC and 85 in Korea.

Staff costs increased by HK\$3,778,000 or 4.4%, from HK\$85,836,000 in 2010 to HK\$89,614,000 in 2011.

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

外匯風險、對沖及賬外金融工具

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

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及人民幣兌美元的匯率於可見未來不會出現任何重大波動。倘發生短期不平衡，則本集團將採取必要措施以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。本集團將繼續密切監控外匯匯率趨勢。

投資活動

於二零一零年，本集團以代價52,120,000港元收購一幅位於韓國的地塊，並於二零一零年十二月開始建設新設施。該項目竣工後將促進本集團之研究及開發、生產、銷售與推廣活動並將提供行政辦事處。截至二零一一年十二月三十一日，本集團已投資62,721,000港元建設綜合大樓，預計將於二零一二年四月竣工。

除上述外，年內本集團並無任何有關收購或出售附屬公司或聯營公司之重大事項。

資產抵押

於二零一一年十二月三十一日，本集團之銀行融資以本集團總賬面值為57,822,000港元之若干資產作為抵押。

或然負債

本集團於二零一一年十二月三十一日並無任何重大或然負債。本集團並無牽涉任何現時之重大法律訴訟，亦未知悉涉及本集團之任何未決或潛在重大法律訴訟。

資本承擔

於二零一一年十二月三十一日，本集團就購買物業、機器及設備之總資本承擔為14,619,000港元。

僱員及酬金政策

於二零一一年十二月三十一日，本集團有953名僱員，其中28名駐守香港，840名駐守中國，另85名則駐守韓國。

員工成本由二零一零年之85,836,000港元上升3,778,000港元或4.4%至二零一一年的89,614,000港元。

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

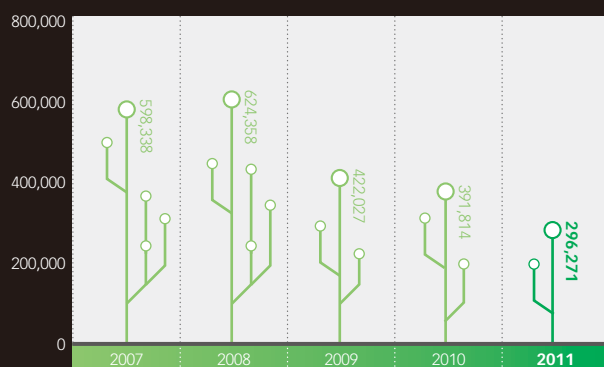
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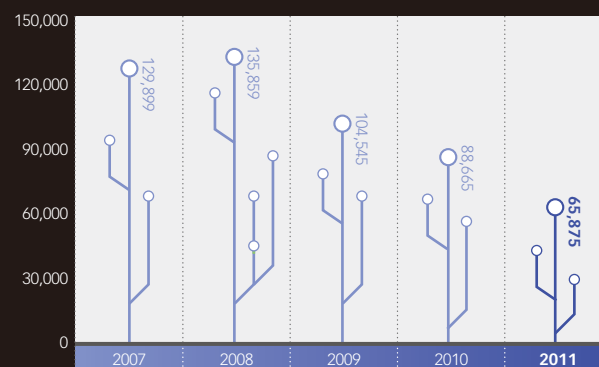
業務回顧

Composite Components Business 複合元件業務

Sales of Composite Components
複合元件銷售額
(HK\$'000 千港元)



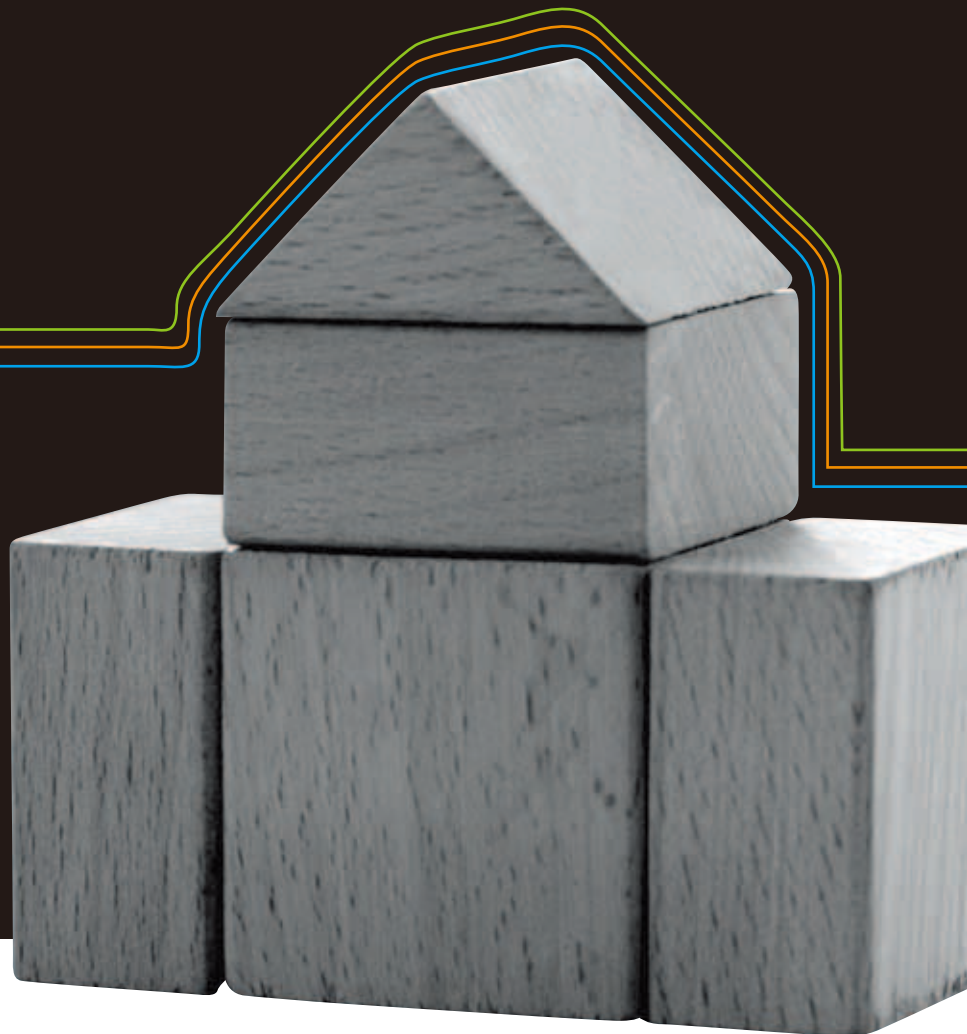
Sales of Tuner Modules for Car Audios
汽車音響調諧器模組銷售額
(HK\$'000 千港元)



Composite Components Business

The turnover from the composite components business decreased by 24.4% to HK\$296,271,000 (2010: HK\$391,814,000) for the year ended 31 December 2011. The drop was mainly due to the declining demand and technological change for traditional home audios. The contribution of this segment to the Group's total turnover has therefore been reduced to 53.1% compared with 57.6% in 2010.

The sales from tuner modules for home audio systems decreased by 11.5% to HK\$126,159,000 during the financial year, representing 42.6% of the total turnover from the composite components business. Turnover of tuner modules for car audios also dropped by 25.7% to HK\$65,875,000 (2010: HK\$88,665,000), which accounted for 22.2% of the total turnover from that business. However, the Group strengthened its position in before market segment in fulfilling the demand for automotive use during the year.



複合元件業務

截至二零一一年十二月三十一止年度，複合元件業務之營業額減少24.4%至296,271,000 港元（二零一零年：391,814,000 港元）減少主要由於傳統家用音響調諧器模組之需求不斷下降以及技術變化所致。因此，該分部對本集團總營業額之貢獻較二零一零年之57.6%降至53.1%。

財政年度內，家用音響系統調諧器模組之銷售額下跌11.5%至126,159,000 港元，佔複合元件業務總營業額的42.6%。汽車音響調諧器模組業務的營業額亦下跌25.7%至65,875,000 港元（二零一零年：88,665,000 港元），佔複合元件業務總營業額的22.2%。然而，年內本集團為滿足汽車行業的需求而提高此業務於汽車廠商市場分部中的地位。

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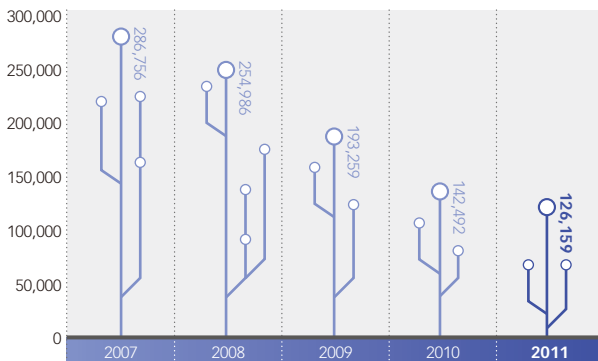
Composite Components Business

複合元件業務

Sales of Tuner Modules for Home Audios

家用音響調諧器模組銷售額

(HK\$'000 千港元)



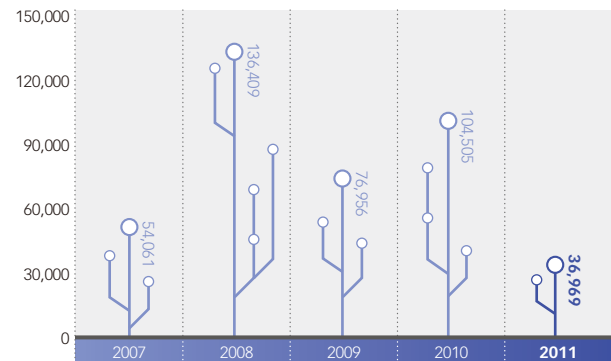
In addition, in line with the Group's direction for automotive electronics focus, the Group has successfully marketed antenna modules for car audios and audio/video and navigation ("AVN") systems, which was launched in 2009. The sale of antenna modules, which are active antenna modules in automotive vehicles for before market, increased by 126.8% to HK\$34,565,000 (2010: HK\$15,238,000) during the year.

Sales of the Group's wireless solutions have decreased by 64.6% to HK\$36,969,000 during the year (2010: HK\$104,505,000) mainly due to discontinued orders for FM transmitters for LCD and LED televisions, and declining orders for wireless speaker solutions from the existing customers. However, the Group launched High Pass modules for auto toll in Korea in the second half of 2011, and also obtained new orders from one of the renowned electronic company in Japan for Bluetooth speaker systems recently, which was designed by the Group's research and development resources, and thus expect to recoup its revenues in this segment.

Sales of Wireless Solutions

無線解決方案銷售額

(HK\$'000 千港元)

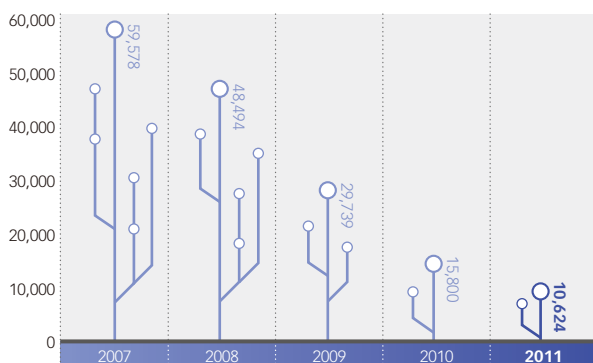


此外，本集團已成功推廣於二零零九年推出針對汽車音響及AVN系統的天線模組以符合本集團業務重心轉向汽車電子產品。年內，天線模組（具備汽車廠商市場的汽車用活躍模組）之銷售額增長126.8%至34,565,000港元（二零一零年：15,238,000港元）。

年內，本集團無線解決方案之銷售額減少64.6%至36,969,000港元（二零一零年：104,505,000港元），主要由於終止用於LCD及LED電視機之FM傳輸器訂單，以及現有客戶之無線揚聲器解決方案訂單減少所致。然而，本集團於二零一一年下半年在韓國推出用於自動收費的高通模組，並且近期亦取得日本一家著名電子公司之藍牙揚聲器系統新訂單，該系統由本集團之研發資源設計，因此預期將彌補此分部之收入。

Sales of Digital Products 數碼產品銷售額

(HK\$'000 千港元)

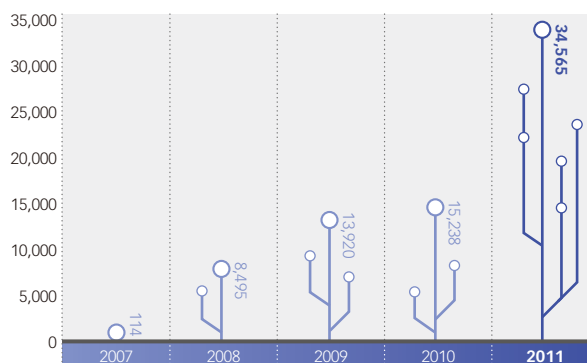


During the year, the sales of the Group's digital solutions such as digital audio broadcasting ("DAB"), digital multimedia broadcasting ("DMB"), and hybrid digital radio ("HD Radio") also decreased by 32.8% to HK\$10,624,000 (2010: HK\$15,800,000). Despite the recent decline in this product group, the Group believes that digital solutions will be one of the essential kits in home and automotive audio products in European market, and will become one of key growth drivers of the Group's digital multimedia products in the upcoming years.

Leveraging the technology of Wiretape™, the Group has developed the Wiretape™ application technology for cars and smartphones such as flexible PCB antenna modules for cars and augmented antenna for mobile devices, respectively. This augmented antenna used for boosting signals for mobile phones indoors was tested and well received by customers. The Group has cooperated with customers in Europe, Japan, and Korea to explore sales of Wiretape™ and its derived products in order to build a diversified portfolio in the Wiretape™ sector and generate satisfactory revenues in the near future.

Sales of Antenna Modules 天線模組銷售額

(HK\$'000 千港元)



年內，本集團之數碼解決方案（如數碼音響廣播（「DAB」）、數碼多媒體廣播（「DMB」）及混合式數碼收音機（「HD Radio」）銷售額下降32.8%至10,624,000港元（二零一零年：15,800,000港元）。儘管近期此產品組別銷售額下跌，本集團仍相信數碼產品將是歐洲市場家用及汽車音響產品之基礎組件之一，並將成為本集團未來幾年數碼多媒體產品之關鍵增長驅動力之一。

利用 Wiretape™ 技術，本集團已開發出用於汽車及智能手機之 Wiretape™ 應用技術，例如用於汽車之軟性 PCB 天線模組以及用於移動設備之增強天線。該增強天線用於增強移動電話室內信號，已經客戶測試並深受歡迎。本集團已與歐洲、日本及韓國之客戶合作以開拓 Wiretape™ 及其衍生產品之銷售，以打造 Wiretape™ 行業之多元產品組合及於不遠將來創造令人滿意之收入。

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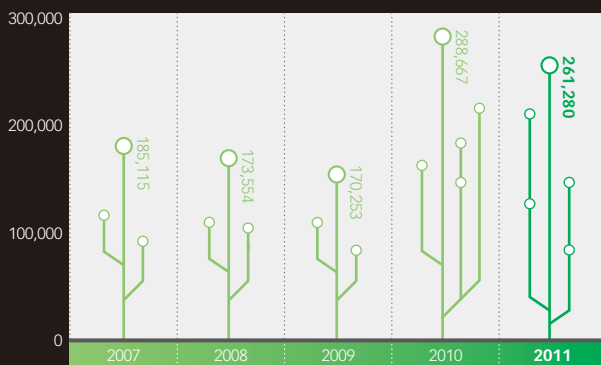
業務回顧

Unit Electronic
Components Business
單位電子元件業務

Sales of Unit Electronic Components

單位電子元件銷售額

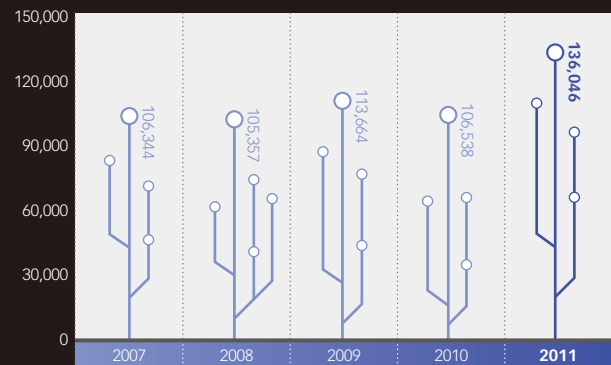
(HK\$'000 千港元)



Sales of Coils

線圈銷售額

(HK\$'000 千港元)

**Unit Electronic Components Business**

For the year ended 31 December 2011, turnover from the unit electronic components business recorded a drop of 9.5% to HK\$261,280,000 (2010: HK\$288,667,000). The decrease was primarily net effect of decrease in sales of planar transformers by HK\$43,231,000 arising from the production suspension during the first half of 2011 and increase in sales of coil products by HK\$29,508,000.

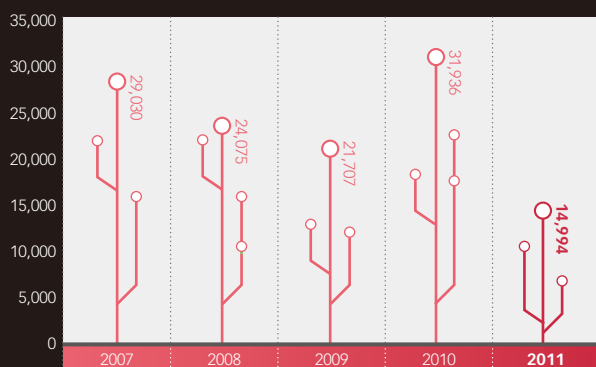
The Group has taken the initiative to switch its customers' demand to the products by automated production lines during the year. The Group believed that switch from labour intensive manufacturing to automation for traditional unit electronic components will eventually bring positive returns in the mid to long run, in light of the surging manufacturing cost in the PRC including labour cost hikes in recent periods.



Sales of Ceramic Components

陶瓷元件銷售額

(HK\$'000 千港元)



單位電子元件業務

截至二零一一年十二月三十一日止年度，單位電子元件業務之營業額下跌9.5%至261,280,000 港元（二零一零年：288,667,000 港元）。減少主要歸因於二零一一年上半年平面變壓器生產暫停，導致其銷售額減少43,231,000 港元及線圈產品銷售額增加29,508,000 港元之淨影響所致。

年內，本集團已率先將能滿足其客戶需求之產品轉變為能通過自動化生產線完成。本集團相信，鑒於中國之製造成本不斷飆升（包括近期勞動力成本高企），中長期而言，傳統單位電子元件的生產由勞動密集型轉變為自動化最終將帶來正面的回報。

CEO's Report 行政總裁報告書

Operational Efficiency

The Group is utilising the Enterprise Resources Planning (“ERP”) system installed in 2010 to enhance its business processes, which encompass research and development, procurement, production, inventory control, sales, cost control and financial management. During the year, the Group also extended the same ERP system to cover newly established manufacturing plant in Baoying Anyi New and High Technology Industrial Zone in Jiangsu Province, the PRC. The ERP system is a useful tool for assisting the Group making effective business and management decisions and achieving higher operational efficiency.

Prospects

Looking ahead, the Group anticipates fierce market competition and rising production costs will both be major factors that negatively affect the consumer electronic products industry and the Group's business. To alleviate adverse impact on its business results from some of sluggish market segments in the coming periods, the Group has made efforts to diversify its concentrated market on consumer electronics, especially home audios into automotive, communications, and industrial segments during the past periods. In addition, newly launched products have received positive market feedback, and the Group expects to see improved business results during the second half of 2012.

For short-term being, the Group will continue to work for renowned electronic brands as an OEM and ODM. Also, to cope with declining trends in traditional home audio segment, the Group plans to launch accessory products for the dynamic market for mobile devices for home use, such as smartphone dual docking systems for mainstream smartphones, and Bluetooth speaker systems for mobile devices in 2012. The Group believes that the fast growing smartphone market will continue to create a rising demand for a docking system and external wireless speaker solutions. Positive market response has been received for these products, and the Group has successfully secured orders from a renowned Korean and Japanese consumer electronics brands.

To align with the Group's business strategies by geographical regions with automotive focus, its new production facilities in Korea will be completed by early second quarter of 2012 while Baoying production plant in Jiangsu Province, the PRC started up its operation in the fourth quarter of 2011. The new plants will serve demands for Korea and Japan, and northern China, respectively, while the existing Shenzhen plants will supply products in Southern China and overseas markets. The product line-up consisted of tuner modules and DAB modules for car audios, antenna modules for AVN systems, and High Pass modules for auto toll in Korea.

營運效率

本集團正利用於二零一零年安裝之企業資源規劃(「ERP」)系統，以改進其業務程序，包括研發、採購、生產、存貨控制、銷售、成本控制及財務管理。年內，本集團又將同一套ERP系統擴大應用至位於中國江蘇省寶應安宜高新園區的製造廠。ERP系統是一款有用工具。可協助本集團更有效地作出業務及管理決策，並取得較高營運效率。

前景

展望未來，本集團預期激烈市場競爭及生產成本攀升將是對消費電子產品行業以及本集團業務造成不利影響之兩大主要因素。為舒緩未來一段時期部分市場類別出現疲弱狀況而對其業務之衝擊，本集團於過往期間已致力多元化其主打消費電子市場，尤其是家用音響及汽車、通訊及工業分類。此外，新推出產品收到良好市場反饋，本集團預期於二零一二年下半年將實現業務業績改善。

短期而言，本集團將繼續為著名OEM及ODM電子品牌合作以應對傳統家用音響分部不斷下降之趨勢，本集團計劃於二零一二年為家用移動設備動態市場推出配套產品，如用於主流智能手機之智能手機雙重對接系統以及用於移動設備之藍牙揚聲器系統。本集團相信，快速增長之智能手機市場將繼續為對接系統以及外部無線揚聲器解決方案創造日益攀升之需求。本集團就相關產品已取得良好市場回應，且本集團已成功取得一個著名韓國及日本消費電子品牌之訂單。

為配合本集團按地區分區以汽車行業為重心之業務策略，其於韓國之新生產設施將於二零一二年上半年度早段竣工，而於中國江蘇省之寶應生產廠房已於二零一一年第四季度開始運行。新工廠將分別服務韓國及日本與華北地區之需求，而現有深圳廠房將為華南以及海外市場供應產品。產品線包括用於汽車音響之調諧器模組以及DAB模組、用於AVN系統之天線模組以及在韓國用於自動收費之高通模組。

The Group is pleased to see the growing demand for traditional types of unit electronic components from major customers. However, the profit margin of this labour-intensive product is weakened by the rising labour cost. The Group therefore proactively guides its customers to switch to products manufactured by automated production lines. This enables the Group to reduce the sub-contracting expenses and labour expenses, achieve higher utilisation of the Group's production facilities, and, ultimately, enjoy a satisfactory return in the long run.

On the other hand, the Group has already developed the prototype of a high efficiency heat sink substrate utilising the Group's existing ceramic forming, sintering, and printing technology, and is promoting it to LED illumination and back light unit ("BLU") customers. This highly efficient product enhances heat sink rate for LED products such as light bulbs and LED BLUs to sustain a longer product life at a lower product cost. The Group is striving to market this product to renowned electronic or illumination product manufacturer, and this product is expected to launch in the second half of 2012.

Facing the opportunities and uncertainties in the year ahead, the Group will continue to adjust its business strategies by actively launching new products with better profitability and address the ever-changing market trends in a prudent and pragmatic way to meet changing market demand. The completion of the Korea plant and the commencement of commercial production will further strengthen the Group's competitive position in the electronic components industry. In the long term, the Group will pay attention to the opportunities that will boost its business development, thus generating a long term return for shareholders.

Investor Relations

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

本集團欣然看到主要客戶之傳統類型單位電子元件之需求不斷增長。但是，此勞動密集型產品之溢利率被勞動力成本高企所削弱。因此，本集團積極指導其客戶轉向於通過自動生產線製造產品。此舉將令本集團降低分包開支以及勞動力開支，實現本集團產品設施之更高利用率，並長遠而言最終取得令人滿意之回報。

另一方面，本集團已開發一款高效能散熱基板之原型產品，其利用本集團之現有陶瓷成型、燒結及印刷技術，並將推廣至LED照明及背光模塊（「BLU」）客戶。此高效能產品可提升現有LED產品（包括燈泡及LED背光模組）之散熱率，以較低產品成本延續產品壽命。本集團正致力向著名電子或照明產品生產商營銷此產品，此產品預期將於二零一二年下半年推出。

面對來年之機遇及不明朗情況，本集團將通過積極推出具有更佳盈利能力之新產品繼續調整其業務策略，並以審慎務實之方式應對千變萬化之市場趨勢，以滿足不斷變化之市場需求。韓國廠房之竣工以及開始商業生產將進一步增強本集團於電子元件行業之競爭地位。長遠而言，本集團將關注將促進其業務發展之機遇，從而為股東創造長期回報。

投資者關係

本公司重視與投資者之關係，並且在其管理理念之指引下，致力維護透明之運營表現及策略發展計劃。管理層持續與分析師及機構投資者溝通，並向其提供有關本公司發展之最新綜合資料，本公司及時發布資料並確保其網站 www.kse.com.hk 包含最新資料，包括年度報告、中期報告、公告、月報表以及新聞資料，並且及時更新以保持透明度。

CEO's Report 行政總裁報告書

Corporate Social Responsibility

As a caring corporation, the Group has been active in fulfilling its social responsibility to the interest of all stakeholders and society. The Group's corporate social responsibility efforts fall into the three following categories:

Marketplace

In the interest of shareholders, the Group have adhered to the business objectives of contributing to the sustainable development of the electronics industry and improving consumer electronics to heighten product efficiency and deliver the best end-user experience. To these ends, the Group invests substantially in research and development and internal quality control to ensure the continuous delivery of quality and reliable products to customers. The Company complies with the requirements of ISO/TS 16949:2002 on design and manufacture of its car tuners and ISO 9001:2000 on production and servicing of electronic products. These products include transformers, intermediate frequency transformers, antennas, filters, coils, coil inductors, electrical meters, dielectric filters, tuners, tuner modules, wireless modules, switching mode power supplies, digital tuner modules for DAB and digital amplifiers. The Group has also frequently received customers' performance certificates that signified recognition of the Group's professional procedures and appreciation of product quality.

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

Employee Health and Welfare

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

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以及社會之利益。本集團在企業社會責任方面所作出之努力可分為下列三類：

市場

為符合股東之利益，本集團堅持為電子業的可持續發展作出貢獻、以及改善消費者電子產品以提高效率及帶來最佳客戶體驗的商業目標工作。為此，本集團大量投資於研究、開發及內部質量監控，以確保不斷生產優質可靠之產品予客戶。本集團亦符合多項標準：ISO/TS16949:2002之汽車調諧器的設計和製造，ISO 9001:2000標準之電子產品生產及服務，該等產品包括變壓器、中周變壓器、天線、濾波器、線圈、電感器、電子儀表、誘電體濾波器、高頻頭、調諧器模組、無線接收器、開關電源板、DAB及數碼功率放大器之數碼調諧器模組。本集團亦經常收到客戶之表現證書，肯定本集團之專業程序並對本集團產品質量表示嘉許。

本集團認同業界與大學合作之需要及裨益。本公司期望借大學及若干研究院之資源訂制培訓，以助發展員工之業務及管理專業知識，應付全球競爭。本集團亦會向大學學生提供諮詢服務、資助及實習。

僱員健康及福利

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

The Group also encourages employees to enroll in external job-related courses and sponsors these initiatives when appropriate. As part of the orientation procedure, all new employees are required to participate in programmes on topics including internal control and information protection, ISO and quality management systems.

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

Environment and Community

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

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

The Group also encourages employees to save energy and resources. To cut down on paper consumption, the Group encourages double-sided printing and printing when necessary only. The Group also relays energy-saving tips to staff members through a daily learning program. To fulfil its commitment to society during the year, the Company has also provided donations to charities to help the needy.

Appreciation

On behalf of the management, I would like to take this opportunity to extend my gratitude to all the staff for their dedication throughout the year. At the same time, I also wish to express my appreciation to our customers, suppliers, business partners and shareholders for their continuing support. We will continue to dedicate our efforts in order to generate optimum returns for our shareholders in the long run.

Yang Jai Sung

Chief Executive Officer

Hong Kong, 30 March 2012

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

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

環境及社會

本集團符合 ISO 14001:2004 環境管理體系之標準。

本集團亦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（「RoHS」）的規條。本集團生產的所有產品均不含鉛並已符合 RoHS。

本集團亦鼓勵僱員節省能源及資源。為減少耗紙，本集團鼓勵雙面打印及僅於必要時打印。本集團亦透過每日學習計劃向員工傳達節能小知識。年內，為履行對社會之承諾，本公司亦有捐款予慈善團體，幫助有需要人士。

致謝

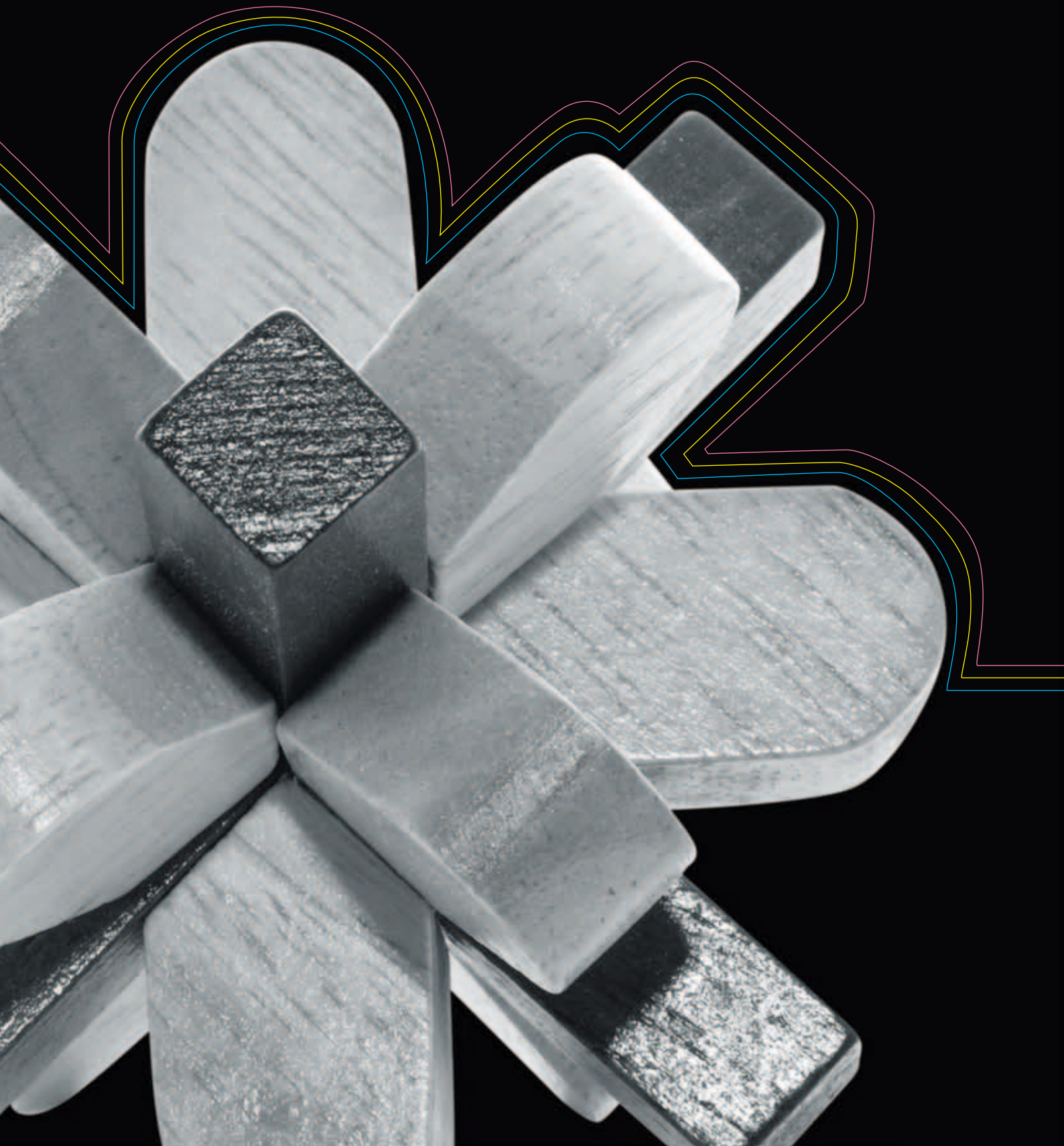
本人謹藉此機會代表管理層感謝全體員工於這年來一直全情投入。同時，亦感謝客戶、供應商、業務夥伴及股東們對本集團的支持從不間斷。我們將繼續努力，為股東締造長遠的理想回報。

行政總裁

梁在星

香港，二零一二年三月三十日

CONTINUOUS CREATION



Corporate Governance Report

企業管治報告書

We are actively fulfilling our corporate social responsibility to the interest of all stakeholders and society

我們致積極地履行其企業社會責任，
維護本公司所有利益相關者以及
社會之利益



Corporate Governance Report 企業管治報告書

Code on corporate governance practices

The Company strives to attain high standards of corporate governance practices in order to enhance the shareholders' value and stakeholders' interests. The Company emphasises on the quality of board of directors (the "Board"), effective internal control, stringent disclosure practices, an ethical corporate culture and accountability to all stakeholders under its corporate governance principles.

Attendance record for the board and board committee meetings in 2011

The composition of the Board and their respective attendance in the regular full Board meetings and other committee meetings for the year ended 31 December 2011 are as follows:

		No. of meetings attended/held 會議出席／舉行次數			
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Executive Committee 執行委員會
Non-executive director	非執行董事				
Mr. Yang Ho Sung	梁皓星先生	8/9	1/2	n/a 不適用	n/a 不適用
Executive directors	執行董事				
Mr. Yang Jai Sung	梁在星先生	9/9	n/a 不適用	2/2	3/3
Mr. Lee Kyu Young	李圭英先生	9/9	n/a 不適用	n/a 不適用	3/3
Independent non-executive directors	獨立非執行董事				
Dr. Han Byung Joon	韓丙濬博士	7/9	2/2	2/2	n/a 不適用
Dr. Kim Chung Kweon	金正權博士	7/9	2/2	2/2	n/a 不適用
Mr. Kim Chan Su	金瓚洙先生	7/9	2/2	2/2	n/a 不適用

Set out below are the summarised key components of corporate governance practices adopted by the Company.

企業管治常規守則

本公司致力達至高水平的企業管治，從而提升股東價值及所有利益相關者之權益。本公司依據已採納的企業管治原則，著重於建立高素質的董事會、有效的內部監控、嚴格的披露常規、高度操守的企業文化以及對所有利益相關者作出之問責性。

二零一一年董事會及各董事委員會會議之出席記錄

截至二零一一年十二月三十一日止年度，董事會之組成及其董事會全體定期會議及其他委員會會議相關出席率如下：

本公司所採納之企業管治常規之主要概要載列於下文。

The board of directors

The Company's overall management is vested in its Board, which currently comprises seven members, coming from diverse businesses and professional backgrounds. The biographical details of directors are set out under the section "Directors and Senior Management" on pages 38 to 45 of this annual report. The Board comprises non-executive director Mr. Yang Ho Sung (Chairman), executive directors Mr. Yang Jai Sung, Mr. Lee Kyu Young and Mr. Hong Sang Joon, and independent non-executive directors Dr. Han Byung Joon, Dr. Kim Chung Kweon and Mr. Kim Chan Su.

The Board meets at least four times annually to review business development and overall strategic policies. The attendance record of individual board members during the year set out in the table on page 30 of this report.

To facilitate the operation of the Board, the Board has established a schedule of matters reserved for its approval. The specific responsibilities reserved for the Board include (a) setting the Group's strategy and dividend policy; (b) approving budgets, reviewing operational and financial performance; (c) approving major investments and divestments; (d) reviewing the internal control system of the Group; (e) ensuring appropriate management development and succession plans in place; (f) approving appointments of and remuneration policy for directors and other senior executives; (g) approving corporate social responsibility policies; and (h) ensuring effective communication with shareholders.

For the financial reporting accountability, the Board has an ultimate responsibility for preparing the financial statements. In preparing the financial statements, the Board has ensured that (a) the generally accepted accounting standards in Hong Kong have been adopted; (b) appropriate accounting policies have been used and applied consistently; and (c) reasonable and prudent judgments and estimates have been made. Moreover, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

Being part of good corporate governance practices, a number of board committees have been established. These committees include four corporate governance related committees namely Executive Committee, Remuneration Committee, Audit Committee and Nomination Committee as well as one ad hoc committee namely Independent Board Committee which is responsible for advising the matters in relation to the continuing connected transactions. These committees operate within specific terms of reference as prepared by the Company and report their work and findings to the Board regularly. The terms of reference have been posted on the Company's website at www.kse.com.hk.

董事會

本公司之整體管理由董事會負責，目前，董事會由七名成員組成，彼等擁有不同行業及專業背景。董事履歷詳情載於本年報38至45頁「董事及高層管理人員」一節。董事會成員包括非執行董事梁皓星先生（主席），執行董事梁在星先生，李圭英先生及洪祥準先生，獨立非執行董事韓丙濬博士、金正權博士及金瓚洙先生。

董事會每年最少舉行四次會議，以檢討業務發展及整體策略政策。於年內，個別董事會成員之出席記錄載於本報告第30頁之表內。

為方便董事會運作，董事會制定了一份項目清單並保留其決定權。董事會之指定責任包括(a) 制定本集團整體策略及股息政策；(b) 通過預算案、檢討營運及財務表現；(c) 批准重大投資及撤資；(d) 檢討本集團內部監控系統；(e) 確保有適當管理發展及延續計劃；(f) 通過委任董事及其他高級行政人員並釐訂彼等之薪酬政策；(g) 批准企業社會責任政策；及(h) 確保與股東進行有效溝通。

就財務申報之問責性而言，董事會有編製財務報表之最終責任。在編製財務報表時，(a) 香港公認之會計準則已予採納；(b) 適當會計政策已予使用及貫徹應用；及(c) 合理及審慎之判斷和估算已予作出。此外，董事會並不知悉有任何重大不明確因素致使本集團持續經營之能力存在疑問。為此，董事會在編製財務報表時繼續採用持續經營基準。

作為良好企業管治之部份措施，本公司已成立多個董事會轄下的委員會。該等委員會包括四個與企業管治有關的委員會，即執行委員會、薪酬委員會、審核委員會及提名委員會，以及一個負責就持續關連交易提供意見之特設委員會，即獨立董事委員會。該等委員會均按由本公司編製之特定職權範圍操作並且定期向董事會匯報彼等之工作及調查結果。職權範圍載於本公司網站www.kse.com.hk。

Corporate Governance Report 企業管治報告書

Executive committee

The Board has delegated certain authorities and responsibilities to the executive directors, including, but not limited to, the development of strategic plans for the consideration of the Board, implementation of the strategies and policies of the Group as determined by the Board, monitoring of the daily operation and financial results against plans and budgets, guiding the Company in various corporate affairs. The Executive Committee, formed by the executive directors from time to time and convey the meeting when required by the committee chairman. As at the date of this report, the Executive Committee comprised by Mr. Yang Jai Sung (Committee Chairman), Mr. Lee Kyu Young and Mr. Hong Sang Joon.

During the year, the Executive Committee met three times with the attendance record of individual committee members set out in the table on page 30 of this report.

Remuneration committee

The Remuneration Committee of the Company comprises three independent non-executive directors namely Dr. Han Byung Joon (Committee Chairman), Dr. Kim Chung Kweon and Mr. Kim Chan Su, and one executive director namely Mr. Yang Jai Sung.

During the year, the Remuneration Committee met twice with the attendance record of individual committee members set out in the table on page 30 of this report.

The principal responsibilities of the Remuneration Committee are reviewing the remuneration packages of directors and senior management and making recommendations to the Board on the remuneration structure. The Remuneration Committee regularly reviews and guides the formulation of the Group's remuneration policy for directors and senior management attributable to performance-driven compensation commitment as well as market trend and industry norms. The details of the emoluments of the directors are disclosed in the note 13 to the financial statements on a namely basis.

No director can take part in any discussion about his or her own remuneration.

During the year, the Remuneration Committee has reviewed the remuneration packages of directors and senior management according to the Group's employment policy, nomination policy, remuneration policy, training and development policy and communication policy which have been formulated and adopted by the Remuneration Committee.

執行委員會

董事會已授出若干權力及責任予執行董事，包括但不限於發展策略性計劃以供董事會考慮、實施董事會決定之本集團策略及政策、監管日常營運表現及財務業績以對比計劃及預算中的情況，多方面指導企業事務。執行委員會由所有執行董事不時組建並按委員會主席要求召開會議。於本報告日期，執行委員會由梁在星先生（委員會主席）、李圭英先生及洪祥準先生組成。

年內，執行委員會召開了三次會議，個別委員會成員之出席記錄載於本報告第30頁之表內。

薪酬委員會

本公司薪酬委員會由三名獨立非執行董事韓丙濬博士（委員會主席）、金正權博士與金瓚洙先生及一名執行董事梁在星先生組成。

年內，薪酬委員會召開了二次會議，個別委員會成員之出席記錄載於本報告第30頁之表內。

薪酬委員會之主要責任為檢討董事及高層管理人員之薪酬組合及就薪酬架構向董事會作出建議。薪酬委員會定期檢討及指導本集團董事及高層管理人員之薪酬政策之編製。薪酬政策乃根據與表現掛鉤之報酬承諾，並參考市場趨勢及行業慣例釐訂。董事之酬金詳情以具名方式披露於財務報表附註13。

並無董事可參與關於自己薪酬之討論。

年內，薪酬委員會已根據其制訂及採納之本集團聘用政策、提名政策、薪酬政策、培訓及發展政策、及溝通政策，檢討董事及高層管理人員之薪酬待遇。

Nomination committee

During the year ended 31 December 2011, the Company has not established a Nomination Committee. The nomination and appointment of any new director(s) would be administered by the Remuneration Committee according to the adopted selection criteria and evaluation processes as set out in the director nomination policy.

The objectives of this director nomination policy is to ensure the Board is properly constituted with a balanced mix of skills, qualifications and experiences to meet its fiduciary obligations to the Company and its shareholders as well as to face the Company's current and emerging operating and strategic challenges and opportunities.

The Company has established a Nomination Committee on 27 March 2012 which comprises three independent non-executive directors namely Dr. Kim Chung Kweon (Committee Chairman), Dr. Han Byung Joon and Mr. Kim Chan Su and one executive director namely Mr. Yang Jai Sung.

The principal responsibilities of the Nomination Committee are making recommendations to the Board on the appointment or re-appointment of directors, and reviewing the structure, size and composition of the Board and to ensure fair and transparent procedures for the appointment or re-appointment of directors. The Nomination Committee will propose the appointment of such candidates to the Board for consideration and the Board will review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his/her qualifications, experience and background. The decision of appointing a director must be approved by the Board.

Audit committee

The Audit Committee of the Company comprises three independent non-executive directors namely Mr. Kim Chan Su (Committee Chairman), Dr. Kim Chung Kweon and Dr. Han Byung Joon, and one non-executive director namely Mr. Yang Ho Sung.

During the year, the Audit Committee met twice with the external auditors without the presence of any executive director. The complete attendance records of individual committee members have been set out in the table on page 30 of this report.

The principal responsibilities of the Audit Committee are:

- (1) monitoring the integrity of financial reporting of the Company;
- (2) reviewing the internal control and risk management systems of the Group; and
- (3) reviewing the corporate governance practices of the Company.

提名委員會

截至二零一一年十二月三十一日止年度內，本公司並無建立提名委員會。提名及委任任何新董事將由薪酬委員會根據載於董事提名政策所採用之甄選準則及評核過程而進行。

董事提名政策之目標為確保董事會由具備不同技能、資格及經驗的人士均衡組成，從而向本公司及其股東履行其受委託之責任，以及面對本公司現時及可能出現的營運及策略上的挑戰及機會。

本公司已於二零一二年三月二十七日成立提名委員會，包括三名獨立非執行董事金正權博士（委員會主席）、韓丙濬博士及金瓚洙先生，以及一名執行董事梁在星先生。

提名委員會之主要責任為向董事會提供有關委任或續聘董事之推薦意見，檢討董事會之架構、大小及組成以及確保委任或續聘董事之程序公正透明。提名委員會將提出委任人選供董事會考慮而董事會將會審視相關人選之資歷，基於其資歷、經驗及背景決定是否適合本集團。委任董事之決定須獲董事會批准。

審核委員會

本公司審核委員會由三名獨立非執行董事金瓚洙先生（委員會主席）、金正權博士與韓丙濬博士及一名非執行董事梁皓星先生組成。

年內，審核委員會在並無執行董事參與的情況下與外聘核數師舉行了兩次會議。個別委員會成員之所有出席記錄已載於本報告第30頁之表內。

審核委員會之主要職責為：

- (1) 監察本公司財務報告之完整性；
- (2) 檢討本集團內部監控及風險管理系統；及
- (3) 檢討本公司之企業管治常規。

Corporate Governance Report 企業管治報告書

During the year, the Audit Committee has:

- (1) reviewed the 2010 annual report and accounts;
- (2) reviewed the 2011 interim report and accounts;
- (3) monitored the effectiveness of the financial reporting and audit processes;
- (4) reviewed the Group's financial controls, internal control and risk management systems;
- (5) considered and determined the scope of internal control review for the year 2011;
- (6) discussed with the management about findings of the internal control review prepared by external independent professionals;
- (7) conducted the discussions with external auditors regarding the financial reporting and relevant compliance;
- (8) reported all relevant matters to the Board from time to time; and
- (9) reviewed the auditors' remuneration and recommended the Board to re-appoint SHINEWING (HK) CPA Limited as Company's auditors in the year 2012, which is subject to the approval of shareholders at the forthcoming annual general meeting ("AGM").

In addition, the Audit Committee had reviewed, discussed and approved the annual results of the Group for the year ended 31 December 2011.

Auditors

The financial reporting responsibilities of the auditors are set out on pages 59 to 60 of this annual report.

During the fiscal year of 2011, the fees paid/payable to the auditors in respect of audit and non-audit services provided by the auditors to the Group were as follows:

Nature of services	服務性質	HK\$'000 千港元
Audit services	核數服務	495,000
Non-audit services	非核數服務	
Tax services	稅務服務	27,000
Other services	其他服務	130,000

Independent board committee

The Board is committed to seeking the best interests for the shareholders of the Company. In this connection, an ad hoc Independent Board Committee has been established, which comprises Mr. Kim Chan Su (Committee Chairman), Dr. Kim Chung Kweon and Dr. Han Byung Joon, to consider and review matters regarding the continuing connected transactions of the Group and advise the same to the independent shareholders whether the transactions are fair and reasonable and in the interests of the Company and shareholders as a whole. All members of the committee are the independent non-executive directors of the Company.

年內，審核委員會已：

- (1) 審閱二零一零年年報及賬目；
- (2) 審閱二零一一年中期報告及賬目；
- (3) 監督財務報告及審核程序的成效；
- (4) 檢討本集團之財務監控、內部監控及風險管理系統；
- (5) 考慮及釐定二零一一年內部監控檢討的範疇；
- (6) 與管理層討論外聘獨立專業人士所編製內部監控檢討報告內的發現；
- (7) 與外聘核數師就財務報告及有關合規事宜進行商討；
- (8) 不時向董事會匯報所有相關事項；及
- (9) 審核核數師酬金及建議董事會重新委任信永中和(香港)會計師事務所有限公司為本公司二零一二年之核數師，惟需於應屆股東週年大會上獲股東批准。

此外，審核委員會已審閱、討論及批准本集團截至二零一一年十二月三十一日止年度之全年業績。

核數師

核數師之財務申報責任載於本年報第59至60頁。

於二零一一年財政年度內，就核數師向本集團提供核數及非核數服務之已支付/應付予核數師之費用如下：

獨立董事委員會

董事會致力為本公司股東爭取最佳利益。為此，本公司已成立特設獨立董事委員會，並由金瓊洙先生(委員會主席)、金正權博士及韓丙濬博士組成，以考慮及檢討有關本集團持續關連交易之事宜，並就交易是否公平、合理及符合本公司與股東整體利益而向獨立股東提供相關意見。獨立董事委員會全部成員均為本公司獨立非執行董事。

The separate roles of the chairman and chief executive officer

The division of responsibilities between the Chairman of the Board, Mr. Yang Ho Sung, and the Chief Executive Officer, Mr. Yang Jai Sung, is clearly defined and has been approved by the Board. The Chairman provides leadership of the Board, ensures the effectiveness of the Board and oversees the corporate development; while the Chief Executive Officer, as head of the executive directorate, is responsible for managing the business development and strategic planning of the Group.

Their separate roles reinforce the continuous enhancement of the Group's corporate governance in terms of corporate fairness, transparency and accountability.

Directors and directors' independence

There are no financial, business, family or other material/relevant relationship(s) among members of the Board except that Mr. Yang Jai Sung (Chief Executive Officer) is the younger brother of Mr. Yang Ho Sung (Chairman of the Board).

The directors are given access to independent professional advice at the Group's expense, when the directors deem it necessary in order to carry out their responsibilities.

The Board also advocates the participation of non-executive director and independent non-executive directors in various board committees to safeguard objectivity and independence.

Non-executive directors have been appointed under specific terms of employment. The appointment of Mr. Yang Ho Sung as a non-executive director of the Company has been renewed and with effect from 1 March 2011 for another two years, and the appointments of Dr. Kim Chung Kweon, Dr. Han Byung Joon and Mr. Kim Chan Su, as the independent non-executive directors of the Company have been renewed and with effect from 11 October 2010 for another two years. All directors, including the executive directors and non-executive directors, are subject to retirement by rotation and re-election of their directorship in the Company as set in the Company's Articles of Association.

The Company has received the confirmation letters from each of the independent non-executive directors that confirming their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company considers all independent non-executive directors are independent.

區分主席及行政總裁職能

董事會主席梁皓星先生及行政總裁梁在星先生兩人之職責已清楚劃分，並已獲董事會批准。主席負責領導董事會、確保董事會之有效運作及監督企業發展；而行政總裁為執行董事之首，負責管理本集團之業務發展及策略規劃。

彼等之職能區分進一步提升本集團以公平、高透明度及問責為原則的企業管治。

董事及董事之獨立性

除梁在星先生（行政總裁）為梁皓星先生（董事會主席）之弟外，董事會成員間並無財務、業務、家族或其他重大／相關關係。

倘董事認為必須尋求獨立專業顧問之意見以協助履行彼等之職責，有關費用由本集團支付。

董事會亦鼓勵非執行董事及獨立非執行董事參與各董事委員會，從而達致客觀性及獨立性。

非執行董事根據特定的聘用任期獲委任。梁皓星先生擔任本公司非執行董事之委任已予重續，並於二零一一年三月一日起生效，任期為兩年；金正權博士、韓丙濬博士及金瓊洙先生擔任本公司獨立非執行董事之委任已予重續，並於二零一零年十月十一日起生效，任期均為兩年。所有董事，包括執行董事及非執行董事，均須根據本公司之組織章程細則輪值告退本公司董事職務及膺選連任。

本公司已接獲各名獨立非執行董事依據香港聯合交易所有限公司證券上市規則（「上市規則」）第3.13條就其獨立身份之確認函。本公司認為所有獨立非執行董事均為獨立個體。

Corporate Governance Report 企業管治報告書

Internal controls

The Board is responsible for reviewing the effectiveness of the internal control system of the Group. The scope of the review is determined and recommended by the Audit Committee and approved by the Board annually. The review covers:

- (1) all material controls, including but not limited to financial, operational and compliance controls;
- (2) risks management functions; and
- (3) the adequacy of resources, qualifications and experience of staff in connection with the accounting and financial reporting function of the Group and their training programmes and relevant budget.

The Board has engaged external independent professionals to conduct a review of the Group's internal control system during the year. An internal control review report was presented to the Audit Committee.

The Audit Committee is satisfied with the Group's internal control system. The system is designed in consideration of the nature of business and the organisation structure. The system is designed to manage rather than eliminate the risk of failure in operational system and to provide reasonable, but not absolute, assurance against material misstatement or loss. The system is designed further to safeguard the Group's assets, maintain appropriate accounting records and financial reporting, achieve efficiency of operations and ensure compliance with the Listing Rules and all other applicable laws and regulations.

The Group will continue to engage external independent professionals to review its internal control system and further enhance its internal control as appropriate.

There is currently no internal audit function within the Group. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit functions for the Group as the need arises. Nevertheless, the Board will continue to review the need for an internal audit function annually.

Compliance of code on corporate governance practices

The Company is committed in achieving a high standards of corporate governance so as to ensure better transparency and protection of shareholders' interest. The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2011.

內部監控

董事會負責檢討本集團內部監控系統之成效。每年檢討之範疇由審核委員會釐定及推薦，並由董事會批准。檢討涵蓋：

- (1) 所有重大監控，包括但不限於財務、營運及合規監控；
- (2) 風險管理職能；及
- (3) 本集團在會計及財務匯報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算是否充足。

董事會已於年內外聘獨立專業人士就本集團的內部監控系統進行檢討。內部監控檢討報告已呈交予審核委員會。

審核委員會信納本集團的內部監控系統。該系統在制定時已考慮到其業務性質及組織架構。系統的目的在于管理而非排除營運系統的失誤風險，以及合理而非絕對地保證不會出現重大虛假陳述或損失。該系統的另一個目的在于保障本集團的資產，保存適當的會計紀錄及財務報告，維持有效的營運及確保遵守上市規則及所有其他適用法律及規例。

本集團將繼續聘請外聘獨立專業人士檢討其內部監控系統，並在適當時候進一步加強其內部監控。

現時本集團並無內部核數功能。董事會已檢討內部核數功能之需要，彼等認為以本集團之規模、業務性質及複雜性而言，在需要時外聘獨立專業人士為本集團進行內部核數工作，更具成本效益。然而，董事會將持續每年檢討內部核數功能之需要。

遵守企業管治常規守則

本公司承諾恪守嚴謹之企業管治，以提高透明度及保障股東整體利益。截至二零一一年十二月三十一日止整個年度內，本公司已遵守上市規則附錄14《企業管治常規守則》所載的守則條文。

Model code for securities transactions by directors

The Company has adopted Appendix 10, Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “Model Code”) as the code of practice for carrying out securities transactions by the directors of the Company. The Company, having made specific enquiries to all directors of the Company, confirmed that throughout the year ended 31 December 2011, all directors have complied with the code provisions as set out in the Model Code. The relevant employees who, because of their office in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Model Code.

Investor relations

The Board recognises the importance of maintaining effective communications with shareholders. Annual reports and interim reports provide shareholders with comprehensive information of the Group’s operational and financial performances; while general meetings offer a platform for shareholders to state and exchange views with the Board directly. An explanation of the detailed procedures for conducting a poll will be provided to shareholders at the commencement of general meeting, to ensure that shareholders are familiar with such procedures. The forthcoming AGM will be held at Conference Hall 03, 1/F., Core Building 1, Phase 1, No. 1 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on Friday, 25 May 2012. The notice of which will be sent to shareholders at least 20 clear business days before the meeting. Shareholders may refer to the section “Corporate Information and Shareholders’ Calendar” of this annual report for information.

The management continually communicates with analysts and institutional investors and provides them with up-to-date and comprehensive information regarding the Group’s development. The Company practices timely dissemination of information and makes sure its website www.kse.com.hk contains the most latest information, including but not limited to annual reports, interim reports, announcements, monthly returns and press releases, and is updated in a timely manner to ensure transparency.

董事進行證券交易的標準守則

本公司已採納上市規則附錄10之《上市發行人董事進行證券交易的標準守則》（「標準守則」），作為本公司董事進行證券交易的行為守則。本公司向本公司所有董事作出具體查詢後確認，截至二零一一年十二月三十一日止年度，所有董事均有遵守標準守則所載之守則條文。該等由於在本公司所持有之職務而可能擁有未經發表之股價敏感的資料之有關僱員已被要求遵守標準守則所載之守則條文。

投資者關係

董事會了解與股東維持有效溝通的重要性。年報及中期報告為股東提供本集團營運及財務表現之詳盡資料，而股東大會則提供平台讓股東表達意見及與董事會直接交換意見。本公司亦會於股東大會開始時向股東講解有關投票表決程序，以確保各股東明白該等程序。應屆股東週年大會將於二零一二年五月二十五日（星期五）假座香港新界沙田香港科學園科技大道東一號一期核心大樓一座一樓會議廳三舉行。有關通告最遲將於大會前20個營業日郵寄予各股東。股東可於本年報內之「公司資料及股東日程表」參考有關資料。

管理層持續與分析員及機構投資者溝通，並向彼等提供有關本集團發展之最新及詳盡之資料。本公司實行及時發放資料之措施及確保其網站 www.kse.com.hk 載有最新資料，包括但不限於年報、中期報告、公告、月報表及新聞公布，並經常更新以確保透明度。

Directors and Senior Management 董事及高層管理人員



CHAIRMAN & NON-EXECUTIVE DIRECTOR 主席兼非執行董事

Mr. YANG Ho Sung, aged 63, is the chairman and a non-executive director of the Company. He is mainly responsible for providing management advice on the corporate development of the Group. Mr. Yang holds a bachelor's degree in architectural engineering from Hanyang University in Korea. He gained 34 years of experience in the electronics industry as a director in Kwang Sung Electronics Co., Ltd. ("Kwang Sung Korea") and 29 years of experience as a representative director of Samkor Electronics Co., Ltd. Since 1992, he has taken charge of the daily operation and management in Kwang Sung Korea and was appointed as its representative director. He joined the Group in 2002. He is the elder brother of Mr. Yang Jai Sung.

梁皓星先生，63歲，為本公司之主席兼非執行董事，主要負責在本集團之企業發展上提供管理意見。彼持有韓國漢陽大學建築工程學士學位，於電子行業有三十四年經驗，並出任株式會社光星電子（「韓國光星」）之董事及曾出任三高電子（株）之代表董事二十九年。自一九九二年起，彼負責韓國光星之日常運作及管理，並被委任為代表董事。彼於二零零二年加入本集團。彼為梁在星先生之兄長。

YANG Ho Sung
梁皓星

CEO & EXECUTIVE DIRECTOR

行政總裁兼執行董事

Mr. YANG Jai Sung, aged 52, is the chief executive officer and an executive director of the Company. He also holds positions as director of certain subsidiaries of the Company. He is primarily responsible for the overall corporate strategies and business development of the Group, leading the Group's business and management. Mr. Yang holds a bachelor's degree in law from Yonsei University in Korea. Prior to joining the Group in 1991, he worked in Daewoo Heavy Industries and Machinery Co., Ltd. for 9 years and has extensive experience in the manufacturing industry. He is the younger brother of Mr. Yang Ho Sung, who is also a director and shareholder of Kwang Sung Korea, a substantial shareholder of the Company. Relevant information are set out under the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" of this annual report.

梁在星先生，52歲，本公司之行政總裁兼執行董事。梁先生亦擔任本公司若干附屬公司之董事。彼主要負責本集團之整體企業策略及業務發展，並領導本集團的業務及管理。梁先生持有韓國延世大學法律學士學位。於一九九一年加入本集團前，彼曾在大宇重工業任職九年，在製造業擁有廣泛經驗。梁先生為梁皓星先生之胞弟，並為本公司主要股東韓國光星之董事。相關詳情載於本年報「董事及最高行政人員於股份、相關股份及債券之權益及淡倉」內。

YANG Jai Sung

梁在星



Directors and Senior Management 董事及高層管理人員



LEE Kyu Young
李圭英

EXECUTIVE DIRECTOR 執行董事

Mr. LEE Kyu Young, aged 49, is the chief operating officer and an executive director of the Company. He also holds position as director of certain subsidiaries of the Company. He is mainly responsible for marketing, new business development and strategic planning of the Group. Mr. Lee holds a bachelor's degree in electronic engineering from Kwangwoon University in Korea. He has over 22 years of experience in world-renowned international companies including LG Electronics (Information & Communications Business Division) and Hewlett Packard, specialised in satellite and wireless communication. He joined the Group in 2006.

李圭英先生，49歲，本公司營運總監兼執行董事。彼亦任本公司若干附屬公司之董事。彼負責發展市場，發展新業務及本集團之策略計劃。李先生持有韓國光雲大學電子工程學士學位。彼曾在多間國際知名公司包括LG Electronics(資訊及通訊業務部)及Hewlett Packard任職，在衛星通訊及無線電通訊方面擁有超過二十二年經驗。彼於二零零六年加入本集團。



HONG Sang Joon
洪祥準

EXECUTIVE DIRECTOR 執行董事

Mr. HONG Sang Joon, aged 43, is the chief financial officer and an executive director of the Company and holds position as director of certain subsidiaries of the Company. He is also the head of the Management Planning Group of the Group. He is responsible for financial management and corporate planning of the Group. Mr. Hong holds a bachelor's degree majoring in Chinese language and Chinese literature and minoring in business administration from Yonsei University in Korea and a master's degree in business administration from The University of Hong Kong. He is a CFA Charterholder and Certified FRM having over 17 years of experience in investment, restructuring, strategic planning and finance from Hansol group companies in Korea and the Group. He joined the Group in 2002.

洪祥準先生，43歲，本公司首席財務官及執行董事兼本集團經營企劃組主管，並擔任本公司若干附屬公司之董事。彼負責本集團之財務管理及企業規劃。洪先生持有韓國延世大學學士學位，主修中國語文及中國文學及副修工商管理，彼亦持有香港大學工商管理碩士學位，並為特許財經分析師(CFA)及認可財金風險管理分析師(FRM)。彼於韓國Hansol集團公司及本集團內，擁有超過十七年在投資、重組及策略規劃和財務方面的經驗。彼於二零零二年加入本集團。



HAN Byung Joon
韓丙濬

INDEPENDENT NON-EXECUTIVE DIRECTOR **獨立非執行董事**

Dr. HAN Byung Joon, aged 52, has been appointed as independent non-executive director of the Company since October 2002. Dr. Han holds a bachelor's degree in engineering from Hanyang University, Korea, a master's degree in science from Tennessee Technological University, a master's degree of philosophy from Columbia University, a doctor of philosophy from Columbia University, and graduated Advanced Management Program from Harvard Business School, U.S.A. He has over 26 years of experience in semiconductor research and product development in IBM, AT&T Bell Laboratories and Anam Semiconductor, Inc. He is now executive vice president and chief technology officer of STATS ChipPAC, Ltd. which is a leading service provider of semiconductor design, assembly, test and distribution solutions and traded in Singapore Stock Exchange. He also holds other directorships in iNEMI (International Electronics Manufacturing Initiative) incorporated in Delaware for advancing manufacturing technology, IPOS (Intellectual Properties Office of Singapore) for fostering the creation, protection and exploitation of intellectual properties, and STATS ChipPAC Taiwan Semiconductor Corp incorporated in Taiwan and listed in Taiwan Stock Exchange.

韓丙濬博士，52歲，自二零零二年十月起獲委任為本公司獨立非執行董事。韓博士持有韓國漢陽大學工程學學士學位、Tennessee Technological University理學碩士學位、哥倫比亞大學哲學碩士學位，以及美國哥倫比亞大學哲學博士學位，並於哈佛大學高階管理課程畢業。彼在半導體研究及產品開發方面積逾二十六年經驗，曾任職於IBM、AT&T Bell Laboratories及Anam Semiconductor, Inc.。彼目前為STATS ChipPAC, Ltd.之副行政總裁及技術總監，此公司乃是一間著名半導體設計、裝配、測試及發行方案之供應商，並於新加坡證券交易所上市。彼亦擔任其他董事職務，包括於特拉華州註冊成立之國際電子生產商聯盟（「iNEMI」）負責先進生產科技範疇、於新加坡知識產權管理局（「IPOS」）負責促進知識產權之增設、保障及運用、於台灣註冊成立並於台灣證券交易所上市之台灣星科金朋半導體股份有限公司。

Directors and Senior Management 董事及高層管理人員



KIM Chung Kweon
金正權

INDEPENDENT NON-EXECUTIVE DIRECTOR 獨立非執行董事

Dr. KIM Chung Kweon, aged 56, has been appointed as independent non-executive director of the Company since October 2002. Dr. Kim holds a bachelor's degree in geology from Seoul National University, Korea, a master's degree in business administration and a master's degree in accounting from University of Washington, U.S.A. He also completed his doctorate degree in accounting at the University of Pittsburgh, U.S.A. He has lectured at the University of Pittsburgh, U.S.A. and at the Hong Kong University of Science and Technology. He is now a professor at College of Business Administration in Ewha Womans University, Korea. He also serves as a member of the IFRS International Advisory Committee at the Financial Supervisory Service in Korea.

金正權博士，56歲，自二零零二年十月起獲委任為本公司獨立非執行董事。金博士持有韓國首爾國家大學地質學學士學位，以及美國華盛頓州立大學工商管理學碩士學位及會計學碩士學位。彼亦於美國匹茲堡大學完成會計博士學位。彼曾於美國匹茲堡大學以及香港科技大學任教。金博士現為韓國梨花女子大學經營大學教授。彼亦為韓國金融監管服務局IFRS International Advisory Committee之委員。



KIM Chan Su
金瓚洙

INDEPENDENT NON-EXECUTIVE DIRECTOR 獨立非執行董事

Mr. KIM Chan Su, aged 44, has been appointed as independent non-executive director of the Company since September 2004. Mr. Kim holds a bachelor's degree in economics from Yonsei University in Korea and is a Certified Public Accountant in Korea. He had worked as an auditor in Samil Accounting Corporation, PricewaterhouseCoopers in Korea for over 12 years and currently have been working as managing director at IL SHIN Corporate Consulting Limited.

金瓚洙先生，44歲，自二零零四年九月起獲委任為本公司獨立非執行董事。金先生持有韓國延世大學經濟學學士學位，並為韓國執業會計師。彼曾於韓國普華永道會計師事務所之Samil Accounting Corporation任職核數師逾十二年，現任IL SHIN Corporate Consulting Limited 常務董事。

SENIOR MANAGEMENT

KIM Choon Gyum

Mr. KIM Choon Gyum, aged 53, is the research and development director of the Group. He is responsible for supervising overall research and development operation of the Group. Mr. Kim holds a bachelor's degree majoring electronic engineering from Inha University in Korea. Prior to joining the Group, he gained over 22 years of experience in electronics companies including Maxon Electronics and Motorola Korea, specialised in radio frequency ("RF") products including cordless phones, mobile phones and Bluetooth products. He joined the Group in 2008.

KO Byoung Hwan

Mr. KO Byoung Hwan, aged 45, is a director of our factory in Shenzhen. He is responsible for overall factory management such as production material control, production, and inventory management of Shenzhen Kwang Sung. Mr. Ko holds a bachelor's degree in economics from Dongguk University in Korea. He has over 18 years' experience in sales and marketing of electronic products and management. He joined the Group in 1994.

KIM Yeon Jun

Mr. KIM Yeon Jun, aged 46, is a general manager and the head of Infomedia Solution Sales Group of the Group. He is responsible for overall business operation of the Group's information solution products. Mr. Kim holds a bachelor's degree majoring mass communication from Korea University in Korea. Prior to joining the Group, he gained 18 years of experience in IT industry. He joined the Group in 2009.

LEE Don Gi

Mr. LEE Don Gi, aged 48, is a general manager and the head of Automotive Electronics Sales Group of the Group. He is responsible for overall business operation of the Group's automotive electronic products. Mr. Lee graduated from Korea Port Logistics High School. He has over 24 years of experience in electronics industry including 18 years in Kwang Sung Korea. He joined the Group in 2005.

高層管理人員

金春謙

金春謙先生，53歲，本集團研發總監。彼負責督導本集團整體研發營運。金先生持有韓國仁荷大學電子學學士學位。加入本集團前，彼在電子公司擁有超過二十二年經驗，其中包括在Maxon Electronics及韓國摩托羅拉任職，專門負責無線射頻產品，包括無線電話，手提電話及藍牙產品。彼於二零零八年加入本集團。

高秉煥

高秉煥先生，45歲，深圳工廠之總經理兼總監。彼負責深圳光星之整體廠房管理，例如生產物料監控、生產，以及存貨管理。高先生持有韓國東國大學經濟學學士學位，並在電子產品銷售推廣及管理方面擁有超過十八年經驗。彼於一九九四年加入本集團。

金淵俊

金淵俊先生，46歲，本集團其中一位總經理，兼資訊媒體方案營業組主管。彼負責本集團資訊解決方案產品之整體業務營運。金先生持有韓國高麗大學學士學位，主修大眾傳媒。加入本集團前，彼在資訊科技行業擁有超過十八年經驗。彼於二零零九年加入本集團。

李敦基

李敦基先生，48歲，本集團其中一位總經理，兼電裝營業組主管。彼負責本集團車用電子產品之整體業務營運。李先生於韓國港灣物流高等學校畢業。彼於電子業擁有超過二十四年經驗，包括於韓國光星任職十八年。彼於二零零五年加入本集團。

Directors and Senior Management 董事及高層管理人員

LIM Hee Jun

Mr. LIM Hee Jun, aged 38, is a chief engineer and the head of Wireless Component Business Group of the Group. He is responsible for overall business operations of the Group's wireless component products. Mr. Lim was the industrial undergraduate in mechatronics engineering from Korea Polytechnics College in Korea. He has over 17 years of experience in electronics industry including 13 years in Kwang Sung Korea. He joined the Group in 2007.

YANG Jae Eun

Mr. YANG Jae Eun, aged 48, is a principal engineer and the head of Hardware Research & Development Group of the Group. He is responsible for hardware development of the products in the Group. Mr. Yang holds a bachelor's degree in Electronic Engineering from Kumoh National Institute of Technology in Korea. He has over 17 years of experience in electronic industry. He joined the Group in 2007.

YOON Yong Seob

Mr. YOON Yong Seob, aged 48, is a principal engineer and the head of Software Research & Development Group of the Group. He is responsible for of the software solutions of the products in the Group. Mr. Yoon holds a master's degree in Electronic Engineering from Kwangwoon University in Korea. He has over 22 years of software design experience in wireless communication and mobile phones industry. He joined the Group in 2009.

CHOI Chang Hyun

Mr. CHOI Chang Hyun, aged 50, is a general manager and the head of Purchasing & Material Management Group of the Group. He is responsible for purchasing and material management of the Group in Korea. He has over 20 years of industrial experience. He joined the Group in 2002.

林熙俊

林熙俊先生，38歲，本集團其中一位責任研究員，兼無線組件業務組主管。彼負責本集團無線組件產品之整體業務營運。林先生為韓國韓國技能大學機械電子工程學之工業學士。加入本集團前，彼於電子業擁有超過十七年經驗，包括於韓國光星任職十三年。彼於二零零七年加入本集團。

梁在殷

梁在殷先生，48歲，本集團硬件研發組首席工程師兼主管。彼負責本集團產品之硬件開發。梁先生持有韓國國立金烏工科大学之電子工程學士學位。彼於電子業積逾十七年經驗。彼於二零零七年加入本集團。

尹墉燮

尹墉燮先生，48歲，本集團軟件研發組首席工程師兼主管。彼負責本集團產品之軟件解決方案。尹先生持有韓國光雲大學電子工程碩士學位。彼於無線通訊及宜移動電話業積逾二十二年軟件設計經驗。彼於二零零九年加入本集團。

崔昌鉉

崔昌鉉先生，50歲，本集團總經理兼採購及物料管理組主管。彼負責本集團於韓國之採購及物料管理事宜。彼擁有超過二十年工業經驗。彼於二零零二年加入本集團。

SUH Jin Won

Mr. SUH Jin Won, aged 44, is a general manager and director of our factory in Baoying, Jiangsu, China. He is responsible for overall factory management such as production material control, production, and inventory management of our factory in Baoying. Mr. Suh holds a bachelor's degree in law from Dongguk University in Korea. He has over 15 years of experience in electronic industry. He joined the Group in 1996.

SUNG Soo Earn

Mr. SUNG Soo Earn, aged 53, is a general manager and the head of Resource Management Group of the Group. He is responsible for overall research and development planning and control of the Group. Mr. Sung holds a bachelor's degree in electronics and communications engineering from Kwangwoon University in Korea. Prior to joining the Group, he gained over 23 years of experience in developing electronic devices such as PA modules and PA MMIC, and RF modules mainly from LG Electronics (Information & Communications Business Division). He joined the Group in 2007.

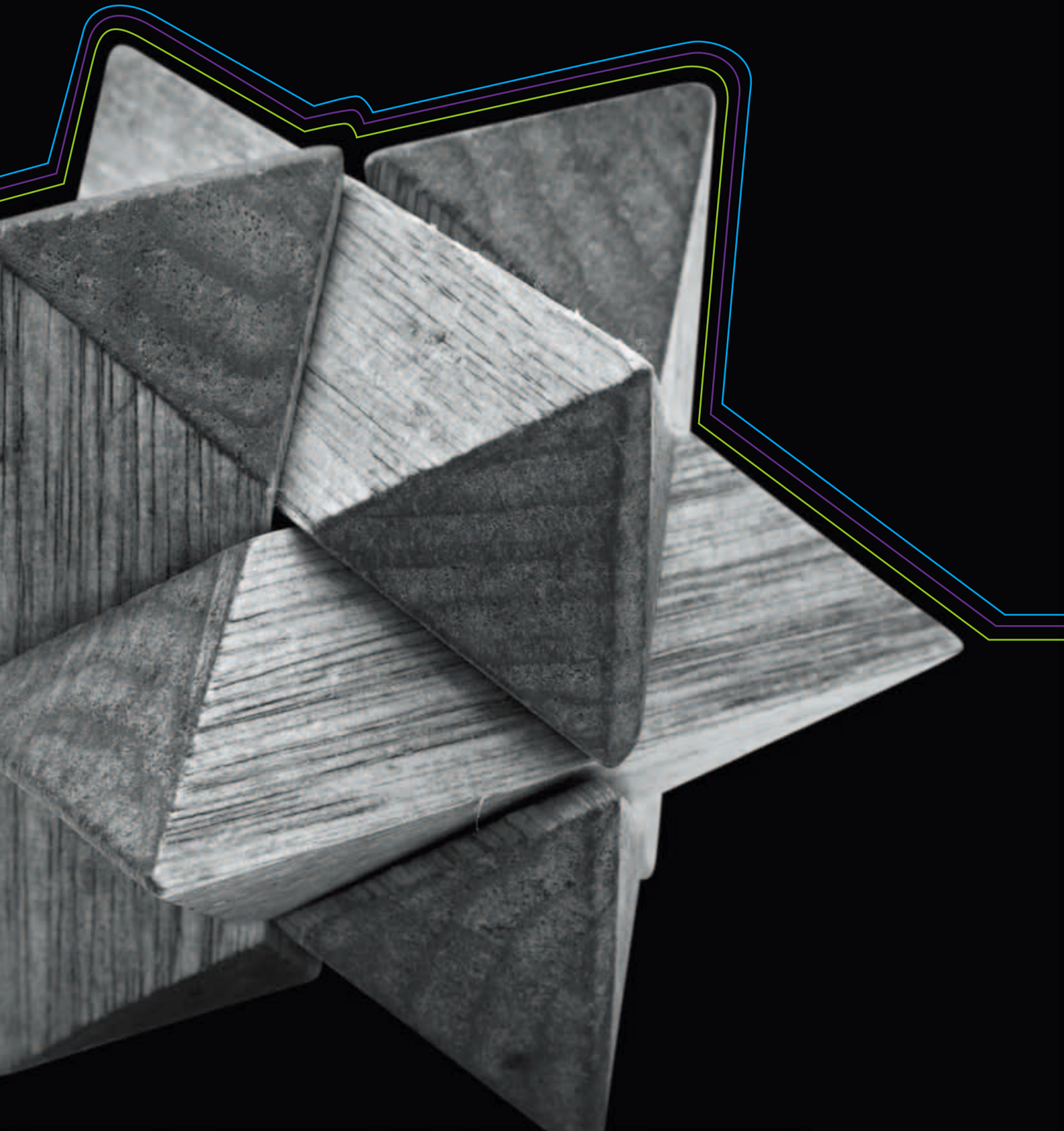
徐陳愿

徐陳愿先生，44歲，中國江蘇寶應工廠之總經理兼董事。彼負責寶應工廠之整體廠房管理，例如生產物料監控、生產，及存貨管理。徐先生持有韓國東國大學法律學士學位，於電子業擁有逾十五年經驗。彼於一九九六年加入本集團。

成秀彥

成秀彥先生，53歲，本集團其中一位總經理，兼資源管理組主管。彼負責本集團整體研發規劃及監控。成先生持有韓國光雲大學電子及通訊工程學士學位。於加入本集團前，彼於開發功率放大器模組、功率放大器積體電路及射頻模組方面擁有超過二十三年經驗，期間主要任職於LG Electronics（資訊及通訊業務部）。彼於二零零七年加入本集團。

PRODUCT DIVERSIFICATION



Report of the Directors

董事會報告書

The Group will march forward by
delivering new products for emerging
high growth applications

本集團將向前邁進，為新興的高增長應用
領域提供新產品



Report of the Directors 董事會報告書

The directors submit herewith their report together with the audited financial statements for the year ended 31 December 2011.

Principal activities

The principal activities of the Company are the manufacture and sale of electronic components. The principal activities and other particulars of the subsidiaries are set out in note 19 to the financial statements. An analysis of the Group's performance for the year by business and geographical segments is set out in note 7 to the financial statements.

Major customers and suppliers

The information in respect of the Group's sales and purchases attributable to the major customers and suppliers respectively during the financial year is as follows:

		Percentage of the Group's total 佔本集團總額百分比	
		Sales 銷售	Purchases 購買
The largest customer	最大客戶	7.20%	
Five largest customers in aggregate	五大客戶總和	28.07%	
The largest supplier	最大供應商		7.27%
Five largest suppliers in aggregate	五大供應商總和		23.33%

Kwang Sung Korea, a substantial shareholder of the Company and beneficially owned by certain directors and their associates, is one of the customers and subcontractors of the Group. Further details are set out in the sections "Directors' Interests in Contracts" and "Connected Transactions" in the Report of the Directors.

Save as disclosed above, at no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

董事會全體成員謹將報告連同截至二零一一年十二月三十一日止年度之經審核財務報表呈覽。

主要業務

本公司之主要業務為製造及銷售電子元件。附屬公司之主要業務及其他詳情載於財務報表附註19。本集團本年度業務及地區分部表現之分析載列於財務報表附註7。

主要客戶及供應商

於本財政年度內，有關各主要客戶及供應商分別應佔本集團銷售額及購貨額之資料如下：

韓國光星是本公司的主要股東，由若干董事及彼等之聯繫人士實益擁有，並為本集團客戶及加工商之一。有關詳情載於董事會報告書內「董事之合約利益」及「關連交易」各節。

除上文披露者外，於年內任何時間，各董事、彼等之聯繫人士或本公司之任何股東（據董事所知，擁有本公司已發行股本5%以上者），並無擁有該等主要客戶及供應商之權益。

Results and appropriations

The profit of the Group for the year ended 31 December 2011 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 61 to 157 of this annual report.

No interim dividend was declared for the six months ended 30 June 2011 (2010: Nil). The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

Reserves

Details of movements in reserves during the year are set out in the consolidated statement of changes in equity on pages 67 to 68 of this annual report.

Donations

Charitable and other donations made by the Group during the year amounted to HK\$1,030,500 (2010: HK\$2,510,000).

Property, plant and equipment

Details of movements in property, plant and equipment during the year are set out in note 17 to the financial statements.

Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Group as at 31 December 2011 all set out in note 28 to the financial statements.

Share capital and securities in issue

During the year, no new ordinary share has been issued by the Company. As at the date of 31 December 2011, the Company maintained 323,896,933 issued ordinary shares.

Purchase, sale or redemption of the company's listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2011.

業績及分派

本集團於截至二零一一年十二月三十一日止年度之溢利及本公司及本集團於該日事務之狀況載於本年報第61至157頁之財務報表。

截至二零一一年六月三十日止六個月本公司並無宣派任何中期股息(二零一零年:無)。董事會不建議就截至二零一一年十二月三十一日止年度派發末期股息(二零一零年:無)。

儲備

年內,儲備之變動詳情載於本年報第67至68頁的綜合權益變動表。

捐款

本集團於年內之慈善及其他捐款為1,030,500港元(二零一零年:2,510,000港元)。

物業、機器及設備

物業、機器及設備之變動詳情載於財務報表附註17。

銀行貸款及其他借款

本集團於二零一一年十二月三十一日之銀行貸款及其他借款詳情均載於財務報表附註28。

股本及已發行證券

年內,本公司並無發行任何新普通股。於二零一一年十二月三十一日,本公司維持323,896,933股已發行普通股。

購買、出售或贖回本公司上市證券

本公司或任何其附屬公司於截至二零一一年十二月三十一日止年度概無購買、出售或贖回本公司任何上市證券。

Report of the Directors 董事會報告書

Directors

The directors during the financial year and up to the date of this report were:

Non-executive director:

Mr. Yang Ho Sung (*Chairman*)

Executive directors:

Mr. Yang Jai Sung

Mr. Lee Kyu Young

Mr. Hong Sang Joon (appointed on 20 January 2012)

Independent non-executive directors:

Dr. Han Byung Joon

Dr. Kim Chung Kweon

Mr. Kim Chan Su

The biographical details of the directors are set out under the section “Directors and Senior Management” of this annual report.

In accordance with Article 101 of the Company’s Articles of Association, Mr. Yang Ho Sung and Mr. Yang Jai Sung shall retire from the Board by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

In accordance with Article 92 of the Company’s Articles of Association, Mr. Hong Sang Joon shall hold office until the forthcoming AGM and, being eligible, offer himself for re-election at the AGM.

Directors’ service contracts

The duration of all service contracts signed by the directors of the Company is two years, subject to retirement by rotation and re-election of their directorship in the Company as set in the Company’s Articles of Association.

No director of the Company, who proposed for re-election at the forthcoming AGM, has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Directors’ remuneration

The directors’ fees are subject to shareholders’ approval at general meetings. Other emoluments are determined by the Board of the Company with reference to directors’ duties, responsibilities and performance and the results of the Group.

董事

本財政年度內及至本報告日期當日之董事如下：

非執行董事：

梁皓星先生（主席）

執行董事：

梁在星先生

李圭英先生

洪祥準先生（於二零一二年一月二十日獲委任）

獨立非執行董事：

韓丙濬博士

金正權博士

金瓚洙先生

董事的履歷資料載於本年報之「董事及高層管理人員」一節。

根據本公司之組織章程細則第101條，梁皓星先生及梁在星先生將於應屆之股東週年大會輪值告退，惟合乎資格並願意膺選連任。

根據本公司之組織章程細則第92條，洪祥準先生任職至應屆股東週年大會止，惟彼合乎資格並願意於股東週年大會膺選連任。

董事服務合約

本公司董事簽訂之所有董事服務合約之期限均為兩年，惟彼等均須根據本公司之組織章程細則輪值告退本公司董事職務及膺選連任。

擬於即將召開之股東週年大會中連任之董事概無訂立本公司或任何其附屬公司於一年內不可在無需賠償（一般法定賠償除外）之情況下終止之尚未滿期之服務合約。

董事酬金

董事袍金須經股東於股東大會上批准方可作實。其他酬金乃本公司董事會參考董事之職責、責任及表現以及本集團之業績後釐定。

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at the date of this report, 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 (collectively "discloseable interests") were as follows:

(1) Interests in issued shares of the company

Name of director	董事姓名	Beneficial owner 實益擁有人	Ordinary shares of HK\$0.1 each 每股面值0.1港元之普通股		
			Interest of corporation 受控制法團之權益	Total number of shares held 持有之股份總數	% of total issued shares 佔已發行股份總百分比
Mr. Yang Jai Sung	梁在星先生	114,582,000	59,500,000 (note) (附註)	174,082,000	53.75%
Mr. Hong Sang Joon (appointed on 20 January 2012)	洪祥準先生 (於二零一二年一月二十日獲委任)	100,000	—	100,000	0.03%

Note: Mr. Yang Jai Sung and his relatives are approximately interested in 79.5% of the issued share capital of 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 under the definition of SFO.

附註：由於梁在星先生及其親屬擁有韓國光星已發行股本之約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) Interests in underlying shares of the company

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

董事及最高行政人員於股份、相關股份及債券之權益及淡倉

於本報告日期，根據證券及期貨條例第352條須予備存的登記冊所載，或根據標準守則向本公司及香港聯合交易所有限公司（「聯交所」）作出之申報，本公司在職董事及最高行政人員於本公司或任何其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有之權益或淡倉（統稱「須予披露權益」）如下：

(1) 本公司已發行股份權益

Name of director	董事姓名	Beneficial owner 實益擁有人	Ordinary shares of HK\$0.1 each 每股面值0.1港元之普通股		
			Interest of corporation 受控制法團之權益	Total number of shares held 持有之股份總數	% of total issued shares 佔已發行股份總百分比
Mr. Yang Jai Sung	梁在星先生	114,582,000	59,500,000 (note) (附註)	174,082,000	53.75%
Mr. Hong Sang Joon (appointed on 20 January 2012)	洪祥準先生 (於二零一二年一月二十日獲委任)	100,000	—	100,000	0.03%

Note: Mr. Yang Jai Sung and his relatives are approximately interested in 79.5% of the issued share capital of 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 under the definition of SFO.

附註：由於梁在星先生及其親屬擁有韓國光星已發行股本之約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) 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／或最高行政人員已獲授予購股權，有關詳情載於下文「購股權計劃」一節。

除上文披露者外，於本報告日期，概無本公司之董事及／或最高行政人員或彼等之各自關連人士擁有任何其他須予披露之權益。

Report of the Directors 董事會報告書

Share option scheme

The Company adopted a share option scheme on 16 June 2003 whereby the directors of the Company are authorised, from time to time during the scheme period 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 (1) the nominal value of the shares; (2) the closing price of the shares on the Stock Exchange on the date of grant; and (3) 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 31 December 2011 was 31,330,000 shares which represented 9.67% of the issued share capital of the Company at 31 December 2011. 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 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.

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：(1) 股份之面值；(2) 於授出日期股份於聯交所之收市價；及(3) 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，並將於董事在授出購股權時通知各購股權持有人其購股權屆滿之日期，惟於任何情況下不得超過自購股權授出日期起計十年。

按購股權計劃已授出惟尚待行使之所有未行使購股權獲行使後可發行之股份上限，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，董事在一般性及不再有進一步授權情況下，按購股權計劃授出之所有購股權獲行使後可發行之股份數目，不得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。

於二零一一年十二月三十一日，購股權計劃下可供發行之普通股總數為31,330,000股股份相當於二零一一年十二月三十一日本公司已發行股本之9.67%。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。

During the year 2011, no further new option has been granted under the share option scheme by the directors of the Company and therefore no share option of the Company being outstanding.

Information on the accounting policy for share options granted and the weighted average value per option is provided in note 35 to the financial statements.

Apart from the foregoing, at no time during the year was the Company or its subsidiaries a party to any arrangement to enable the directors of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Substantial shareholders' and other persons' interests and short positions in shares and underlying shares

As at 31 December 2011, 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:

於二零一一年期間，本公司董事概無根據購股權計劃授出任何新購股權，因此本公司並無仍未行使之購股權。

有關已授出購股權及每份購股權之加權平均價值之會計政策資料載於該等財務報表附註35。

除上述者外，本公司或其附屬公司概無於本年度內任何時間訂立任何安排，致使本公司董事或彼等之配偶或未滿十八歲之子女可藉購入本公司或任何其他法人團體之股份或債券而取得利益。

主要股東及其他人士於股份、相關股份之權益及淡倉

於二零一一年十二月三十一日，除本公司之董事或最高行政人員外，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 持有之普通股數目	Nature of interest/Capacity 權益性質／身份	% of the issued share capital 佔已發行股份總百分比
Madam Yang Kang Mi Young (note 1)	梁姜美英女士(附註1)	174,082,000	Interest of spouse 配偶之權益	53.75%
Kwang Sung Electronics Co., Ltd.	株式會社光星電子	59,500,000	Beneficial owner 實益擁有人	18.37%
Mr. Kent C. McCarthy ("Mr. McCarthy") (note 2)	Kent C. McCarthy先生 (「McCarthy先生」) (附註2)	35,890,000	Interest of controlled corporations 受控制法團之權益	11.08%
Jayhawk Private Equity Fund II, LP ("Jayhawk PEF")	Jayhawk Private Equity Fund II, LP (「Jayhawk PEF」)	35,890,000	Investment manager 投資經理	11.08%

Report of the Directors 董事會報告書

Notes:

- (1) Madam Yang Kang Mi Young, the wife of Mr. Yang Jai Sung, was deemed to be interested in these ordinary shares in which Mr. Yang Jai Sung was deemed or taken to be interested under the definition of SFO.
- (2) Mr. McCarthy was deemed or taken to be interested in these ordinary shares through his indirect 100% control in Jayhawk PEF. These interests were fully duplicated by those beneficially owned by Jayhawk PEF.

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.

Public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, the Company has maintained the prescribed public float under the Listing Rules up to the date of this annual report.

Directors' interests in contracts

Kwang Sung Korea is a substantial shareholder of the Company. Mr. Yang Jai Sung and his relatives were interested in these arrangements as a shareholder holding approximately 79.5% interest in the share capital of Kwang Sung Korea.

Save as disclosed in note 38 to the financial statements under the heading "Material Related Party Transactions", there were no other contracts of significance to which the Company or its subsidiaries was a party, and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' interests in competing business

During the year ended 31 December 2011, Mr. Yang Jai Sung, a director of the Company, is both the shareholder and director of Kwang Sung Korea, whose businesses compete or are likely to compete, directly or indirectly, with the Group's businesses. The principal businesses of Kwang Sung Korea are as follows:

- (1) Research, design and product development of electronic components and related products and manufacturing of electronic components for electronic appliances and communication equipment through the factory operated by Kwang Sung Korea (the "KSK Factory") exclusively for orders placed directly with Kwang Sung Korea and to be sold in the Korean market but subject to the terms and limited to the scope as set out in the Deed of Undertaking and the Research and Development Service Agreement.

附註：

- (1) 梁姜美英女士為梁在星先生之妻子，就證券及期貨條例而言，彼被視為擁有梁在星先生被視為或被認為擁有權益之該等普通股之權益。
- (2) McCarthy 先生透過間接控制 Jayhawk PEF 100% 股權，而被視為或被認為擁有該等普通股之權益。該等權益與 Jayhawk PEF 實益擁有的屬同一批。

除上文所披露者外，本公司並無得悉其他需要記錄於依據證券及期貨條例第336條須予備存之登記冊內之權益。

公眾持股量

依據本公司可公開查閱之資料及就本公司董事所知，截至本年報日期為止，本公司一直維持上市規則所要求的公眾持股量水平。

董事之合約權益

韓國光星是本公司之主要股東。梁在星先生及其親屬因作為持有韓國光星股本約79.5%權益之韓國光星股東，而於該等安排中佔有權益。

除財務報表附註38「重大關連人士交易」一節所披露者外，於本年度結束時或於本年度內任何時間，本公司或其附屬公司並無訂立任何重大且本公司董事曾經直接或間接擁有重大權益之合約。

董事於競爭性業務之權益

於截至二零一一年十二月三十一日止年度，本公司董事梁在星先生為韓國光星之股東兼董事，而韓國光星之業務會或可能會對本集團業務構成直接或間接競爭。韓國光星之主要業務如下：

- (1) 電子元件及相關產品之研究、設計及產品開發，並透過韓國光星經營之研究、設計及產品開發工廠（「韓國光星工廠」），替直接向韓國光星落單之獨家訂單，製造電器及通訊設備之電子元件，及於韓國市場出售，惟須遵守承諾契據及研發服務協議之條款及其所載之範疇所限制。

- (2) Sales, marketing, purchasing and distribution of electronic components for electronic appliances and communication equipment, but subject to the terms and limited to the scope as set out in the Deed of Undertaking and the Commission Agreement.

In relation to the listing of the Company's shares on the Main Board of the Stock Exchange, each of Kwang Sung Korea, KS-Tech Group Corporation, and Mr. Yang Jai Sung has entered into the Deed of Undertaking in favour of the Group to the effect that for so long as Kwang Sung Korea and/or any of its subsidiaries, Mr. Yang Jai Sung and/or the companies controlled by Mr. Yang Jai Sung are beneficially interested, directly and indirectly, whether individually or taken together, in 20% or more of the issued share capital of the Company, Kwang Sung Korea and Mr. Yang Jai Sung will not, and Kwang Sung Korea and Mr. Yang Jai Sung will procure that none of its subsidiaries (other than the Group) and the companies controlled by him (other than the Group), respectively, will engage or otherwise be involved in any business which competes or is likely to compete, either directly or indirectly, with any of the businesses carried out by any member of the Group from time to time (the "Restricted Business") in any of the regions in which the Group is engaged in and undertakes the Restricted Business (such regions include Korea and the PRC (including Hong Kong)).

Kwang Sung Korea has agreed to first refer all customers' orders of electronic components production received by Kwang Sung Korea from its customers (subject to certain conditions) and the results and/or products developed by the product design and research and development centre of Kwang Sung Korea and the KSK Factory and/or any intellectual property right in or arising from such results and/or products to the Group on terms in accordance with the Deed of Undertaking, the Commission Agreement and the Research and Development Service Agreement, respectively.

According to the supplementary Deed of Undertaking effective 20 September 2005, KS-Tech Group Corporation is no longer a party to the Deed of Undertaking as it is no longer beneficially owned by Kwang Sung Korea.

Pursuant to the supplementary deed inter alia, for so long as Kwang Sung Korea and/or any of its subsidiaries and Mr. Yang Jai Sung and/or any of the companies controlled by him are beneficially interested, directly or indirectly, whether individually or taken together, in 10% or more of the issued share capital of the Company, Kwang Sung Korea and Mr. Yang Jai Sung will not, and Kwang Sung Korea and Mr. Yang Jai Sung will procure that none of its subsidiaries (other than the Group) and the companies controlled by him (other than the Group), respectively, will engage or otherwise be involved in any business which competes or is likely to compete, either directly or indirectly, with any of the Restricted Business in any of the regions in which the Group engages in and undertakes the Restricted Business (such regions include Korea and the PRC (including Hong Kong)).

- (2) 銷售、市場推廣、購買及分銷電器及通訊設備之電子元件，惟須遵守承諾契據及佣金協議之條款及其所載之範疇所規限。

就本公司股份於聯交所主板上市，韓國光星、KS-Tech Group Corporation及梁在星先生已各自為本集團之利益，而訂立承諾契據，只要韓國光星及/或其任何附屬公司、梁在星先生及/或由梁在星先生控制之公司直接或間接（不論個人或共同）實益擁有本公司已發行股本之20%或以上，則韓國光星及梁在星先生將不會（並將分別促使其附屬公司（本集團除外）及由其控制之公司（本集團除外））從事或以其他方式參與任何業務，而該等業務與本集團經營及從事受限制業務之任何地區（包括韓國及中國（包括香港））內之任何本集團成員公司可能從事之任何業務（「受限制業務」）直接或間接構成或很可能構成競爭。

韓國光星已同意，分別根據承諾契據、佣金協議及研發服務協議之條款，首先向本集團轉介韓國光星從其客戶接獲生產電子元件之所有客戶訂單（受若干條件所規限），及由韓國光星之產品設計及研發中心及韓國光星工廠開發之成果及/或產品及/或於或由該等成果及/或產品而產生之任何知識產權。

根據於二零零五年九月二十日生效之補充承諾契據，由於KS-Tech Group Corporation不再為韓國光星實益擁有，故其不再成為承諾契據的一方。

根據補充契據（其中包括），只要韓國光星及/或其任何附屬公司、梁在星先生及/或由梁在星先生控制之公司直接或間接（不論個人或共同）實益擁有本公司已發行股本之10%或以上，則韓國光星及梁在星先生將不會（並將分別促使其附屬公司（本集團除外）及由其控制之公司（本集團除外））從事或以其他方式參與任何業務，而該等業務與本集團經營及從事受限制業務之任何地區（包括韓國及中國（包括香港））內之任何受限制業務直接或間接構成或很可能構成競爭。

Report of the Directors 董事會報告書

The transactions with Kwang Sung Korea are set out in the paragraph headed “Connected Transactions”. There has been no material change in directors’ interests in any competing business subsequent to 31 December 2011.

Management contracts

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

Connected transactions

During the year, the Group entered into the following transactions with Kwang Sung Korea, which constituted continuing connected transactions (the “connected transactions”) as defined in the Listing Rules.

- (1) In the ordinary course of business, the Group sold electronic components to Kwang Sung Korea for resale to ultimate customers. These transactions were entered into on normal commercial terms and on prices and terms comparable to the prevailing market rate or practice.

During the year ended 31 December 2011, sales of electronic components to Kwang Sung Korea amounted to HK\$410,238 (2010: HK\$1,109,000).

- (2) Pursuant to a Commission Agreement dated 4 November 2008, Kwang Sung Korea referred a number of customers to the Group. These customers place orders directly with the Group and upon completion of the production, the Group sold the electronic components to the customers directly. The Group paid Kwang Sung Korea a referral commission which represents not more than 2% of the total sales to these customers. The referral commission rate was comparable to the referral commission rates payable by the Group to independent third parties and was on terms comparable to the prevailing market rate or practice.

During the year ended 31 December 2011, referral commission paid/payable by the Group to Kwang Sung Korea amounted to HK\$494,265 (2010: HK\$626,000).

- (3) Pursuant to a Production Outsourcing Agreement dated 4 November 2008, Kwang Sung Korea has agreed to produce the Products for the Company in ordinary and usual course of business, on normal commercial terms comparable to the prevailing market rate and practice after arms length negotiations. Payment of the production outsourcing fees will be made in a manner agreed by the Group and Kwang Sung Korea.

與韓國光星之交易詳情載於「關連交易」一段。於二零一一年十二月三十一日後，董事於競爭業務之權益並無任何重大轉變。

管理合約

年內並無訂立或存續有關本公司全部或任何主要部分業務之管理及行政合約。

關連交易

年內，本集團與韓國光星進行下列交易，該等交易構成上市規則所界定之持續關連交易（「關連交易」）。

- (1) 本集團於日常業務過程中向韓國光星出售電子元件，以供轉售予最終客戶。該等交易乃按正常商業條款及根據可與現行市場價格或慣例比較之價格及條款進行。

於截至二零一一年十二月三十一日止年度，向韓國光星銷售電子元件之銷售額為410,238港元（二零一零年：1,109,000港元）。

- (2) 根據二零零八年十一月四日簽訂之佣金協議，韓國光星已轉介若干客戶至本集團，此等客戶直接向本集團落單，待生產完成後，本集團直接向該等客戶銷售電子元件。本集團已支付轉介佣金予韓國光星，金額不多於銷售予該等客戶之總銷售額之2%。轉介佣金與本集團向獨立第三者支付之轉介佣金相若，並根據與現時市場價格或慣例相若之條款釐定。

於截至二零一一年十二月三十一日止年度，本集團已付／應付予韓國光星之轉介佣金為494,265港元（二零一零年：626,000港元）。

- (3) 根據二零零八年十一月四日簽訂之生產外包協議，韓國光星已於公平磋商後同意於日常業務中，替本公司生產該等產品，其一般商業條款與現行市場價格和慣例相若。本集團及韓國光星將以協定之方式，就生產外包費用付款。

During the year ended 31 December 2011, production outsourcing fees paid/payable by the Group to Kwang Sung Korea amounted to HK\$1,395,931 (2010: HK\$2,300,000).

於截至二零一一年十二月三十一日止年度，本集團已付／應付予韓國光星之生產外包費用為1,395,931港元（二零一零年：2,300,000港元）。

At the extraordinary general meeting of 5 December 2008, the Company has sought approval from the independent shareholders of the non-exempt continuing connected transactions up to the limits specified in the new caps for each of the three financial years ended 31 December 2011 mentioned below:

於二零零八年十二月五日舉行之股東特別大會，本公司尋求獨立股東批准不獲豁免持續關連交易，金額最高為下文所述截至二零一一年十二月三十一日止三個財政年度之新上限：

Transactions	交易	Annual cap on the aggregate value of the transactions for financial years ended 31 December 截至十二月三十一日止 財政年度交易總值之全年上限		
		2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2012 二零一二年 HK\$'000 千港元
Sales of Products by the Group to Kwang Sung Korea	本集團銷售該等產品予韓國光星	11,200	12,300	—
Commission payable by the Group to Kwang Sung Korea for sales orders placed by the customers referred by Kwang Sung Korea	本集團就韓國光星所轉介客戶發出之銷售訂單應付韓國光星之佣金	5,200	5,200	—
Production outsourcing fees payable by the Group to Kwang Sung Korea	本集團應付韓國光星之外包生產費用	7,100	8,700	—

The directors, including the independent non-executive directors, of the Company have reviewed the connected transactions and confirmed that:

本公司董事（包括獨立非執行董事）已審閱關連交易，並確認：

- (1) the connected transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms (to the extent that there are comparable transactions), or, where there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than those available to or from (as appropriate) independent third parties; and
 - (iii) on the relevant agreement terms that are fair and reasonable and in the interests of independent shareholders of the Company as a whole.

- (1) 該等關連交易：
 - (i) 屬本集團的日常業務；
 - (ii) 是按照一般商業條款進行的（只限有可供比較之交易而言），或如可供比較的交易不足以判斷該等交易的條款是否一般商業條款，則對於本集團而言，該等交易的條款不遜於獨立第三方取得或提供（視屬何情況而定）的條款；及
 - (iii) 是按照有關協議之公平合理及符合本公司獨立股東整體利益之條款進行。

Report of the Directors 董事會報告書

(2) the connected transactions entered into during the year ended 31 December 2011 have been conducted such that the aggregate amount for each type of the transactions has not exceeded the respective caps set out above.

The Company's auditors have confirmed in a letter to the Board that:

- (i) the connected transactions had received the approval of the Company's board of directors;
- (ii) there was an agreement in place governing each selected transaction; and
- (iii) the connected transactions had not exceeded the respective caps as set out above.

Retirement schemes

Details of the retirement schemes participated by the Group are set out in note 34 to the financial statements.

Five-year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 158 of this annual report.

Confirmation of independence

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

Auditors

The consolidated financial statements for the year ended 31 December 2011 have been audited by SHINEWING (HK) CPA Limited.

SHINEWING (HK) CPA Limited will retire and, being eligible, offer themselves for reappointment. A resolution for the reappointment of SHINEWING (HK) CPA Limited as auditors of the Company is to be proposed at the forthcoming AGM.

By order of the Board
Yang Ho Sung
Chairman

Hong Kong, 30 March 2012

(2) 於截至二零一一年十二月三十一日止年度內訂立之關連交易，其各類交易之總額並無超出上述各類交易之上限。

本公司核數師於一封致董事會之函件中確認：

- (i) 關連交易已獲本公司董事會批准；
- (ii) 每一項交易受各自的一份協議所規範；及
- (iii) 每項關連交易並未超過上述各自之上限。

退休計劃

本集團參與之退休計劃之詳情，載於財務報表附註34。

五年財務概要

本集團過去五個財政年度業績、資產與負債概要載於本年報第158頁。

確認獨立性

本公司已收取各獨立非執行董事根據上市規則第3.13條之年度獨立性確認函件，並認為所有獨立非執行董事均維持獨立。

核數師

截至二零一一年十二月三十一日止年度本公司之綜合財務報表，已經信永中和（香港）會計師事務所有限公司審核。

信永中和（香港）會計師事務所有限公司即將告退，惟符合資格並願意膺選連任。重新委聘信永中和（香港）會計師事務所有限公司為本公司核數師的決議，將於應屆股東週年大會上提出。

承董事會命
主席
梁皓星

香港，二零一二年三月三十日

Independent Auditor's Report 獨立核數師報告



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

TO THE MEMBERS OF KWANG SUNG ELECTRONICS H.K. CO. LIMITED (Incorporated in Hong Kong with limited liability)

We have audited the financial statements of Kwang Sung Electronics H.K. Co. Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 61 to 157, which comprise the consolidated and the Company's statements of financial position as at 31 December 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

致光星電子香港有限公司股東 (於香港註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第61至第157頁光星電子香港有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之財務報表,此綜合財務報表包括於二零一一年十二月三十一日之綜合和公司財務狀況表與截至該日止年度之綜合損益表、綜合全面收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔之責任

董事須負責根據香港會計師公會頒布之香港財務報告準則及香港公司條例編製真實而公平地列報之財務報表,及董事釐定為需要之內部監控,以使財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述。

核數師之責任

我們所承擔責任是根據我們審核對該等財務報表時作出之意見,並按照香港公司條例第141條之規定,僅向整體股東報告。除此以外,我們編製報告書不可用作其他用途。我們概不就本報告書之內容,對任何其他人士負責或承擔法律責任。我們已根據香港會計師公會頒布之香港審計準則進行審核。這些準則要求我們遵守道德規範,並規劃及執行審核,以合理確定此等財務報表是否不存有任何重大錯誤陳述。

Independent Auditor's Report 獨立核數師報告

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong
30 March 2012

審核涉及執行情序以獲取有關財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製真實而公平地列報之財務報表相關之內部控制，以設計適當之審核程序，但並非為對公司之內部控制之效能發表意見。審核亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價財務報表之整體列報方式。

我們相信，我們所獲得之審核憑證是充足和適當地為我們審核意見提供基礎。

意見

我們認為，該等財務報表已根據香港財務報告準則真實而公平地反映 貴集團及 貴公司於二零一一年十二月三十一日之財務狀況及 貴集團截至該日止年度之虧損及現金流量，並已按照香港公司條例妥為編製。

信永中和（香港）會計師事務所有限公司

執業會計師

陳永傑

執業證書編號：P03224

香港
二零一二年三月三十日

Consolidated Income Statement

綜合損益表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		Notes 附註	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Turnover	營業額	8	557,551	680,481
Cost of sales	銷售成本		(536,487)	(587,618)
Gross profit	毛利		21,064	92,863
Other income and gains	其他收入及收益	9	8,982	8,552
Selling and distribution expenses	銷售及分銷開支		(17,668)	(21,308)
Administrative expenses	行政開支		(19,845)	(19,644)
Research and development expenses	研發開支		(34,828)	(35,658)
Other operating expenses	其他經營開支		(15,094)	(10,398)
Finance costs	融資成本	10	–	(389)
(Loss) profit before taxation	除稅前(虧損)溢利		(57,389)	14,018
Taxation	稅項	11	7,311	(6,325)
(Loss) profit for the year	本年度(虧損)溢利	12	(50,078)	7,693
(Loss) profit for the year attributable to: 應佔本年度(虧損)溢利：				
Owners of the Company	本公司擁有人		(49,714)	8,087
Non-controlling interests	非控股權益		(364)	(394)
			(50,078)	7,693
(Loss) earnings per share	每股(虧損)盈利	16	HK cents 港仙	HK cents 港仙
Basic and diluted	基本及攤薄		(15.35)	2.50

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

	Notes 附註	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
(Loss) profit for the year	本年度(虧損)溢利	(50,078)	7,693
Other comprehensive income:	其他全面收益：		
Exchange differences arising on translation of foreign operations	因換算境外業務而產生之匯兌差額	3,916	7,851
Surplus on revaluation of land and buildings held for own use	重估持作自用土地及樓宇之盈餘	1,779	6,470
Deferred tax	遞延稅項	(884)	(2,609)
Surplus on revaluation of land and buildings held for own use, net of deferred tax	重估持作自用土地及樓宇之盈餘，已扣除遞延稅項	895	3,861
Other comprehensive income for the year, net of tax	本年度其他全面收益，已扣除稅項	4,811	11,712
Total comprehensive (expense) income for the year	本年度全面(開支)收益總額	(45,267)	19,405
Total comprehensive (expense) income for the year attributable to:	應佔本年度全面(開支)收益總額：		
Owners of the Company	本公司擁有人	(44,903)	19,799
Non-controlling interests	非控股權益	(364)	(394)
		(45,267)	19,405

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2011 於二零一一年十二月三十一日

			2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
	Notes 附註			
Non-current assets		非流動資產		
Property, plant and equipment	17	物業、機器及設備	173,250	134,364
Investment properties	18	投資物業	29,930	5,100
Goodwill	20	商譽	–	5,857
Club memberships	21	會所會籍	600	600
Intangible assets	22	無形資產	16,327	17,623
Investments in equity securities	23	股本證券投資	–	–
Deposits for purchase of property, plant and equipment		購買物業、機器及設備 之按金	6	164
			220,113	163,708
Current assets		流動資產		
Inventories	24	存貨	64,009	82,673
Trade and other receivables	25	應收貿易及其他賬款	150,239	140,070
Amounts due from shareholders	33	應收股東款項	8,478	9,946
Bank balance and cash	26	銀行結餘及現金	110,182	133,505
			332,908	366,194
Current liabilities		流動負債		
Trade and other payables	27	應付貿易及其他賬款	102,499	84,456
Tax payables		應付稅項	34,134	43,286
Derivative financial liabilities	31	衍生金融負債	5,908	–
Bank borrowing – due within one year	28	銀行借貸 – 一年內到期	73,962	13,844
			216,503	141,586
Net current assets		流動資產淨值	116,405	224,608
Total assets less current liabilities		資產總值減流動負債	336,518	388,316

Consolidated Statement of Financial Position 綜合財務狀況表

As at 31 December 2011 於二零一一年十二月三十一日

		Notes 附註	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Capital and reserves	資本及儲備			
Share capital	股本	29	32,390	32,390
Reserves	儲備		292,601	338,972
Equity attributable to owners of the Company	本公司擁有人 應佔權益		324,991	371,362
Non-controlling interests	非控股權益		2,258	2,622
Total equity	總權益		327,249	373,984
Non-current liabilities	非流動負債			
Derivative financial liabilities	衍生金融負債	31	–	6,452
Deferred tax liabilities	遞延稅項負債	32	9,269	7,880
			9,269	14,332
			336,518	388,316

The financial statements on pages 61 to 157 were approved and authorised for issue by the board of directors on 30 March 2012 and are signed on its behalf by:

第61至第157頁之財務報表已於二零一二年三月三十日獲董事會批准及授權發行，並由下列董事代表簽署：

Yang Jai Sung
Director

梁在星
董事

Hong Sang Joon
Director

洪祥準
董事

Statement of Financial Position

財務狀況表

As at 31 December 2011 於二零一一年十二月三十一日

		Notes 附註	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	17	–	33,374
Investment properties	投資物業	18	–	5,100
Interests in subsidiaries	於附屬公司之權益	19	303,366	94,895
Club memberships	會所會籍	21	283	600
Intangible assets	無形資產	22	–	10,200
Investments in equity securities	股本證券投資	23	–	–
Deposits for purchase of property, plant and equipment	購買物業、機器及設備 之按金		–	164
			303,649	144,333
Current assets	流動資產			
Inventories	存貨	24	–	82,673
Trade and other receivables	應收貿易及其他賬款	25	23,380	139,924
Amounts due from subsidiaries	應收附屬公司款項	19	21,592	10,719
Amounts due from shareholders	應收股東款項	33	8,478	9,946
Bank balance and cash	銀行結餘及現金	26	–	131,740
			53,450	375,002
Current liabilities	流動負債			
Trade and other payables	應付貿易及其他賬款	27	–	83,196
Tax payables	應付稅項		32,452	43,277
Bank borrowing – due within one year	銀行借貸 – 一年內到期	28	–	13,758
			32,452	140,231
Net current assets	流動資產淨值		20,998	234,771
Total assets less current liabilities	資產總值減流動負債		324,647	379,104

Statement of Financial Position
財務狀況表

As at 31 December 2011 於二零一一年十二月三十一日

			2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
		Notes 附註		
Capital and reserves	資本及儲備			
Share capital	股本	29	32,390	32,390
Reserves	儲備	30	292,257	335,158
Total equity	總權益		324,647	367,548
Non-current liabilities	非流動負債			
Derivative financial liabilities	衍生金融負債	31	-	6,452
Deferred tax liabilities	遞延稅項負債	32	-	5,104
			-	11,556
			324,647	379,104

The financial statements on pages 61 to 157 were approved and authorised for issue by the board of directors on 30 March 2012 and are signed on its behalf by:

第61至第157頁之財務報表已於二零一二年三月三十日獲董事會批准及授權發行，並由下列董事代表簽署：

Yang Jai Sung
Director

梁在星
董事

Hong Sang Joon
Director

洪祥準
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

As at 31 December 2011 於二零一一年十二月三十一日

		Attributable to owners of the Company 本公司擁有人應佔										
		Properties revaluation								Non-controlling interests		Total
		Share capital	Share premium	Other reserve	Contribution reserve	Properties revaluation reserve	Statutory reserve	Exchange reserve	Retained profits	Sub-total	Non-controlling interests	Total
		股本	股份溢價	其他儲備	出資儲備	物業重估儲備	法定儲備	匯兌儲備	保留溢利	小計	非控股權益	總額
		(note a)	(note a)	(note b)	(note c)	(note d)	(note e)	(note f)				
		(附註a)	(附註a)	(附註b)	(附註c)	(附註d)	(附註e)	(附註f)				
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
At 1 January 2010	於二零一零年一月一日	32,390	58,566	301	9,946	18,386	8,434	(19,088)	242,628	351,563	3,016	354,579
Total comprehensive income (expense) for the year	本年度全面收益(開支)總額	-	-	-	-	3,861	-	7,851	8,087	19,799	(394)	19,405
Transfer	轉撥	-	-	-	-	-	942	-	(942)	-	-	-
At 31 December 2010	於二零一零年十二月三十一日	32,390	58,566	301	9,946	22,247	9,376	(11,237)	249,773	371,362	2,622	373,984
Total comprehensive income (expense) for the year	本年度全面收益(開支)總額	-	-	-	-	895	-	3,916	(49,714)	(44,903)	(364)	(45,267)
Transfer	轉撥	-	-	-	-	-	839	-	(839)	-	-	-
Reduction of contributions from shareholders (note 11(b))	削減股東出資(附註11(b))	-	-	-	(1,468)	-	-	-	-	(1,468)	-	(1,468)
At 31 December 2011	於二零一一年十二月三十一日	32,390	58,566	301	8,478	23,142	10,215	(7,321)	199,220	324,991	2,258	327,249

Notes:

(a) Share premium

The application of the share premium is governed by section 48B of the Hong Kong Companies Ordinance.

(b) Other reserve

Other reserve represents the acquisition/disposal of partial equity interests of subsidiaries with minority shareholders without changes in control. Details of the accounting policy are set out in note 3(a).

(c) Contribution reserve

Contribution reserve represents contributions from shareholders for indemnity liabilities payable for periods prior to 30 June 2003. Details are set out in note 38(a)(ii).

(d) Properties revaluation reserve

The properties revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for land and buildings held for own use in note 3(e).

附註：

(a) 股份溢價

股份溢價之用途受香港公司條例第48B條規管。

(b) 其他儲備

其他儲備指向少數權益股東收購/出售附屬公司之部份股本權益而並無對控制權帶來變動。會計政策詳情載於附註3(a)。

(c) 出資儲備

出資儲備指股東就二零零三年六月三十日前期間之應付彌償負債出資。詳情載於附註38(a)(ii)。

(d) 物業重估儲備

物業重估儲備乃按附註3(e)所載有關持作自用土地及樓宇之會計政策設立及處理。

Consolidated Statement of Changes in Equity 綜合權益變動表

As at 31 December 2011 於二零一一年十二月三十一日

(e) Statutory reserve

In accordance with the People's Republic of China (the "PRC") laws applicable to wholly-foreign owned investment enterprises, subsidiaries of the Company operating in the PRC are required to set up a general reserve fund and appropriate at least 10% of respective company's annual profit after taxation, as determined under the PRC accounting rules and regulations, to the general reserve fund until the balance of the reserve equals to 50% of its registered capital. This fund can be used to make good losses and to convert into paid-up capital.

(f) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company's branch in Korea. At 1 January 2008 onwards, the functional currency of the Korea Branch has been changed from Hong Kong dollars ("HK\$") to Korean Won ("KRW") following the Korea Branch has substantially increased its trading activities in the Korean market. Sales and purchases conducted in the Korean market are denominated and settled in KRW. The reserve is dealt with in accordance with the accounting policy set out in note 3(p).

(e) 法定儲備

根據適用於外商獨資企業之中華人民共和國（「中國」）法律，本公司於中國營運之附屬公司需要設立一般儲備基金，並把各公司最少10%之年度稅後純利（按中國會計規則及條例計算）撥入一般儲備基金，直至儲備結餘達至其註冊資本50%為止。一般儲備基金可用作彌補虧損及轉換為已繳股本。

(f) 匯兌儲備

匯兌儲備包括所有因換算本公司韓國分公司財務報告產生之匯兌差額。自二零零八年一月一日起，由於韓國分公司已大幅增加其於韓國市場所從事之貿易活動，因此本公司已將韓國分公司之功能貨幣由港元（「港元」）更換為韓圓（「韓圓」）。於韓國市場所進行之買賣以韓圓計值及結算。該儲備根據附註3(p)所載會計政策處理。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
(Loss) profit before taxation	除稅前(虧損)溢利	(57,389)	14,018
Adjustments for:	就下列各項作出調整：		
Interest income	利息收入	(526)	(718)
Finance costs	融資成本	-	389
Depreciation	折舊	13,452	16,791
Amortisation of intangible assets	無形資產權攤銷	1,168	1,145
Written off of club membership	撇銷會籍	-	73
Impairment loss recognised on trade and other receivables	應收貿易及其他賬款確認減值虧損	156	2,772
Impairment loss recognised on goodwill	商譽確認減值虧損	5,857	-
Decrease in fair value of derivative financial liabilities	衍生金融負債之公允價值減少	(544)	(939)
Increase in fair value of investment properties	投資物業之公允價值增加	(2,586)	(1,000)
Allowance for inventories	存貨撥備	21,121	2,013
Reversal of allowance for inventories	回撥存貨撥備	-	(1,834)
Gain on disposal of property, plant and equipment	出售物業、機器及設備收益	(3,140)	(1,707)
Reversal of impairment loss recognised on trade and other receivables	回撥應收貿易及其他賬款確認之減值虧損	(853)	(160)
Net foreign exchange loss	匯兌虧損淨額	2,505	1,845
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	(20,779)	32,688
Increase in restricted bank deposit	受限制銀行存款增加	(472)	-
Increase in inventories	存貨增加	(2,457)	(25,752)
(Increase) decrease in trade and other receivables	應收貿易及其他賬款(增加)減少	(5,167)	9,504
Increase (decrease) in trade and other payables	應付貿易及其他賬款增加(減少)	18,043	(1,081)
Cash (used in) generated from operations	經營業務(所用)所得之現金	(10,832)	15,359
Tax reserve certificates purchased	已購買儲稅券	(4,305)	(9,333)
Interest paid	已付利息	-	(389)
Korean Corporate Income Tax paid	已付韓國企業所得稅	(665)	-
PRC Corporate Income Tax paid	已付中國企業所得稅	(671)	(4,907)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	經營活動(所用)所得之現金淨額	(16,473)	730
INVESTING ACTIVITIES	投資活動		
Interest received	已收利息	526	718
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	3,140	2,388
Acquisition of property, plant and equipment	收購物業、機器及設備	(72,933)	(62,699)
Increase in deposits for purchase of property, plant and equipment	購置物業、機器及設備之按金增加	-	(164)
Repayment from shareholders	股東償還款項	-	646
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用之現金淨額	(69,267)	(59,111)

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
FINANCING ACTIVITIES	融資活動		
Repayment of bank borrowing	償還銀行借款	(13,844)	(19,202)
Interest paid	已付利息	(1,228)	-
New bank loans raised	新增銀行借貸	77,035	32,567
NET CASH FROM FINANCING ACTIVITIES	融資活動所得之現金淨額	61,963	13,365
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物之減少淨額	(23,777)	(45,016)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日之現金及現金等價物	133,505	179,386
Effect of foreign exchange rate changes	匯率變動影響	(18)	(865)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented bank balances and cash	於十二月三十一日之現金及現金等價物 乃指銀行結餘及現金	109,710	133,505

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

1. GENERAL

The Company was incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report. The directors of the Company do not consider any company to be the ultimate holding company of the Company, however, the directors of the Company consider the ultimate controlling party of the Company and its subsidiaries (collectively referred to as the "Group") to be Mr. Yang Jai Sung.

The functional currency of the Company is KRW. The functional currencies for its certain subsidiaries are Renminbi ("RMB") and KRW. For the purposes of presenting the financial statements, the Group adopted HK\$ as its presentation currency as its shares are listed in Hong Kong.

The principal activities of the Company are the manufacture and sale of electronic components. The principal activities of its subsidiaries are mainly the manufacture and sale of electronic components and research and development. The details of its principal subsidiaries are set out in note 19.

1. 一般資料

本公司於香港註冊成立，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及主要營業地址於年報之公司資料一節披露。本公司董事不視任何公司為本公司之最終控股公司，然而，本公司董事視梁在星先生為本集團及其附屬公司（統稱為「本集團」）之最終控股人。

本公司之功能貨幣為韓圓，其若干附屬公司之功能貨幣為人民幣（「人民幣」）及韓圓。就呈列財務報表而言，由於本集團之股份於香港上市，故採用港元為其呈列貨幣。

本集團之主要業務是製造及銷售電子元件，其附屬公司之主要業務主要為製造及銷售電子配件及研發。其主要附屬公司之詳情載於附註19。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendment to HKFRS1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
Hong Kong Accounting Standards (“HKAS”) 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK (International Financial Reporting Interpretation Committee (“IFRIC”))-Interpretation (“Int”) 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the above new and revised HKFRSs has had no material impact on the Group’s financial performance and position for the current and prior years and/or the disclosures set out in these financial statements.

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）

在本年度內，本集團已採納下列由香港會計師公會（「香港會計師公會」）頒布之新訂及經修訂香港財務報告準則。

香港財務報告準則之修訂	於二零一零年對香港財務報告準則之改進
香港財務報告準則第1號之修訂	對首次採納者有關比較性香港財務報告準則第7號披露方式之有限豁免
香港會計準則（「香港會計準則」）第24號（於二零零九年經修訂）	關連人士披露
香港會計準則第32號之修訂	供股之分類
香港（國際財務報告詮釋委員會）- 詮釋第14號之修訂	最低資金要求之預付款項
香港（國際財務報告詮釋委員會）- 詮釋第19號	以股本工具消除金融負債

應用上述新訂及經修訂香港財務報告準則對本集團當前及過往年度之財務業績及狀況及本財務報表所載之披露並無重大影響。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

Amendments to HKFRS 1	Severe Hyperinflations and Removal of Fixed Dates for First-time Adopters ¹ First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans ²
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹ Disclosures – Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangement ²
HKFRS 12	Disclosures of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associate and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）(續)

已頒布惟尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早採納以下已頒布惟尚未生效之新訂或經修訂準則、修訂本及詮釋。

香港財務報告準則第1號之修訂	嚴重高通脹及剔除首次採納者之固定日期 ¹ 首次採納香港財務報告準則 – 政府貸款 ²
香港財務報告準則第7號之修訂	披露 – 金融資產轉撥 ¹ 披露 – 抵銷金融資產及金融負債 ²
香港財務報告準則第9號	香港財務報告準則第9號之強制生效日期及過渡性披露 ³ 金融工具 ³
香港財務報告準則第10號	綜合財務報表 ²
香港財務報告準則第11號	合營安排 ²
香港財務報告準則第12號	披露於其他實體之權益 ²
香港財務報告準則第13號	公允價值之計量 ²
香港會計準則第1號之修訂	其他全面收益項目之呈列 ⁵
香港會計準則第12號之修訂	遞延稅項：收回相關資產 ⁴
香港會計準則第19號（於二零一一年經修訂）	僱員福利 ²
香港會計準則第27號（於二零一一年經修訂）	獨立財務報表 ²
香港會計準則第28號（於二零一一年經修訂）	於聯營公司及合營公司之投資 ²
香港會計準則第32號之修訂	抵銷金融資產及金融負債 ⁶
香港（國際財務報告詮釋委員會） – 詮釋第20號	地表礦區生產階段之剝採成本 ²

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 July 2011.
- ² Effective for annual periods beginning on or after 1 January 2013.
- ³ Effective for annual periods beginning on or after 1 January 2015.
- ⁴ Effective for annual periods beginning on or after 1 January 2012.
- ⁵ Effective for annual periods beginning on or after 1 July 2012.
- ⁶ Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒布惟尚未生效之新訂及經修訂香港財務報告準則（續）

- ¹ 於二零一一年七月一日或以後開始之年度期間生效。
- ² 於二零一三年一月一日或以後開始之年度期間生效。
- ³ 於二零一五年一月一日或以後開始之年度期間生效。
- ⁴ 於二零一二年一月一日或以後開始之年度期間生效。
- ⁵ 於二零一二年七月一日或以後開始之年度期間生效。
- ⁶ 於二零一四年一月一日或以後開始之年度期間生效。

香港財務報告準則第9號「金融工具」

於二零零九年頒布之香港財務報告準則第9號引入金融資產之分類及計量新規定。於二零一零年經修訂之香港財務報告準則第9號載入金融負債之分類及計量及終止確認之規定。

香港財務報告準則第9號之主要規定詳述如下：

- 香港財務報告準則第9號規定，屬香港會計準則第39號「金融工具：確認及計量」之所有已確認金融資產最後按攤銷成本或公允價值計量。特別是就收取合約現金流為目的以業務模式持有之債務投資及擁有合約現金流之債務投資，且有關現金流純粹為支付本金，而未償還本金之利息於隨後會計期間期末則一般按攤銷成本計量。所有其他債務投資及股本投資於隨後報告期末按公允價值計量。此外，根據香港財務報告準則第9號，實體須作出不可撤回之選擇，以於其他綜合收益呈報股本投資（並非持作買賣者）公允價值之其後變動，只有股息收入全面於損益確認。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 Financial Instruments (Continued)

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The directors of the Company are in the process of assessing the impact from the application of new standard on the results and the financial positions of the Group and the Company.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒布惟尚未生效之新訂及經修訂香港財務報告準則（續）

香港財務報告準則第9號「金融工具」（續）

- 就金融負債之分類及計量而言，香港財務報告準則第9號最重大影響乃有關金融負債信貸風險變動應佔該負債（指定為按公允價值計入損益）公允價值變動之呈報。特別是根據香港財務報告準則第9號，就指定為按公允價值計入損益之金融負債而言，該負債信貸風險變動應佔之金融負債公允價值變動金額於其他全面收益確認，除非在其他全面收益確認負債之信貸風險變動影響會導致或擴大損益上之會計錯配。金融負債信貸風險應佔之公允價值變動其後不會重新分類至損益。過往，根據香港會計準則第39號，指定為按公允價值計入損益之金融負債公允價值變動全部金額於損益確認。

香港財務報告準則第9號將於由二零一五年一月一日或以後開始之年度期間生效，並准許提早應用。

本公司董事正在評估應用新訂準則對本集團及本公司之業績及財務狀況之影響。

有關綜合賬目、共同安排、聯營公司及披露之新訂及經修訂準則

於二零一一年六月，香港會計師公會就綜合入賬、合資、聯營公司及披露頒布一套準則共五項，包括香港財務報告準則第10號、香港財務報告準則第11號、香港財務報告準則第12號、香港會計準則第27號（於二零一一年經修訂）及香港會計準則第28號（於二零一一年經修訂）。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC)-Int 12 Consolidation – Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures and HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structure entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

有關綜合賬目、共同安排、聯營公司及披露之新訂及經修訂準則（續）

該五項準則之主要規定之詳情如下。

香港財務報告準則第10號取代香港會計準則第27號「綜合及獨立財務報表」及香港（詮釋常務委員會）– 詮釋第12號「綜合入賬 – 特殊目的實體」中用以處理綜合財務報表之部分。香港財務報告準則第10號包括對控制權之新涵義，包括三項要素：(a) 對被投資方之權力、(b) 其干涉被投資方換取可變回報之風險及權利，及(c) 對被投資方運用權力以影響投資方回報金額之能力。香港財務報告準則第10號已加入廣泛指引，處理複雜情境。

香港財務報告準則第11號取代香港會計準則第31號「於合資公司權益」及香港（詮釋常務委員會）– 詮釋第13號「共同控制實體 – 合資者之非現金投入」。香港財務報告準則第11號處理合營安排中兩方或以上如何分類為共同控制。根據香港財務報告準則第11號，合營安排視乎合營安排各方之權利及義務分類為合營或合資。相反，根據香港會計準則第31號下，共有三類合營安排：共同控制實體、共同控制資產及共同控制運作。

此外，香港財務報告準則第11號要求對合營公司按權益會計法入賬而香港會計準則第31號要求對共同控制實體按權益會計法或比例法核算。

香港財務報告準則第12號為披露準則及適用於所有實體持有權益於附屬公司、合營安排、聯營公司及／或未被合併之結構實體。一般而言，香港財務報告準則第12號之披露要求比現行標準之要求為更詳盡。

該五項準則之生效期為於二零一三年一月一日或之後開始之年度期間。允許提早應用，惟該這五項準則需同時應用。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated (e.g. the Group's investment in associates may become the Group's subsidiaries based on the new definition of control and the related guidance in HKFRS 10). However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under *HKFRS 7 Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

有關綜合賬目、共同安排、聯營公司及披露之新訂及經修訂準則（續）

本公司董事預期該五項準則將於二零一三年一月一日開始之年度期間於本集團綜合財務報表採用。該五項準則之應用可能會對綜合財務報表所呈報之數額造成重大影響。應用香港財務報告準則第10號可能導致本集團不再綜合計入其若干投資對象賬目，而綜合計入過往未曾綜合計入之投資對象賬目（即根據香港財務報告準則第10號之控制權新定義及有關指引，本集團於聯營公司之投資可成為本集團的附屬公司）。然而，董事正就應用此等準則之影響進行詳細分析，因此未能量化計算該影響之程度。

香港財務報告準則第13號「公允價值計量」

香港財務報告準則第13號確立有關公允價值計量及披露公允價值計量資料之單一指引。該準則界定公允價值，確立計量公允價值之框架及有關公允價值計量之披露規定。香港財務報告準則第13號之範圍寬廣；適用於其他財務報告準則規定或允許公允價值計量及披露公允價值計量資料之財務工具項目及非財務工具項目，惟特定情況除外。整體而言，香港財務報告準則第13號所載之披露規定較現行準則之規定更為全面。例如，現時僅規限香港財務報告準則第7號財務工具：披露所述財務工具之三個公允價值層級之數量及性質披露資料將藉香港財務報告準則第13號加以擴展，以涵蓋其範圍內之所有資產及負債。

香港財務報告準則第13號於二零一三年一月一日或以後開始之年度期間生效，並允許提早應用。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised Standards on consolidation, joint arrangements, associates and disclosures (Continued)

HKFRS 13 Fair Value Measurement (Continued)

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis except for certain financial instruments and properties, which are measured at fair values, as explained in the accounting policies set out below.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

有關綜合賬目、共同安排、聯營公司及披露之新訂及經修訂準則（續）

香港財務報告準則第13號「公允價值計量」（續）

本公司董事預期將於二零一三年一月一日或以後開始之年度期間應用香港財務報告準則第13號於本集團之綜合財務報表，而應用該新訂準則可能會影響綜合財務報告呈列之數額，且令其須於綜合財務報表披露更為全面之資料。

除上文所披露者外，本公司董事預期應用其他新訂及經修訂準則、修訂或詮釋不會對本集團之業績及財務狀況造成重大影響。

3. 主要會計政策

財務報表已按照歷史成本基準編列，但根據公允價值列值之若干金融工具及物業則除外，詳情在下列之會計政策作出解釋。

財務報表已按香港會計師公會頒布之香港財務報告準則編製。此外，財務報表包括聯交所證券上市規則及香港公司條例所規定之適用披露。

(a) 綜合基準

綜合財務報表包括本公司及受本公司控制之實體（其附屬公司）之財務報表。當本公司有權監管該實體之財務及經營政策，以便從其業務中獲取利益，即屬擁有控制權。

如有需要，會對附屬公司之財務報表作出調整，以使彼等之會計政策與本集團其他成員公司採用之會計政策一致。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(a) Basis of consolidation (Continued)

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(b) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill had been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount of the units, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

3. 主要會計政策 (續)

(a) 綜合基準 (續)

所有集團內部交易、結餘、收益及開支已於綜合賬目對銷。

於附屬公司之非控股權益與本集團的權益分開呈列。

分配全面收益總額予非控股權益

附屬公司之全面收益及開支總額會分配予本公司擁有人及非控股權益，即使此舉將導致非控股權益的金額出現虧損。

(b) 商譽

收購業務所產生之商譽以成本減去任何累計減值虧損計算，且（如有）於綜合財務狀況表分開披露。

就減值測試而言，本集團將商譽分配予預期將受惠於合併效益之各現金產生單位或現金產生單位組別。

獲分配商譽之現金產生單位或組別將於每年進行減值測試，並於有跡象顯示該單位可能已經減值時更加頻密進行減值測試。就報告期間內由收購事項所產生之商譽而言，獲分配商譽之現金產生單位於報告期末前需進行減值測試。倘現金產生單位之可收回金額少於其賬面值時，減值虧損首先分配作減低該單位獲分配之任何商譽之賬面值，其後根據該單位中各項資產賬面值之比例分配予該單位之其他資產。商譽之任何減值虧損直接記入綜合全面收益表之損益中。就商譽而確認之減值虧損不會於隨後期間回撥。

於出售相關現金產生單位時，計算出售損益時須計入應佔商譽之金額。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(c) Intangible assets

(i) *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date which is regarded as their cost.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

(ii) *Intangible assets acquired separately*

Any revaluation increase arising from revaluation of intangible assets is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reserves a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an intangible asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

(iii) *Derecognition of intangible assets*

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss in the period when the asset is derecognised.

3. 主要會計政策 (續)

(c) 無形資產

(i) 於業務合併中收購之無形資產

業務合併中收購之無形資產與商譽按收購日期之公允價值分開作初步確認(視為其成本)。

於初步確認後，具確定可用年期之無形資產乃按成本減其後累計攤銷和減值虧損列賬。具確定可用年期之無形資產乃按直線法在資產之估計可用年期內攤銷(見下文有關有形及無形資產減值之減值虧損之會計政策)。

(ii) 個別收購之無形資產

因重估無形資產而產生之任何重估增加乃於其他全面收益確認，並於重估儲備累計，惟其回撥同一資產過往於損益確認之重估減少則除外，於此情況下，有關增加乃計入損益，以過往扣除之減少為限。因重估無形資產而產生之賬面淨值減少會於損益確認，惟以超出有關過往重估該資產之重估儲備結餘(如有)為限。重估資產於其後出售或報廢時，應佔之重估盈餘乃轉撥至保留溢利。

(iii) 取消確認無形資產

無形資產乃於預計未來並無經濟利益時取消確認。取消確認無形資產所產生之收益及虧損(其以出售所得款項淨額及資產賬面值之差額計量)乃於資產取消確認期間於損益中確認。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. All regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. 主要會計政策 (續)

(d) 金融工具

當集團實體成為金融工具合約條文之訂約方，金融資產及金融負債會於綜合及財務狀況表內確認。金融資產及金融負債最初按公允價值計量。因收購或發行金融資產及金融負債而直接產生之交易成本，於初次確認時加入金融資產或金融負債（如適用）之公允價值，或自金融資產或金融負債（如適用）之公允價值扣除。

金融資產

本集團之金融資產劃分為貸款及應收賬款。分類視乎金融資產之性質而定，並於初次確認時釐定。所有一般性購買或出售之金融資產均按交易日期基準確認或解除確認。一般性購買或出售指金融資產按市場規管或慣例確立之時限內交付。

實際利率法

實際利率法乃計算金融資產之攤銷成本及於相關期間攤分利息收入之方法。實際利率指按金融資產之預期可使用年期或較短期間內（如適用）實際貼現估計未來現金收入（包括組成實際利率、交易成本及其他溢價或折價主要部份之已付或收到之全部費用）至初始確認時之賬面淨值之利率。

債務工具之利息收入按實際利率基準確認。

Notes to the Financial Statements 財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Financial instruments (Continued)

Financial assets (Continued)

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs.

Investments in securities held for trading, including marketable securities, are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period, the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Investments in equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are recognised in the consolidated and the Company's statements of financial position at cost less impairment losses (see note 3(h)).

Investments are recognised/derecognised on the date the Group and the Company commit to purchase/sell the investments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from shareholders, cash and cash equivalents (see note 3(t)) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. 主要會計政策 (續)

(d) 金融工具 (續)

金融資產 (續)

本集團及本公司對投資附屬公司以外之股本證券投資準則如下：

股本證券投資

股本證券投資初步以成本列賬，而成本即交易價格，惟公允價值能更可靠地以估值方法進行估計除外。估值方法之變數僅包括可予觀察市場之數據。成本包括應佔交易成本。

持作買賣之股本證券投資（包括可出售證券）分類為流動資產。任何應佔交易成本於發生時在損益表內確認。於每個報告期末重新計量公允價值，任何導致之收益或虧損在損益表內確認。

倘股本證券投資並無於活躍市場之市場報價及其公允價值無法準確計量，則該等投資在綜合及本公司財務狀況表中以成本值扣除減值虧損確認入賬（見附註3(h)）。

投資於本集團及本公司承諾買入／賣出當日確認／取消確認。

貸款及應收賬款

貸款及應收賬款為有固定或可釐定付款款額但並無於活躍市場內報價之非衍生金融資產。於初次確認後，貸款及應收賬款（包括應收貿易賬款及其他應付款項、應收股東款項及現金及現金等價物（見附註3(t)）採用實際利率法按攤銷成本減任何已識別減值虧損列賬（見下文有關金融資產虧損減值之會計政策）。

Notes to the Financial Statements 財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Financial instruments (Continued)

Financial assets (Continued)

Impairment on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are in addition assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. 主要會計政策 (續)

(d) 金融工具 (續)

金融資產 (續)

金融資產之減值

金融資產乃於各報告期末評估減值跡象。若金融資產於初次確認後發生一項或多項事件而導致有客觀證據證明金融資產之估計未來現金流量受到影響，則視為出現減值。

就其他所有金融資產而言，減值之客觀證據可包括：

- 發行人或對手方遇到嚴重財務困難；或
- 逾期或拖欠利息或本金支付；或
- 借款人有可能破產或進行財務重組；或
- 因財政困難引致金融資產不再出現活躍市場。

就若干類別之金融資產（例如應收貿易賬款及其他應收款項）而言，不會單獨作出減值之資產會另行匯集一併評估減值。應收賬款組合出現減值之客觀證據包括本集團過往收款記錄、組合內超過平均信貸期之拖欠賬款增加，以及國家或地區經濟狀況出現與應收賬款未能償還之情況相吻合之變動。

就按攤銷成本入賬之金融資產而言，所確認減值虧損乃按資產賬面值與根據金融資產之原實際利率計算之估計未來現金流量之現值之差額計量。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Financial instruments (Continued)

Financial assets (Continued)

Impairment on financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on investments in equity securities will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

3. 主要會計政策 (續)

(d) 金融工具 (續)

金融資產 (續)

金融資產之減值 (續)

就所有金融資產而言，金融資產之賬面值乃根據減值虧損直接扣減，惟應收貿易賬款及其他應收款項除外，其賬面值乃利用撥備賬扣減。撥備賬面值之變動乃於損益確認。倘應收貿易賬款及其他應收款項被視為無法收回，則從撥備賬撇銷。此前被撇銷之款項於隨後收回後會計入損益。

就按攤銷成本入賬之金融資產而言，倘於其後之期間，減值虧損之金額出現減少而當該等減少可客觀地與確認減值虧損後所發生之事件聯繫，則此前確認之減值虧損於其後之期間於損益回撥，惟於回撥減值日期當日之資產賬面值沒有超出倘沒有確認減值之原有攤銷成本，方可進行回撥。

股本證券投資之減值虧損其後將不會於損益中回撥。於減值虧損後錄得之任何公允價值增加乃直接於全面收益表內確認並於投資重估儲備中累計。

金融負債及股本工具

由集團實體發行之金融負債及股本工具按所訂立之合約安排性質，以及金融負債及股本工具之定義而分類作金融負債或股本。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Financial instruments (Continued)

Financial liabilities and equity instruments

(Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form as integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derivative financial liabilities

Derivative is initially recognised at fair value at the date a derivative contract is entered into and is subsequently remeasured to its fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. 主要會計政策 (續)

(d) 金融工具 (續)

金融負債及股本工具 (續)

股本工具

股本工具為證明本集團資產剩餘權益(經扣除其所有負債)之任何合約。本集團所發行股本工具按收取之所得款項進行確認並扣除直接發行成本。

實際利率法

實際利率法乃計算金融負債之攤銷成本及於相關期間分攤利息成本之方法。實際利率指按金融負債之預期可使用年期或較短期間內(如適用)實際貼現估計未來現金付款(包括構成實際利率部分之一切已付或已收費用、交易成本及其他溢價或折讓)至初始確認時之賬面淨值之利率。

利息開支乃按實際利率基準確認。

衍生金融負債

衍生工具初步按衍生工具合約訂立日期之公允價值確認，其後於報告期末按公允價值重新計量。公允價值變動所產生之損益乃即時於損益內確認，除非衍生工具被指定為對沖工具並具此效果，則於損益內確認其公允價值變動之時間將視乎對沖關係之性質而定。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Other financial liabilities including trade and other payables and bank borrowing are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. 主要會計政策 (續)

(d) 金融工具 (續)

金融負債及股本工具 (續)

其他金融負債

其他金融負債(包括應付貿易及其他賬款及銀行借貸)乃隨後採用實際利率法按攤銷成本計量。

取消確認

本集團僅當來自資產之現金流量之合約權利屆滿時或其轉讓金融資產及其大部分資產風險及所有權回報至另一實體時取消確認金融資產。

當金融資產完全被取消確認時，資產賬面值與所收代價及任何直接於其他全面收益內內確認之累計收益或虧損總和之間之差額會於損益內確認。

於取消確認非整個金融資產時(如本集團保留購回部分已轉讓資產之選擇權或保留餘下權益惟不會導致保留擁有權絕大部分風險及回報，而本集團保留控制權)，本集團會將金融資產之過往賬面值，根據於其確認為繼續參與之部分及不再確認之部分於轉讓日期之相對公允價值，在兩者間作出分配。不再確認部分已於其他全面收益確認之已收代價及獲分配之任何累計收益或虧損之總和及不再確認部分賬面值兩者之差額，乃於損益內確認。已於其他全面收益確認之累計收益或虧損，將按繼續確認之部分及不再確認之部分之相對公允價值之間作出分配。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(d) Financial instruments (Continued)

Derecognition (Continued)

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(e) Property, plant and equipment

The following properties held for own use are stated at their revalued amounts, being their fair values at the date of revaluation less any subsequent accumulated depreciation:

- freehold land and buildings; and
- land held under operating leases and buildings thereon, where the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease (see note 3(g)).

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Other items of property, plant and equipment are stated in the consolidated and the Company's statements of financial position at cost less accumulated depreciation and impairment losses (see note 3(h)).

3. 主要會計政策 (續)

(d) 金融工具 (續)

取消確認 (續)

當且僅當本集團之責任獲解除、取消或屆滿，則本集團解除確認金融負債。解除確認之金融負債賬面值與已付或應付代價之差額乃於損益中確認。

(e) 物業、機器及設備

以下持作自用之物業以其重估值（即根據它們在重估日之公允價值，減去任何其後之累計折舊後得出之數額）列賬：

- 永久業權土地及樓宇；及
- 按經營租約持有之土地及建於該等土地上之樓宇，該等土地及樓宇租賃權益之公允價值於租約開始日期無法分別計度，而有關樓宇並非明確根據經營租約持有（見附註3(g)）。

重估工作乃定期進行，以確保這些資產之賬面金額與報告期末採用之公允價值釐定之數額之間不會出現重大差異。

其他物業、機器及設備項目以成本減去累計折舊及減值虧損（見附註3(h)）後記入綜合及本公司財務狀況表。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(e) Property, plant and equipment (Continued)

Any revaluation increase arising on revaluation of land and buildings is recognised in other comprehensive income and accumulated in revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is recognised in profit or loss to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revaluated asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation on revaluated buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Depreciation on other items of property, plant and equipment is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purpose are carried at cost, less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. 主要會計政策 (續)

(e) 物業、機器及設備 (續)

重估土地及樓宇產生之任何重估增值會於其他全面收益確認及計入物業重估儲備，惟若回撥同一資產先前已於損益確認之重估減值則除外。在此情況下，有關重估增值將計入損益內，惟以先前扣除之減值為限。重估資產所產生之賬面淨值減少於損益內確認，惟以其超出該資產先前所作重估之物業重估儲備之餘額（如有）為限。其後出售或報廢該項經重估資產時，應佔重估盈餘會轉撥至保留溢利。

重估樓宇之折舊乃於損益內確認。其後出售或報廢該項經重估物業時，於物業重估儲備保留之應佔重估盈餘會轉撥至保留溢利。

其他物業、機器及設備項目則計提折舊以於考慮其預計剩餘價值後按彼等之預期可使用年期以直線法撇銷物業、機器及設備項目之成本。於各報告期末，估計可使用年限、剩餘價值及折舊法將予檢討，以便因估計變動影响預期之計算基準。

在建工程包括以生產或自用目的而建造之物業、機器及設備乃按成本減任何已確認減值虧損進行列賬。在建工程於已完成且可供擬定用途時劃分至物業、機器及設備適當類別。當資產可作其擬定用途時，該等資產乃按等同其他物業資產之基準進行折舊。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(e) Property, plant and equipment (Continued)

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any impairment loss between the carrying amount and the fair value of that item at the date of transfer is recognised in profit or loss. Any appreciation of the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the item and recognised in profit or loss.

(f) Research and development expenditure

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's and the Company's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

3. 主要會計政策 (續)

(e) 物業、機器及設備 (續)

倘某項物業、機器及設備項目因用途有所更改(終止自用)而變為投資物業,該項目於轉撥日期之賬面值與公允價值兩者之任何減值虧損將於損益中確認。相關項目於轉讓當日之公允價值出現任何增值時,於其他全面損益確認及於物業重估儲備累計。日後出售或棄置該項資產時,有關重估儲備將直接轉至保留溢利。

物業、機器及設備項目乃於出售後或預期持續使用該資產將不會產生未來經濟利益時取消確認。物業、機器及設備項目之出售或報廢所產生任何損益以銷售所得款項與項目賬面值之差額作釐定並於損益內確認。

(f) 研發支出

研發成本包括所有直接由研發活動產生之成本,或可合理地分配作有關活動之成本。基於本集團及本公司之研發活動之性質,有關成本能確認為資產之條件一般須在項目研發階段之後期才能達成,而餘下之研發成本已微不足道。因此,研究成本及開發成本一般均於發生之期間內確認為開支。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group or the Company as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group or the Company as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and buildings

When a lease includes both land and building elements, the Group and the Company assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group and the Company, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

3. 主要會計政策 (續)

(g) 租賃

凡租約條款將擁有權的絕大部分風險及回報轉讓承租人者，均分類為融資租約。所有其他租約則分類為經營租約。

本集團或本公司作為出租人

經營租約租金收入以直線法按有關租約年期於損益中確認。

本集團或本公司作為承租人

經營租約項下應付租金按直線法於有關租期自損益扣除，除非另有系統基準更能反映租賃資產消耗其經濟利益之時間模式。

租賃土地及樓宇

凡租賃包括土地及樓宇部分，本集團及本公司以租賃資產所承擔之絕大部份風險及回報之擁有權是否已轉移本集團及本公司作為獨立評估其分類屬於融資或經營租賃之依據，除非兩部份均明顯為經營租賃且整個租賃分類為經營租賃則除外。具體而言，最低租賃款項（包括任何一次性預付款）被分配至土地及樓宇部分之比例，以其租賃在開始時土地租賃權益和樓宇租賃權益之比例分配。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(h) Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

3. 主要會計政策 (續)

(h) 有形及無形資產減損 (商譽除外 (見上文有關商譽之會計政策))

本集團及本公司會於報告期末檢討其有形及無形資產之賬面值，以確定該等資產有否出現減損之任何跡象。如出現有關跡象，會估計資產之可收回金額以釐定減值虧損之程度。

如果無法估計個別資產之可收回金額，本集團及本公司會估計該資產所屬現金產生單位之可收回金額。如有合理而一致之分配方法，企業資產會分配到個別現金產生單位，或以該合理而一致之分配方法，分配至現金產生單位中之最小群組。

可收回金額是指資產之公允價值減銷售成本與使用價值兩者中之較高者。在評估使用價值時，預計未來現金流量乃按照反映當前市場對貨幣時間價值及該資產之特定風險評估 (當中並無就預計未來現金流量作出調整) 之除稅前貼現率折算至現值。

倘估計資產 (或現金產生單位) 之可收回金額低於其賬面值，則有關資產之賬面值將減至其可收回金額之水平。減值虧損乃即時確認為開支，除非有關資產 (或現金產生單位) 按另一準則計算之重估金額列賬，於此情況下，減損會被列為該準則項下之重估減少。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(h) Impairment losses on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (Continued)

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of impairment loss is recognised as income immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

(i) Club memberships

Club memberships with indefinite useful lives are stated in the consolidated and the Company's statements of financial position at cost less impairment losses (see note 3(h)).

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(k) Retirement benefit costs

Payments to the PRC and Korean local government defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and Korea and the Mandatory Provident Fund Scheme (the "MPF Scheme") in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

3. 主要會計政策 (續)

(h) 有形及無形資產減損 (商譽除外 (見上文有關商譽之會計政策)) (續)

倘其後回撥減損，則有關資產之賬面值將增至重新修訂估計之可收回金額，惟增加後之賬面值不得超過假設該資產 (或現金產生單位) 於過往年度並無確認減損時釐定之賬面值。減損回撥會即時於損益確認為收入，除非有關資產按另一準則計算之重估金額列賬，於此情況下，減損回撥列為該項準則項下之重估增加。

(i) 會所會籍

具有無限使用年期之會所會籍按成本減減值虧損於綜合及本公司財務狀況表列賬 (見附註3(h))。

(j) 存貨

存貨以成本及可變現淨值兩者中之較低數額入賬。成本以加權平均成本法計算。可變現淨值乃指存貨之估計售價減完成時所有估計成本及銷售時所需之成本。

(k) 退休福利成本

根據中國及韓國之相關勞動規則及法規所制定之中國及韓國地方政府所界定退休供款計劃之付款以及香港之強制性公積金計劃 (「強積金計劃」) 於僱員提供服務時賦予其供款後確認為開支。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(l) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Long service payments

Certain of the Group's employees have completed the required number of years of services to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance (the "Employment Ordinance") in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance.

3. 主要會計政策 (續)

(l) 撥備

倘本集團因過往事件而須承擔現有法律責任或推定責任，且本集團很可能須履行該責任，並能可靠地估計所須承擔之金額，則須確認撥備。

確認為撥備之金額乃報告期間未履行現時責任所需代價之最佳估計，並計及有關責任之風險及不確定因素。當撥備按履行現時責任估計所需之現金流量計量時，其賬面值為有關現金流量之現值（如貨幣時間價值之影響為顯著）。

倘用以償還撥備之部份或全部經濟利益預期將自第三方收回，則當實質上確認將收到償款且應收金額能可靠計量時，應收款項方確認為資產。

(m) 長期服務付款

本集團若干僱員在本集團服務年數已符合香港《僱傭條例》（「《僱傭條例》」）項下之長期服務金之要求。倘僱傭關係終止符合《僱傭條例》所指定情況，本集團須作出相關付款。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group and the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. 主要會計政策 (續)

(n) 稅項

所得稅開支指現時應付稅項及遞延稅項。

現時應付稅項乃按本年度應課稅溢利計算。應課稅溢利與綜合全面損益表中所報溢利不同，此乃由於前者不包括在其他年度應課稅或可扣稅收入或開支，並且不包括從未課稅或可扣稅之項目。本集團及本公司採用於報告期末之前已頒布或實質頒布之稅率計算本期稅項負債。

遞延稅項根據綜合財務報表資產及負債賬面值及用以計算應課稅溢利相應稅基之臨時差額確認。遞延稅項負債通常會就所有應課稅臨時差額確認。遞延稅項資產一般乃就所有可扣減臨時差額按很可能出現之可利用臨時差額扣稅之應課稅溢利確認。倘於一項交易中，因商譽或因企業合併以外原因首次確認其他資產及負債而引致之臨時差額既不影響應課稅溢利亦不影響會計溢利，則不會確認該等遞延稅項資產及負債。

遞延稅項負債乃按與於附屬公司之投資有關之應課稅臨時差額而確認，惟若本集團及本公司可控制臨時差額之回撥及臨時差額很有可能不會於可見將來回撥之情況除外。

遞延稅項資產之賬面值於每一報告期末進行檢討，並於沒有足夠應課稅溢利可用以回撥所有或部份遞延稅項資產時作出相應扣減。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(n) Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Sales of goods

Revenue from sales of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. 主要會計政策 (續)

(n) 稅項 (續)

遞延稅項資產及負債乃按預期於負債獲償還或資產獲變現期間適用之稅率(以報告期末時已生效或實質上已生效之稅率(及稅法)為基準)計算。

遞延稅項負債及資產之計算，反映本公司於報告期末時所預期對收回或償還其資產及負債之賬面值之方式所產生之稅務結果。

本期及遞延稅項於損益中確認，惟關於在其他全面收益內或直接在權益中確認之項目有關之遞延稅項除外，在此情況下，本期及遞延稅項亦於其他全面收益內或直接在權益中確認。

(o) 收益確認

收益乃按已收或應收代價之公允價值進行釐定並乃指於正常業務過程中已售貨品及所提供服務之應收款項(扣除折讓及銷售相關稅項)。

(i) 銷售貨品

來自銷售貨品之收益於下列條件達成時確認：

- 本集團已向買方轉讓貨品擁有權之重大風險及回報；
- 本集團並無對售出貨品保留一般與擁有權相關持續管理參與之程度，亦無保留售出貨品之實際控制權；
- 收益金額能可靠地計量；
- 與交易有關之經濟利益很有可能流入本集團；及
- 就交易產生或將予產生之成本能可靠地計量。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(o) Revenue recognition (Continued)

(ii) Interest income

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Scrap sales

Scrap sales is recognised when the goods are delivered to the customers.

(iv) Rental income

Rental income under operating leases is recognised on a straight-line basis over the respective lease terms.

(p) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

3. 主要會計政策 (續)

(o) 收益確認 (續)

(ii) 利息收入

金融資產之利息收入根據未償還本金及適用實際利率按時間基準入賬。於初步確認時，有關利率為將金融資產之預期年期內之估計未來收益正確地貼現至資產之賬面淨值之比率。

(iii) 廢料銷售

廢料銷售在貨品送達客戶時確認。

(iv) 租金收入

營運租約租金收入乃按直線法於有關租賃年期確認。

(p) 外幣

於編製各獨立集團實體之財務報表時，以該實體之功能貨幣以外貨幣（外幣）進行之交易乃按交易當日之適用匯率折算為其功能貨幣記錄。於報告期末，以外幣列值之貨幣項目按該日之適用匯率重新換算。按公允價值入賬及以外幣列值之非貨幣項目按公允價值釐定當日之適用匯率換算。外幣按歷史成本計算之非貨幣項目不進行換算。

結付貨幣項目時匯兌差額及重新換算貨幣項目於其所產生期間在損益中確認。重新換算非貨幣項目所產生之匯兌差額乃按公允價值列賬並於期內記入損益。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(p) Foreign currencies (Continued)

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operation are translated into presentation currency of the Group (i.e. HKD) at the rate of exchange prevailing at the end of the reporting period, and their income and expense are translated at the average rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (under the heading of exchange reserve).

(q) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which item is derecognised.

3. 主要會計政策 (續)

(p) 外幣 (續)

就呈列綜合財務報表而言，本集團之海外業務資產及負債乃按報告期末之適用匯率換算為本集團之呈列貨幣（即港幣），其收入及開支按該年度之平均匯率換算。產生之匯兌差額（如有）於其他全面收益內確認並在權益按匯兌儲備中累計。

(q) 投資物業

投資物業指為收取租金及／或資本增值而持有之物業。

於初次確認時，投資物業按成本（包括任何直接應佔開支）計量。於初次確認後，投資物業按公允價值計量。投資物業公允價值變動所產生之收益或虧損於產生期間內計入損益。

投資物業於出售時，或永遠不再使用及預期不會從出售中取得將來經濟利益時取消確認。物業解除確認所產生之收益或虧損（按出售所得款項淨額與資產賬面值之差額計算）於項目取消確認之期間內計入損益。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(r) Government grants

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

(s) Investments in subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss (see note 3(h)).

(t) Cash and cash equivalents

Bank balances and cash in the consolidated and the Company's statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

3. 主要會計政策 (續)

(r) 政府補助

當本集團及本公司合理地保證會遵守政府補助之附帶條件以及將會得到資助後，政府補助方會予以確認。

政府補助乃按配對基準，於本集團將有關補助擬補償之有關成本確認為開支之期間內，於損益中確認。有關可折舊資產之政府補助，乃於綜合財務狀況報表內確認為相關資產賬面值之扣除，並於相關資產之可使用年期內轉撥至損益。

(s) 於附屬公司之投資

附屬公司為本公司控制之實體。當本公司有權規管實體之財務及經營政策，以從該實體之業務中獲取利益時，即表示存在控制權。於評估控制權時，將計及目前可予行使之潛在投票權。

本公司財務狀況表所示於附屬公司之投資，是按成本減去減值虧損（見附註3(h)）後入賬。

(t) 現金及現金等價物

於綜合及本公司財務狀況表內之銀行結餘及現金包括銀行現金及手存現金以及三個月內到期之短期存款。就綜合現金流量表而言，現金及現金等價物包括現金以及上述所界定之短期存款。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

(u) Borrowing costs

Borrowing costs directly attributable to the construction of any qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3. 主要會計政策 (續)

(u) 借貸成本

建造任何合資格資產所直接產生之借貸成本乃撥充該等資產之成本，直至有關資產大致上可作擬定用途為止，而合資格資產為需較長時間預備以用於擬定用途之資產。

所有其他借貸成本於產生期間在損益確認。

4. 估計不確定因素之主要來源

於應用附註3所述本集團及本公司之會計政策時，本公司董事須作出有關資產及負債賬面值而目前未能從其他來源得出之判斷、估計及假設。該等估計及相關假設乃建基於過往經驗及被認為相關之其他因素。實際結果可能與該等估計有出入。

估計及相關假設乃以持續基準審閱。對會計估計進行修訂乃於估計修訂期間（倘修訂只影響該期間）或於修訂期間及未來期間（倘修訂同時影響本期間及未來期間）確認。

以下討論有關未來之主要假設以及於報告期末所作估計之不確定性之其他主要來源，而該等假設及不確定性大有可能導致須於下一個財政年度內對資產及負債賬面值作重大調整。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(a) Impairment on goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. Impairment loss on goodwill of approximately HK\$5,857,000 (2010: Nil) has been recognised for the year. The carrying amount of goodwill at 31 December 2011 and the details of the impairment test are disclosed in note 20.

(b) Impairment of property, plant and equipment

The Group and the Company review the carrying amounts of the assets at the end of each reporting period to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cash flow to assess the differences between the carrying amount and value-in-use and provide for impairment loss. Any change in the assumption adopted in the cash flow forecasts would increase or decrease in the provision of impairment loss and affect the Group's and the Company's net asset value. At 31 December 2011, the carrying value of property, plant and equipment of the Group is approximately HK\$173,250,000 (2010: HK\$134,364,000). The carrying value of property, plant and equipment of the Company is nil for the year (2010: HK\$ 33,374,000).

4. 估計不確定因素之主要來源 (續)

(a) 商譽減值

釐定商譽是否減值需要估計商譽所獲分配之現金產生單位使用值。使用值計算規定本集團估計現金產生單位預期產生之未來現金流量以及適當貼現率以計量現值。倘實際未來現金流量低於預期，則出現重大減值虧損。商譽之減值虧損約5,857,000港元(二零一零年：無)已於年內予以確認。於二零一一年十二月三十一日，商譽之賬面值及減值測試之詳情於附註20披露。

(b) 物業、機器及設備之減值

本集團及本公司於各報告期末覆核資產之賬面值，以釐定是否有減值之客觀依據。倘出現減值跡象，管理層編製經貼現現金流量，以評估賬面值及使用值之差額，並作出撥備。就現金流預測所作出假設如有任何變化，可能會使減值虧損撥備增加或減少，從而影響本集團及本公司之資產淨值。於二零一一年十二月三十一日，本集團物業、機器及設備之賬面值約173,250,000港元(二零一零年：134,364,000港元)；本公司物業、機器及設備本年之賬面值為零港元(二零一零年：33,374,000港元)。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(c) Impairment of trade and other receivables

Impairment losses for trade and other receivables are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer. An increase or decrease in the above impairment loss would affect the profit in the year and in future years. Impairment of approximately HK\$156,000 (2010: HK\$2,772,000) has been recognised for the year. At 31 December 2011, the carrying amount of trade and other receivables of the Group were approximately HK\$112,339,000 and HK\$37,900,000 (2010: HK\$105,870,000 and HK\$34,200,000) respectively; trade and other receivables of the Company for the year are approximately nil and HK\$23,380,000 (2010: HK\$105,749,000 and HK\$34,175,000) respectively.

(d) Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of the value-in-use of the intangible assets. The value-in-use calculation requires the Group and the Company to estimate the future cash flows expected to arise from the patents and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. No impairment loss was recognised for the years ended 31 December 2011 and 31 December 2010. At 31 December 2011, the carrying value of patents of the Group is HK\$16,327,000 (2010: HK\$17,623,000); the carrying value of patents of the Company is nil for the year (2010: HK\$10,200,000).

4. 估計不確定因素之主要來源 (續)

(c) 應收貿易及其他賬款之減值

就應收貿易及其他賬款所評估及準備之減值虧損乃以董事就賬齡分析及款項可收回程度之評估而進行之定期覆核為基準。評估個別客戶之信用程度及還款記錄時，需董事作出相當程度之判斷。上述資產減值之增加或減少或會影響年內及未來年度之溢利。減值約156,000(二零一零年：2,772,000港元)已於年內予以確認。於二零一一年十二月三十一日，本集團之應收貿易及其他賬款之賬面值分別約為112,339,000港元及37,900,000港元(二零一零年：105,870,000港元及34,200,000港元)；本公司應收貿易及其他賬款於年內分別約為零及23,380,000港元(二零一零年：105,749,000港元及34,175,000港元)。

(d) 無形資產之減值

釐定無形資產是否減值需要估計無形資產使用值。使用值計算規定本集團及本公司估計專利所產生預期未來現金流量及適用貼現率以計量現值。倘實際未來現金流量低於預期，則出現重大減值虧損。於截至二零一一年十二月三十一日及截至二零一零年十二月三十一日止年度概無確認任何減值虧損。於二零一一年十二月三十一日，本集團專利之賬面值為16,327,000港元(二零一零年：17,623,000港元)；本公司之專利賬面值於年度為零(二零一零年：10,200,000港元)。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(e) Allowance for inventories

The Group perform regular review of the carrying amounts of inventories with reference to aged inventories analysis, expected future consumption and management judgment. Based on this review, write down of inventories will be made when the carrying amounts of inventories decline below their estimated net realisable value. Significant judgment is required. In making this judgment, the Company evaluates, amongst other factors, the duration and extent and the means by which the amount will be recovered. These estimates are based on the current market condition and past experience in sales of similar products. It could change significantly as a result of changes. Due to changes in technology and market conditions, actual consumption may be different from estimation and profit or loss could be affected by differences in this estimation. During the year, the Group wrote down of inventories approximately HK\$21,121,000 (2010: HK\$179,000). At 31 December 2011, the net book value of inventories of the Group is approximately HK\$64,009,000 (2010: HK\$82,673,000); the net book value of inventories of the Company is nil for the year (2010: HK\$82,673,000)

(f) Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions and interpretation of tax rules. The Group and the Company carefully evaluate tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation. Details of taxation are set out in note 11.

4. 估計不確定因素之主要來源 (續)

(e) 存貨撥備

本集團經參考存貨之賬齡分析、預期未來使用量及管理層判斷就存貨之賬面值進行定期檢討。根據該檢討，倘存貨之賬面值低於其估計可變現淨值則作出撇減。重大判斷須作出。於作出相關判斷時，本公司評估（其中包括）其他因素、金額將予以回收之期限及範圍以及方式。相關估計乃根據現時市況及銷售類似產品之過往經驗進行。因其變動，結果變動會很明顯。由於技術及市場變化，實際使用量可能與估計不同，而損益可能因估計之不同而受影響。年內，本集團撇減存貨約21,121,000港元（二零一零年：179,000港元）。於二零一一年十二月三十一日，本集團之存貨賬面淨值約64,009,000港元（二零一零年：82,673,000港元）；本公司之存貨賬面淨值於年內為零（二零一零年：82,673,000港元）。

(f) 所得稅

釐定所得稅撥備涉及對若干交易日後稅務處理之判斷及對稅務法例之詮釋。本集團及本公司謹慎評估交易之稅務影響並據此製訂稅務撥備。本集團定期重新審議上述交易之稅務處理以便將所有稅法變動考慮在內。稅項詳情載於附註11。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(f) Income taxes (Continued)

Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future profit will be available against which the unused tax credit can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. Details of deferred tax are set out in note 32.

(g) Fair value of derivative financial liabilities

As disclosed in note 31, the fair value of the derivative component of the liabilities at the measurement date was determined using option pricing models. Application of option pricing models requires the Group and the Company to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the derivative instruments and the expected volatility of the market price.

Where the estimation on the abovementioned factors is different from those previously estimated, such differences will impact the fair value gain or loss of the derivative financial instruments in the period in which such determination is made.

(h) Estimate of fair value of land and buildings and investment properties

As described in notes 17 and 18, the Group's land and buildings and investment properties were revalued at the end of the reporting period on an open market value basis by an independent professional valuer. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the judgment, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

4. 估計不確定因素之主要來源 (續)

(f) 所得稅 (續)

遞延稅項資產是就未利用稅務虧損及可抵扣暫時差額而確認。由於遞延稅項資產只在很可能獲得能利用該遞延稅項資產來抵扣之未來應課稅溢利時才會確認，因此需要管理層判斷獲得未來應課稅溢利之可能性。本集團不斷審閱管理層之評估，倘若很可能獲得能利用遞延稅項資產之未來應課稅溢利，便會確認額外之遞延稅項資產。遞延稅項詳情載於附註32。

(g) 衍生金融負債之公允價值

誠如附註31所披露，負債之衍生工具部分於個別計量日之公允價值乃以期權定價模式釐定。本集團於應用期權定價模式時須預測主要影響公允價值之因素，其中包括（但不限於）衍生工具之預計年期及市價之預期波幅。

倘上述因素之估計與先前估計有別，有關差異將影響釐定期間衍生金融工具之公允價值盈利或虧損。

(h) 土地及樓宇以及投資物業之公允價值估計

誠如附註17及18所載述，本集團之土地及樓宇以及投資物業乃於報告期末按公開市值基準由獨立估值師重新估值。相關估值乃根據若干假設進行，且須面臨不明確因素並或會與實際結果相比出現重大偏差。本集團於作出判斷時考慮同類物業於活躍市場之現有價格，並採用主要根據各報告期末現有市況所作出之假設。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

(i) Impairment of interests in subsidiaries

Determining whether the investments in subsidiaries are impaired requires an estimation of the future cash flows expected to arise from the subsidiaries in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

During the year ended 31 December 2011, impairment loss on Company's investments in the subsidiaries of approximately HK\$55,648,000 (2010: nil) was recognised as the directors of the Company are in the opinion that the share of assets of the subsidiaries are less than their investment cost. Details are set out in note 19.

5. CAPITAL RISK MANAGEMENT

The Group and the Company manage its capital to ensure that entities in the Group and the Company will be able to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes bank borrowing disclosed in note 28, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure periodically. As a part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as issue of new debt or the redemption of existing debt.

4. 估計不確定因素之主要來源 (續)

(i) 於附屬公司之權益減值

釐定於附屬公司之投資是否減值需要估計附屬公司預期所產生之未來現金流量，以計量現值。倘實際未來現金流量低於預期，則出現重大減值虧損。

於截至二零一一年十二月三十一日止年度，本公司於附屬公司之投資時所產生減值虧損約 55,648,000 港元（二零一零年：無）已予以確認，乃因本公司董事認為分佔附屬公司資產少於當時投資成本。詳情載於附註 19。

5. 資本風險管理

本集團及本公司管理其資本，以確保本集團及本公司之實體將能夠持續經營，同時透過優化債務及股本結餘而最大程度為股東謀取回報。本集團及本公司之整體策略自去年以來維持不變。

本集團之資本架構包括債務，即附註 28 披露之銀行借貸、現金及現金等價物及本公司權益持有人應佔權益（包括已發行股本及儲備）。本公司董事定期檢討股本架構。作為檢討部分，本公司董事認為，股本成本及風險與各類股本有關連。根據董事之推薦建議，本集團將會透過新股份發行及股份購回以及發行新債務或贖回現有債務方式平衡整體資本架構。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS

6. 金融工具

(a) Categories of financial instruments

(a) 金融工具分類

		The Group 本集團	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Financial assets	金融資產		
Investments in equity securities	股本證券投資	—	—
Loans and receivables (including cash and cash equivalents)	貸款及應收賬款(包括現金及現金等價物)	266,505	278,788
		266,505	278,788
Financial liabilities	金融負債		
Liabilities measured at amortised cost	按攤銷成本計量之負債	175,955	98,046
Derivative financial liabilities	衍生金融負債	5,908	6,452
		181,863	104,498

		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Financial assets	金融資產		
Investments in equity securities	股本證券投資	—	—
Loans and receivables (including cash and cash equivalents)	貸款及應收賬款(包括現金及現金等價物)	53,450	287,737
		53,450	287,737
Financial liabilities	金融負債		
Liabilities measured at amortised cost	按攤銷成本計量之負債	—	96,700
Derivative financial liabilities	衍生金融負債	—	6,452
		—	103,152

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include investments in equity securities, trade and other receivables, amounts due from shareholders, cash and cash equivalents, trade and other payables, derivative financial liabilities and bank borrowing. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to variable-rate bank borrowing (see note 28 for details of this borrowing) and cash flow interest rate risk only to the extent on variable-rate bank deposits.

At 31 December 2011, it is estimated that a general increase/decrease of 10 basis points (2010: 10 basis points) in interest rates for bank deposits, with all other variables held constant, would have increased/decreased the Group's loss after taxation, and retained profits by approximately HK\$55,000 (2010: decrease/increase the Group's profit after taxation and retained profits by approximately HK\$130,000) respectively. Other components of equity would not be affected by the changes in interest rates.

6. 金融工具 (續)

(b) 財務風險管理目標及政策

本集團之主要金融工具包括股本證券投資、貿易及其他應收款項、應收股東款項、現金及現金等價物、貿易及其他應付款項、衍生金融負債及銀行借貸。該等金融工具之詳情於各附註內披露。與該等金融工具相關之風險包括市場風險(利率風險、外幣風險及其他價格風險)、信貸風險及流動資金風險。有關如何降低該等風險之政策載列如下。管理層對該等風險進行管理及監控，以確保能夠以時和有效之方式實施合適之措施。

市場風險

利率風險

本集團及本公司面臨與浮息銀行借貸有關之公允價值利率風險(見附註28，以瞭解借貸詳情)及現金流利率風險。

於二零一一年十二月三十一日，於其他一切可變因素維持不變情況下，估計銀行存款之利率全面增加/減少10個基點(二零一零年：10個基點)，將會導致本集團除稅後虧損及保留溢利增加/減少約55,000港元(二零一零年：本集團之除稅後溢利及保留溢利減少/增加約130,000港元)。利率波動不會對權益下之其他項目產生影響。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

The sensitivity analysis above indicates the instantaneous change in the Group's losses for the year (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to remeasure those financial instruments held by the Group which expose the Group to cash flow interest rate risk at the end of the reporting period. The analysis is performed on the same basis for 2010. A 10 basis points (2010: 10 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Foreign currency risk

The Group and the Company are exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and bank balances and borrowing that are denominated in a foreign currency i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to the risk are primarily United States dollars ("USD"), RMB and KRW. The Group and the Company ensure that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

市場風險 (續)

利率風險 (續)

以上敏感度分析顯示假設利率變動於報告期末發生時對本集團年內虧損(及保留溢利)所產生之即時影響, 並已用於重新計量本集團所持金融工具, 該等金融工具使本集團於報告期末面對公允價值利率風險。該項分析按與二零一零年相同之基準進行。當內部向主要管理人員匯報利率風險時, 利用10個基點(二零一零年: 10個基點)之增減並代表管理層對利率之潛在變動作出之評估。

外匯風險

本集團及本公司主要因買賣交易產生以外幣(即就該交易而言並非相關業務之功能貨幣)為單位之應收款項、應付款項及銀行結餘及借貸, 因而面對外匯風險。面臨風險之貨幣主要包括美元、人民幣及韓圓。本集團及本公司於有需要時按現貨匯率買賣外幣, 以應付短期不平衡情況, 務求確保所面對之外幣淨風險處於可接受水平。

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Foreign currency risk (Continued)

Exposure to currency risk

The following tables detailed the Group's and the Company's exposure at the end of the reporting period to currency risk arising from monetary assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in HK\$, translated using the spot rate at the end of the reporting period.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

外匯風險 (續)

所面對之貨幣風險

下表詳列本集團及本公司於報告期末所面對之貨幣風險，有關風險是因有關公司之功能貨幣以外之貨幣為單位之貨幣資產及負債而產生。為方便呈列，風險金額以港元顯示，按年底之現貨匯兌予以換算。

		The Group 本集團			
		2011 二零一一年		2010 二零一零年	
		Assets 資產	Liabilities 負債	Assets 資產	Liabilities 負債
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
USD	美元	175,817	24,354	182,246	25,367
RMB	人民幣	37,116	10,700	7,236	10,226
KRW	韓圓	49,865	94,702	170,744	27,745
		262,798	129,756	360,226	63,338

		The Company 本公司			
		2011 二零一一年		2010 二零一零年	
		Assets 資產	Liabilities 負債	Assets 資產	Liabilities 負債
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
USD	美元	-	-	182,246	25,367
RMB	人民幣	-	-	2,690	7,244
		-	-	184,936	32,611

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

The following table indicated the instantaneous change in the Group's loss after taxation (and retained profits), the Company's profit after taxation (and retained profits) that would arise if the foreign exchange rates to which the Group have significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the HK\$ and the USD would be materially unaffected by any changes in movement in value of the USD against other currencies.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

外匯風險 (續)

敏感度分析

下表顯示本集團及本公司於報告期末時具重大風險之外幣匯率於當日變動對本集團除稅後虧損(及保留溢利)及本公司除稅後溢利(及保留溢利)之即時影響,已假設其他風險變數不變。就此而言,乃假設已掛鈎之港元與美元匯率不會因美元兌其他貨幣匯價走勢之任何變動而受到重大影響。

		The Group 本集團			
		2011 二零一一年		2010 二零一零年	
		Increase/ (decrease) in foreign exchange rates 外幣匯率 上升 / (下降)	Effect on loss after taxation 對除稅後 虧損之影響 HK\$'000 千港元	Increase/ (decrease) in foreign exchange rates 外幣匯率 上升 / (下降)	Effect on profit after taxation 對除稅後 溢利之影響 HK\$'000 千港元
USD	美元	1.0% (1.0)%	1,265 (1,265)	1.0% (1.0)%	1,310 (1,310)
RMB	人民幣	2.0% (2.0)%	441 (441)	2.0% (2.0)%	(50) 50
KRW	韓圓	29.0% (29.0)%	(10,857) 10,857	29.0% (29.0)%	34,627 (34,627)

		The Company 本公司			
		2011 二零一一年		2010 二零一零年	
		Increase/ (decrease) in foreign exchange rates 外幣匯率 上升 / (下降)	Effect on loss after taxation 對除稅後 虧損之影響 HK\$'000 千港元	Increase/ (decrease) in foreign exchange rates 外幣匯率 上升 / (下降)	Effect on profit after taxation 對除稅後 溢利之影響 HK\$'000 千港元
USD	美元	1.0% (1.0)%	878 (878)	1.0% (1.0)%	1,310 (1,310)
RMB	人民幣	— —	— —	2.0% (2.0)%	(76) 76

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6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Foreign currency risk (Continued)

Sensitivity analysis (Continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit or loss for the year and equity measured in the respective functional currencies, translated into HK\$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to remeasure those financial assets and liabilities held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2010.

Credit risk

As at 31 December 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of respective recognised financing assets as stated in the consolidated statements of financial position. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit terms granted by the Group to its customers generally range from 30 to 90 days. New customers are normally required to trade on a cash basis. Credit is offered to existing customers following an established payment record. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

外匯風險 (續)

敏感度分析 (續)

上表所呈列之分析結果顯示本集團各個實體以個別功能貨幣計量並按報告期末之匯率兌換為港元時之本年度溢利或虧損與權益之即時合併影響。

敏感度分析已假設外幣匯率之變動已用於重新計量本集團所持有並於報告期末使本集團面臨外匯風險之金融資產及負債。此分析不包括將外地業務之財務報表換算成本集團之呈列貨幣所產生之差額。該項分析按與二零一零年相同之基準進行。

信貸風險

於二零一一年十二月三十一日，本集團因對手方未能履行責任而可能面臨財務虧損之最高信貸風險，乃因綜合財務狀況表中所述各項已確認金融資產之賬面值而產生。管理層具備信貸政策，而該等信貸風險乃按持續基準監察。

本集團給予客戶之賒賬期，一般介乎30日至90日。新客戶一般會以現金方式進行交易。在評估付款記錄之情況後，會給予現有客戶信貸。倘客戶要求給予超過某金額之信貸，則會對所有有關客戶作個別信貸評估。該等評估集中於客戶以往到期還款之紀錄及現時還款之能力，並考慮到客戶本身特有之資料及與客戶經營所在經濟環境有關之資料。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group do not obtain collateral from customers for the years ended 31 December 2011 and 2010.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a certain concentration of credit risk as 13% (2010: 11%) and 37% (2010: 37%) of the total trade and bills receivables was due from the Group's largest customer and the five largest customers, respectively.

In order to minimise the credit risk, the management of the Group have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group review the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 48% (2010: 44%) of the total trade receivables as at 31 December 2011.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

For the year ended 31 December 2010, the directors of the Company considered the Company's credit risk is the same as the Group level as disclosed above. For the year ended 31 December 2011, the Company does not have material credit risk as most of its receivables are inter-company balances.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險 (續)

截至二零一一年及二零一零年十二月三十一日止年度，本集團及本公司並沒有向客戶收取抵押品。

本集團所面對之信貸風險主要受到每名客戶個別特性之影響。客戶所經營的行業及國家之違約風險亦影響到信貸風險，但影響程度較低。於報告期末，本集團有若干集中信貸風險，因其應收貿易賬款中有約13% (二零一零年：11%) 及37% (二零一零年：37%) 分別來自本集團之最大客戶及五大客戶。

為了儘量降低信貸風險，本集團管理層已委派一組人員負責制定信貸限額、信貸審批及其他監控程序，藉以確保採取跟進行動收回逾期債項。此外，本集團會在各報告期末審閱各項個別貿易債項之可收回金額，確保對無法收回金額計提充足之減值虧損撥備。有鑒於此，本公司董事認為本集團之信貸風險已顯著降低。

本集團按地域劃分之集中信貸風險主要位於中國，於二零一一年十二月三十一日佔貿易應收賬款總額之48% (二零一零年：44%)。

流動資金之信貸風險有限，因為大部分對手方均為獲國際信貸評級機構發出信貸評級較高之銀行。

於截至二零一零年十二月三十一日止年度，本公司董事認為，本公司之信貸風險與上述披露之本集團之信貸風險水平相若。於截至二零一一年十二月三十一日止年度，本公司並無面臨任何重大信貸風險，乃因其大部份應收賬款為集團內部公司交易結餘。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

The Group's and the Company's policies are to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate lines of funding from major financial institutions to meet its liquidity requirements in the short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The management also monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table detailed the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's and the Company's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

流動資金風險

本集團及本公司之政策為定期監察流動資金需求，以確保其備有足夠現金儲備及可向大型財務機構取得足夠融資額度，以應付短、中及長期流動資金需要以及流動資金管理需求。本集團管理流動資金風險時，乃透過維持充足儲備、銀行融資及儲備借貸融資，持續監察預測及實際現金流量，以及對金融資產及金融負債之到期情況進行配對。

下表根據協定之還款條款詳細列明，本集團及本公司非衍生金融負債餘下之合約到期期限。該表乃按本集團及本公司須付款之最早日期並以金融負債中之未貼現現金流量為基準編製。該表載列了利息及本金現金流量。在利息流按浮動利率計息之前提下，未貼現金額乃自報告期末之利率曲線得出。

此外，下表詳列本集團及本公司衍生金融工具之流動資金分析，顯示以淨值結算之衍生工具未貼現合約現金淨值（流入量）及流出量與以總額結算之衍生工具未貼現總額（流入量）及流出量。倘應付款項不固定，未貼現金額乃參考報告期末之利率曲線得出。

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財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The Group

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

流動資金風險 (續)

本集團

		2011 二零一一年				
		Within 1 year or on demand 一年內或 按要求 HK\$'000 千港元	After 1 year but within 2 years 一年後 但兩年內 HK\$'000 千港元	After 2 years but within 5 years 兩年後 但五年內 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金 流量總計 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債					
Trade and other payables	應付貿易及其他賬款	101,992	–	–	101,992	101,992
Bank borrowing	銀行借貸	77,226	–	–	77,226	73,962
		179,218	–	–	179,218	175,954
Derivative – gross settlement	衍生 – 總額結算					
Derivative financial liabilities	衍生金融負債	5,908	–	–	5,908	5,908

		2010 二零一零年				
		Within 1 year or on demand 一年內或 按要求 HK\$'000 千港元	After 1 year but within 2 years 一年後 但兩年內 HK\$'000 千港元	After 2 years but within 5 years 兩年後 但五年內 HK\$'000 千港元	Total undiscounted cash flows 未貼現現金 流量總計 HK\$'000 千港元	Carrying amount 賬面值 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債					
Trade and other payables	應付貿易及其他賬款	84,202	–	–	84,202	84,202
Bank borrowing	銀行借貸	14,149	–	–	14,149	13,844
		98,351	–	–	98,351	98,046
Derivative – gross settlement	衍生 – 總額結算					
Derivative financial liabilities	衍生金融負債	–	6,452	–	6,452	6,452

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財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The Company

At 31 December 2011, all the Company's financial liabilities are required to be settled with one year or repayable on demand. The total contractual undiscounted cash flow of these financial liabilities equals their carrying amounts on the statement of financial position.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

流動資金風險 (續)

本公司

於二零一一年十二月三十一日，本公司之所有金融負債須於一年內或按要
求償還。該等金融負債之合約未貼現
現金流量總額相等於彼等於財務狀況
表內之賬面值。

		2010 二零一零年			Carrying amount and total undiscounted cash flow 未貼現現金 流量總計
		Within 1 year or on demand 一年內或 按要求 HK\$'000 千港元	After 1 year but within 2 years 一年後 但兩年內 HK\$'000 千港元	After 2 years but within 5 years 兩年後 但五年內 HK\$'000 千港元	HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債				
Trade and other payables	應付貿易及其他賬款	82,942	-	-	82,942
Bank borrowing	銀行借貸	13,998	-	-	13,758
		96,940	-	-	96,700
Derivative – gross settlement	衍生 – 總額結算				
Derivative financial liabilities	衍生金融負債	-	6,452	-	6,452

In order to manage the above liquidity demands, at 31 December 2011, approximately HK\$110,182,000 (2010: HK\$133,505,000) of the Group's assets are held in cash respectively.

為管理上述流動資金需求，於二零一一年十二月三十一日，本集團約110,182,000港元（二零一零年：133,505,000港元）之資產分別以現金方式持有。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Fair values

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The directors of the Company consider that the fair values of other financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their corresponding carrying amounts due to short-term or immediate maturity.

Fair value measurements recognised in the consolidated and the Company's statements of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

公允價值

金融資產及金融負債之公允價值釐定如下：

- 其他金融資產及金融負債（不包括衍生工具）之公允價值乃按貼現現金流量分析；及
- 衍生工具之公允價值以報價計算。當未能獲取有關價格時，就非期權衍生工具而言，公允價值將以其有效期適用之孳息曲線進行折算現金流量分析估計，而就期權衍生工具而言，公允價值則採用期權定價模式進行估計。

本公司之董事認為，在財務報表內按攤銷成本記錄之其他金融資產及金融負債與其相應賬面值相若，乃因短期或直接到期所致。

在綜合及本公司財務狀況表中確認之公允價值計量

下表提供初次確認後按公允價值計量之金融工具分析，並根據可觀察公允價值之程度歸類為第一至三層。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Fair values (Continued)

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are based on observable market data (unobservable inputs).

6. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

公允價值 (續)

- 第一層公允價值計量乃根據相同資產或負債在活躍市場之報價 (未經調整) 計算所得。
- 第二層公允價值計量乃根據除第一層所包括報價以外而就資產或負債而言屬可觀察之輸入資料，直接 (即作為價格) 或間接 (即來自價格) 計算所得。
- 第三層公允價值計量乃使用估值技巧而其中輸入並非基於可觀察市場數據之資料 (非觀察輸入資料) 所得。

		2011 二零一一年	2010 二零一零年
		Level 2 第二層	Level 2 第二層
		HK\$'000 千港元	HK\$'000 千港元
Derivative financial liabilities	衍生金融負債	5,908	6,452

There were no transfers between Level 1 and Level 2 in both years.

Included in consolidated income statement is an amount of approximately HK\$544,000 (2010: HK\$939,000) fair value gain related to the derivative financial liabilities held at the end of the reporting period.

兩個年度內概無第一層與第二層間之轉撥。

計入綜合損益表乃有關於報告期末持有之衍生金融負債之公允價值收益約 544,000 港元 (二零一零年: 939,000 港元)。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

7. SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of electronic components. The Group's operations are divided into two reportable segments: composite components segment and unit electronic components segment.

Segment turnover and results

The following is an analysis of the Group's turnover and results by reportable segments:

7. 分部資料

本集團主要從事製造及銷售電子元件。本集團之營運分為兩個可呈報分部：複合元件分部及單位電子元件分部。

分部營業額及業績

以下為本集團之營業額及業績按可呈報分部所作之分析：

		Composite components 複合元件		Unit electronic components 單位電子元件		Consolidated 綜合	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Turnover	營業額	296,271	391,814	261,280	288,667	557,551	680,481
Segment (loss) profit	分部(虧損)溢利	(33,364)	7,327	(29,406)	4,183	(62,770)	11,510
Unallocated operating income	未經分配經營收入						
- Increase in fair value of investment properties	- 投資物業之公允價值增加					2,586	1,000
- Others	- 其他					2,795	1,897
Finance costs	融資成本					-	(389)
(Loss) profit before taxation	除稅前(虧損)溢利					(57,389)	14,018

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of part of other income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

可呈報分部之會計政策與本集團之會計政策(如附註3所述)相同。分部(虧損)溢利指各分部所蒙(虧損)所賺溢利,當中並無分配部分之其他收入及融資成本。此乃向主要營運決策者報告以決定資源分配及表現評估之計量。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

		Composite components 複合元件		Unit electronic components 單位電子元件		Consolidated 綜合	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Segment assets	分部資產	178,556	178,618	188,974	145,047	367,530	323,665
Unallocated assets	未經分配資產						
- Bank balances and cash	- 銀行結餘及現金					110,182	133,505
- Others	- 其他					75,309	72,732
Consolidated assets	綜合資產					553,021	529,902
Segment liabilities	分部負債	42,871	43,793	53,290	39,530	96,161	83,323
Unallocated liabilities	未經分配負債						
- Bank borrowing	- 銀行借貸					73,962	13,844
- Others	- 其他					55,649	58,751
Consolidated liabilities	綜合負債					225,772	155,918

7. 分部資料 (續)

分部資產及負債

以下為本集團之資產與負債按可呈報分部所作之分析：

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than cash and cash equivalents, intangible assets, goodwill, part of other receivables, amounts due from shareholders, deposits for purchase of property, plant and equipment and investment property. Assets used jointly by reportable segments are allocated on the basis of the production capacity; and
- all liabilities are allocated to reportable segments other than part of other payables, derivative financial liabilities, bank borrowing and current and deferred tax liabilities.

為監督分部表現及在各分部之間分配資源：

- 所有資產分配至可呈報分部，現金及現金等價物、無形資產、商譽、部分其他應收賬款、應收股東款項及購買物業、機器及設備之按金及投資物業除外。可呈報分部共用之資產乃按產能分配；及
- 所有負債分配至可呈報分部，部分其他應付賬款、衍生金融負債、銀行借貸以及本期及遞延稅項負債除外。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

Other segment information

Amount included in the measure of segment profit or loss or segment assets:

7. 分部資料 (續)

其他分部資料

以下為計量分部溢利或虧損或分部資產所計入之款額：

	Composite components 複合元件		Unit electronic components 單位電子元件		Unallocated 未分配		Consolidated 綜合	
	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Additions to non-current assets 添置非流動資產	39,492	38,560	34,827	28,384	-	-	74,319	66,944
Depreciation and amortisation 折舊及攤銷	8,316	12,448	6,304	5,422	-	-	14,620	17,870
Gain on disposal of property, plant and equipment 出售物業、機器及設備 之收益	(3,087)	(1,707)	-	-	(53)	-	(3,140)	(1,707)
Impairment loss recognised on trade and other receivables 應收貿易及其他賬款確認 之減值虧損	18	2,118	138	654	-	-	156	2,772
Reversal of impairment loss recognised on trade and other receivables 回撥就應收貿易及其他賬款 確認之減值虧損	(215)	(118)	(598)	(42)	(40)	-	(853)	(160)
Allowance for (reversal of allowance for) inventories 存貨撥備 (撥備回撥)	1,623	(1,834)	6,312	2,013	13,186	-	21,121	179
Decrease in fair value of derivative financial liabilities 衍生金融負債之公允價值減少	(544)	(939)	-	-	-	-	(544)	(939)

Note: Non-current assets excluded goodwill, intangible assets and deposits for purchase of property, plant and equipment.

附註：非流動資產不包括商譽、無形資產及購買物業、機器及設備之按金。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operation is principally located in Hong Kong, Korea and other parts of the PRC.

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Turnover 營業額		Non-current assets 非流動資產	
	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
PRC (other than Hong Kong) 中國 (香港除外)	267,218	330,562	57,065	76,775
Hong Kong 香港	113,480	152,039	8,194	7,566
Korea 韓國	110,017	141,510	154,854	79,367
Others 其他	66,836	56,370	–	–
	557,551	680,481	220,113	163,708

Information about major customers

For the year ended 31 December 2010, the Group's customer base included one customer (2011: Nil) with whom transactions have exceeded 10% of the Group's turnover. Turnover from this customer amounted to approximately HK\$72 million from composite components and unit electronic components.

7. 分部資料 (續)

地區分部資料

本集團之營運主要位於香港、韓國及中國其他地區。

本集團來自外部客戶之收益及有關其非流動資產之資料按資產地理位置詳列如下：

有關主要客戶之資料

截至二零一零年十二月三十一日止年度，本集團之客戶群包括一名客戶（二零一一年：無），與其交易超過本集團營業額之10%。來自該客戶有關複合元件及單位電子元件之營業額約為72,000,000港元。

Notes to the Financial Statements 財務報表附註

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8. TURNOVER

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

8. 營業額

營業額乃供應予客戶之產品之銷售價值，扣除退貨及貿易折扣。

9. OTHER INCOME AND GAINS

9. 其他收入及收益

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Interest income from bank deposits	銀行存款之利息收入	526	637
Interest income from proceeds receivables from disposal of equity securities	出售股本證券所得款項入之利息收	—	81
Rental income (Net of outgoings of HK\$46,000 (2010: HK\$42,000))	租金收入(扣除開支46,000港元(二零一零年: 42,000港元))	645	312
Gain on disposal of property, plant and equipment	出售物業、機器及設備之收益	3,140	1,707
Scrap sales	廢料銷售	5	169
Value added tax refund (note)	增值稅退稅(附註)	—	2,748
Decrease in fair value of derivative financial liabilities	衍生金融負債之公允價值減少	544	939
Increase in fair value of investment properties	投資物業之公允價值增加	2,586	1,000
Others	其他	1,536	959
		8,982	8,552

Note: A tax concession was granted by the PRC tax authority to one of the Company's PRC subsidiaries which is engaged in the export sales of electronic products. Under this concession, the PRC subsidiary is entitled to a refund of value added tax paid in excess of the rate stipulated in tax concession. The amount of value added tax refund is recognised as other income on an accrual basis.

附註：中國稅務機關向本公司從事電子產品出口銷售業務之中國附屬公司作出稅項減免。根據此項減免，中國附屬公司可就已付增值稅超過稅項減免所約定稅率之部分獲得退稅。增值稅退稅金額按應計基準確認為其他收入。

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10. FINANCE COSTS

10. 融資成本

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Interest charges on:	利息支出：		
Bank loans wholly repayable within 1 year	於一年內償還之銀行貸款	1,228	389
Less: amounts capitalised	減：已資本化金額	(1,228)	–
		–	389

11. TAXATION

11. 稅項

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Hong Kong Profits Tax	香港利得稅		
Provision for the year	本年度撥備	–	3,674
Over-provision in prior years	過往年度超額撥備	(9,652)	–
		(9,652)	3,674
PRC Corporate Income Tax	中國企業所得稅		
Provision for the year	本年度撥備	1,009	1,708
Under-provision in prior years	過往年度撥備不足	172	58
		1,181	1,766
Korean Corporate Income Tax	韓國企業所得稅		
Under-provision in prior years	過往年度撥備不足	655	–
		(7,816)	5,440
Deferred tax (note 32)	遞延稅項 (附註32)		
Charged for the year	本年度支銷	505	885
		(7,311)	6,325

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

11. TAXATION (Continued)

Notes:

- (a) For the year ended 31 December 2011, no Hong Kong Profits Tax has been provided in the financial statements as the Group has no assessable profits for the year. For the year ended 31 December 2010, Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for that year.

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

The applicable PRC Corporate Income Tax rate for the Group's new subsidiary, Baoying Kwang Sung Electronics Co. Ltd. ("Baoying Kwang Sung") is 25%. Baoying Kwang Sung is granted certain tax relief under which is exempted from PRC Corporate Income Tax for the first five profit making years and entitled to an income tax reduction to 12.5% for the next five years. No provision of PRC Corporate Income tax has been made as Baoying Kwang Sung did not have any assessable profits subject to PRC Corporate Income Tax for the year ended 31 December 2011 (2010: Nil).

The Korea Branch and a subsidiary operated in Korea are subject to Korean Corporate Income Tax. The basic Korean Corporate Tax rates for the year are 11% on the first KRW200,000,000 of the tax base and 22% for the excess. In addition to the basic tax rate, there is a resident surcharge of 10% on the income tax liability. No provision for taxation has been made as there is no assessable profit for the year ended 31 December 2011. For the year ended 31 December 2010, the Korean Corporate Income Tax was calculated at 10% of the estimated assessable profits for that year.

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

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

11. 稅項 (續)

附註：

- (a) 由於本集團截至二零一一年十二月三十一日止年度並無應課稅溢利，故並無於財務報表計提撥備香港利得稅。截至二零一零年十二月三十一日止年度，香港利得稅將按該年度之估計應課稅溢利之16.5%計算。

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

本集團新附屬公司寶應光星電子有限公司（「寶應光星」）適用中國企業所得稅為25%。寶應光星獲授予稅務寬免，據此彼於首五個溢利年度免繳中國企業所得稅，於及後五年之所得稅獲扣減至12.5%。由於寶應光星於截至二零一一年十二月三十一日止年度並無（二零一零年：無）任何應繳中國企業所得稅溢利，概無就該附屬公司之中國企業所得稅作出撥備。

韓國分公司及一間在韓國經營之附屬公司無須繳納韓國企業所得稅。基本韓國企業稅率為稅基中首200,000,000韓圓為10%，超過之部份則為22%。除基本稅率外，亦就所得稅負債徵收11%居民附加稅。於截至二零一一年十二月三十一日止年度內均無應課稅溢利，故本年度並無作出稅項撥備。於截至二零一零年十二月三十一日止年度，韓國企業所得稅乃按該年度之估計應課稅溢利10%予以計算。

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

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

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

11. TAXATION (Continued)

Notes: (Continued)

(b) (Continued)

In March 2009, the HKIRD issued another demand note for additional tax payable for the year of assessment 2002/03 amounted to approximately HK\$6,423,000 in relation to the above 50:50 offshore claims. The Company lodged an objection against the additional assessment and purchased a tax reserve certificate of approximately HK\$6,423,000 as demanded by the HKIRD in 2009.

In March 2010, the HKIRD issued another demand note for additional tax payable for the year of assessment 2003/04 amounted to approximately HK\$9,334,000 in relation to the above 50:50 offshore claims. The Company lodged an objection against the additional assessment and purchased a tax reserve certificate of approximately HK\$9,334,000 as demanded by the HKIRD in the year ended 31 December 2010.

In March 2011, the HKIRD issued another demand note for additional tax payable for the year of assessment 2004/05 amounted to approximately HK\$4,305,000 in relation to the above 50:50 offshore claims. The Company lodged an objection against the additional assessment and purchased a tax reserve certificate of approximately HK\$4,305,000 as demanded by the HKIRD in the year ended 31 December 2011.

The Group's operation has remained unchanged since 1999/2000, in view of the stringent approach adopted by the HKIRD in treating 50:50 manufacturing offshore profits claim, the Group had made provision for the previously 50:50 offshore claims of approximately HK\$35,996,000 during the year ended 31 December 2009. In February 2012, HKIRD and the Company have reached a compromise settlement in relation to the Company's taxation affairs for the years of assessment 2001/02 to 2007/08 (the "Period"). Based on revised notices of assessment and letters received from HKIRD, net Profits Tax payable for the Period has been revised to approximately HK\$24,239,000. As the Company has made provision for Hong Kong Profits Tax of approximately HK\$33,891,000 for the Period, the excessive tax provision of approximately HK\$9,652,000 made in prior years has been reversed in the consolidated statement of comprehensive income for the year ended 31 December 2011.

Pursuant to a Deed of Indemnity dated 23 June 2003, two shareholders, Mr. Yang Jai Sung and Kwang Sung Electronics Co., Ltd. ("Kwang Sung Korea") would indemnify the Group for any tax liabilities for period prior to 30 June 2003. Out of the above tax liabilities of approximately HK\$24,239,000, a sum of tax expenses of approximately HK\$8,478,000 (2010: HK\$9,946,000) should be therefore borne by the two shareholders, details are set out in note 39(a)(ii). During the year, an amount of HK\$1,468,000 was charged to the contribution reserve in the consolidated statement of changes in equity.

11. 稅項 (續)

附註：(續)

(b) (續)

於二零零九年三月，香港稅務局發出另一份額外評稅通知書，就二零零二/零三評稅年度發出有關上述50:50離岸申索之額外評稅約6,423,000港元。本公司於二零零九年對額外評稅提出反對，並如香港稅務局要求購買儲稅券約6,423,000港元。

於二零一零年三月，香港稅務局發出另一份額外評稅通知書，就二零零三/零四評稅年度發出有關上述50:50離岸申索之額外評稅約9,334,000港元。本公司於截至二零一零年十二月三十一日止年度對額外評稅提出反對，並如香港稅務局要求購買儲稅券約9,334,000港元。

於二零一一年三月，香港稅務局發出另一份額外評稅通知書，就二零零四/零五評稅年度發出有關上述50:50離岸申索之額外評稅約4,305,000港元。本公司於截至二零一零年十二月三十一日止年度對額外評稅提出反對，並如香港稅務局要求購買儲稅券約4,305,000港元。

本集團自一九九九/二零零零年以來之營運維持不變，但有見香港稅務局在處理50:50製造業務離岸溢利豁免申索上採取嚴格手法，故本集團已就過往之50:50離岸申索於截至二零零九年十二月三十一日止年度作出約35,996,000港元撥備。於二零一二年二月，香港稅務局及本公司就二零零一/零二評稅年度至二零零七/零八評稅年度(「該期間」)達成一項折衷和解決方案。根據經修訂之評稅通知及收取自香港稅務局之函件，就該期間應付之利得稅淨額已修訂至約24,239,000港元。由於本公司已就該期間作出香港利得稅撥備約33,891,000港元，故過往年度所作之超額稅項撥備約9,652,000港元已回撥至截至二零一一年十二月三十一日止年度之綜合全面損益表中。

根據日期為二零零三年六月二十三日之彌償保證契約，兩名股東梁在星先生及株式會社光星電子(「韓國光星」)就於二零零三年六月三十日前期間之任何稅務負債向本集團作出彌償。因此，在上述約24,239,000港元之稅項負債中，總額約8,478,000港元(二零一零年：9,946,000港元)之稅項開支應由該兩名股東承擔，其詳情載於附註39(a)(ii)。年內，金額1,468,000港元已於綜合權益變動表內出資儲備扣除。

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11. TAXATION (Continued)

The taxation for the years can be reconciled to the (loss) profit before taxation per the consolidated income statement as follows:

11. 稅項 (續)

各年度稅項於綜合損益表中與除稅前(虧損)溢利之對賬如下：

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
(Loss) profit before taxation	除稅前(虧損)溢利	(57,389)	14,018
Notional tax on (loss) profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	按照在相關稅務司法權區獲得溢利之適用稅率計算除稅前(虧損)溢利之名義稅項	(7,614)	2,629
Tax effect of non-deductible expenses for tax purpose	就稅項用途而言不可扣除開支之稅務影響	4,477	2,767
Tax effect of non-taxable income for tax purpose	就稅項用途而言毋須課稅收入之稅務影響	(141)	(828)
Tax effect of unused tax loss and other temporary differences not recognised for deferred tax purposes	就遞延稅項用途而言尚未確認之未動用稅項虧損及其他臨時差額之稅務影響	4,792	1,699
(Over) under-provision in prior years	過往年度(超額撥備)撥備不足	(8,825)	58
Taxation for the year	本年度稅項	(7,311)	6,325

Note: According to Hong Kong Inland Revenue Ordinance S.16(1) g, the sum expensed for the registration of patents used in the trade, profession or business which produces profits are allowed to be deducted from the Hong Kong Profits Tax.

附註：根據香港稅務條例第16(1)g條，註冊作貿易、專業或業務用途並牟利之專利權所支銷之金額可從香港利得稅中扣減。

Details of the deferred taxation are set out in note 32.

遞延稅項之詳情載於附註32。

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12. (LOSS) PROFIT FOR THE YEAR

12. 本年度(虧損)溢利

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
(Loss) profit for the year is arrived at after charging (crediting):	本年度(虧損)溢利 經扣除(計入):		
Auditors' remuneration	核數師酬金	650	475
Minimum lease payments under operating leases	經營租賃下之最低租賃付款		
– hire of properties	– 租用物業	5,203	4,093
Staff costs (including directors' remunerations disclosed in note 13)	員工成本(包括董事酬金) (於附註13披露)		
– salaries, wage, allowance and other benefits in kind	– 薪金、工資、津貼 及其他實物福利	84,352	83,965
– retirement scheme contributions	– 退休計劃之供款	5,262	1,871
		89,614	85,836
Cost of inventories recognised as an expense	確認為開支之存貨成本	460,591	587,618
Written down of club membership	會所會籍撇減	–	73
Amortisation of intangible assets	無形資產攤銷	1,168	1,145
Impairment loss recognised on trade receivables (included in other operating expenses)	應收貿易賬款確認 之減值虧損(計入其他 經營開支)	156	2,772
Reversal of impairment loss recognised on trade and other receivables (included in administrative expenses)	回撥就應收貿易及其他賬款 確認之減值虧損 (計入行政開支)	(853)	(160)
Impairment loss recognised on goodwill (included in other operating expenses)	就商譽確認之減值虧損 (計入其他經營開支)	5,857	–
Net foreign exchange losses (gains)	匯兌虧損(收益)淨額	726	(247)
Allowance for inventories (included in cost of sales)	存貨撥備(計入銷售成本)	21,121	2,013
Reversal of allowance for inventories	存貨撥備回撥	–	(1,834)
Depreciation	折舊	13,452	16,791
Less: amount recorded under government grant	減: 政府補貼下錄得之金額	(69)	(66)
Amount charged to the consolidated income statement	於綜合損益表中支銷之金額	13,383	16,725

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

12. (LOSS) PROFIT FOR THE YEAR (Continued)

Cost of inventories includes approximately HK\$54,775,000 (2010: HK\$55,640,000) relating to staff costs, depreciation and minimum lease payments in respect of rented premises, of which amounts are also included in the respective total amounts disclosed separately above.

Minimum lease payments include an amount of approximately HK\$642,000 (2010: HK\$675,000) for staff quarters which is also included and disclosed in staff costs.

13. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

12. 本年度(虧損)溢利(續)

存貨成本包括有關員工成本、折舊及租賃物業最低租賃付款之約54,775,000港元(二零一零年:55,640,000港元)，這些金額已個別計入上表分開披露之各項總金額內。

最低租賃付款包括租賃員工宿舍之約642,000港元(二零一零年:675,000港元)，該金額亦包括和披露在員工成本內。

13. 董事酬金

根據香港公司條例第161條作出披露之董事酬金如下：

		Directors' fees 董事袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind 薪金、津貼及實物福利 HK\$'000 千港元	Retirement scheme contributions 退休計劃供款 HK\$'000 千港元	Total 合計 2011 二零一一年 HK\$'000 千港元
Executive directors	執行董事				
Yang Jai Sung	梁在星	-	1,993	12	2,005
Lee Kyu Young	李圭英	-	944	14	958
Non-executive director	非執行董事				
Yang Ho Sung	梁皓星	200	447	-	647
Independent non-executive directors	獨立非執行董事				
Kim Chung Kweon	金正權	88	-	-	88
Han Byung Joon	韓丙濬	98	-	-	98
Kim Chan Su	金鑽洙	98	19	-	117
		484	3,403	26	3,913

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

13. DIRECTORS' REMUNERATION (Continued)

13. 董事酬金 (續)

		Directors' fees 董事袍金 HK\$'000 千港元	Salaries, allowances and benefits in kind 薪金、津貼及實物福利 HK\$'000 千港元	Retirement scheme contributions 退休計劃供款 HK\$'000 千港元	Total 合計 2010 二零一零年 HK\$'000 千港元
Executive directors	執行董事				
Yang Jai Sung	梁在星	–	2,580	12	2,592
Woo Nam Jin (note 1)	禹南珍 (附註1)	–	–	–	–
Lee Kyu Young	李圭英	–	762	13	775
Non-executive director	非執行董事				
Yang Ho Sung	梁皓星	27	401	–	428
Independent non-executive directors	獨立非執行董事				
Kim Chung Kweon	金正權	82	13	–	95
Han Byung Joon	韓丙濬	84	–	–	84
Kim Chan Su	金鑽洙	84	17	–	101
		277	3,773	25	4,075

Note:

- 1) Resigned on 29 January 2010.

No directors waived any emoluments in the years ended 31 December 2011 and 2010. No emoluments were paid to the directors as inducement to join or upon joining the Group or as compensation for loss of office in the years ended 31 December 2011 and 2010.

附註：

- 1) 於二零一零年一月二十九日辭任。

截至二零一一年及二零一零年十二月三十一日止年度，概無董事放棄任何酬金。截至二零一一年及二零一零年十二月三十一日止年度，概無向董事支付酬金，以用作促使加入或於加入本集團時或作為離職之補償。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

14. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2010: one) were directors of the Company whose emoluments are disclosed in note 13. The emoluments of the remaining three (2010: four) individuals, which are individually below HK\$1,000,000, were as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	2,847	3,581
Retirement scheme contributions	退休計劃供款	38	48
		2,885	3,629

No emoluments were paid to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2011 and 2010.

15. DIVIDENDS

No dividend was paid or proposed during 2011, nor has any dividend been proposed since the end of the reporting period (2010: Nil).

16. (LOSS) EARNINGS PER SHARE

(a) Basic (loss) earnings per share

The calculation of basic (loss) earnings per share is based on the loss for the year attributable to owners of the Company of approximately HK\$49,714,000 (2010: profit for the year of approximately HK\$8,087,000) and the weighted average number of ordinary shares of 323,897,000 (2010: 323,897,000) in issue during the year.

(b) Diluted (loss) earnings per share

Diluted (loss) earnings per share are the same as basic (loss) earnings per share for the year ended 31 December 2011 and 2010 because the Company had no outstanding dilutive potential shares during the both years.

14. 五名最高薪人士

五名最高薪人士中，其中兩名（二零一零年：一名）為本公司董事，其酬金已於上文附註13作出披露。其他三名（二零一零年：四名）最高薪人士之酬金在1,000,000港元以下，載列如下：

截至二零一一年及二零一零年十二月三十一日止年度，概無向五名最高薪酬人士支付酬金，以用作促使加入或於加入本集團時或作為離職之補償。

15. 股息

於二零一一年並無派發或建議派發股息，自報告期末以來並無建議派發任何股息（二零一零年：無）。

16. 每股（虧損）盈利

(a) 每股基本（虧損）盈利

每股基本（虧損）盈利是按本公司擁有人應佔本年度虧損約49,714,000港元（二零一零年：年度溢利約8,087,000港元）及年內已發行普通股之加權平均數323,897,000股（二零一零年：323,897,000股）計算。

(b) 每股攤薄（虧損）盈利

截至二零一一年及二零一零年十二月三十一日止年度之每股攤薄（虧損）盈利與每股基本（虧損）盈利一樣，原因是本公司於該兩年內並無具攤薄性質之潛在股份。

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、機器及設備

The Group

本集團

		Land and buildings held for own use 持作自用 之土地及樓宇 HK\$'000 千港元	Plant and machinery 機器及設備 HK\$'000 千港元	Other property, plant and equipment 其他物業、 機器及設備 HK\$'000 千港元	Construction- in-progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST OR VALUATION	成本或估值					
At 1 January 2010	於二零一零年一月一日	34,643	127,440	37,949	–	200,032
Exchange adjustments	匯兌調整	3,822	2,965	1,080	62	7,929
Additions	增添	49,863	4,204	10,744	2,133	66,944
Disposals	出售	(462)	(13,210)	(1,632)	–	(15,304)
Surplus on revaluation	重估盈餘	6,470	–	–	–	6,470
Eliminated on revaluation	重估時對銷	(1,093)	–	–	–	(1,093)
At 31 December 2010	於二零一零年 十二月三十一日	93,243	121,399	48,141	2,195	264,978
REPRESENTING	代表					
Cost	成本	–	121,399	48,141	2,195	171,735
Valuation – 2010	估值 – 二零一零年	93,243	–	–	–	93,243
		93,243	121,399	48,141	2,195	264,978
DEPRECIATION	折舊					
At 1 January 2010	於二零一零年一月一日	–	96,391	32,340	–	128,731
Exchange adjustments	匯兌調整	12	492	304	–	808
Provided for the year	年度撥備	1,091	11,763	3,937	–	16,791
Eliminated on disposals	出售時對銷	(10)	(12,997)	(1,616)	–	(14,623)
Eliminated on revaluation	重估時對銷	(1,093)	–	–	–	(1,093)
At 31 December 2010	於二零一零年 十二月三十一日	–	95,649	34,965	–	130,614
CARRYING VALUES	賬面值					
At 31 December 2010	於二零一零年 十二月三十一日	93,243	25,750	13,176	2,195	134,364

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

17. 物業、機器及設備 (續)

The Group (Continued)

本集團 (續)

		Land and buildings held for own use 持作自用 之土地及樓宇 HK\$'000 千港元	Plant and machinery 機器及設備 HK\$'000 千港元	Other property, plant and equipment 其他物業、 機器及設備 HK\$'000 千港元	Construction- in-progress 在建工程 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST OR VALUATION	成本或估值					
At 1 January 2011	於二零一一年一月一日	93,243	121,399	48,141	2,195	264,978
Exchange adjustments	匯兌調整	(914)	4,743	1,958	(2,830)	2,957
Additions	增添	–	5,232	4,602	64,485	74,319
Disposals	出售	–	(6,732)	(361)	–	(7,093)
Reclassification to investment properties (note 18)	重新分類為投資物業 (附註18)	(21,755)	–	–	–	(21,755)
Surplus on revaluation	重估盈餘	1,779	–	–	–	1,779
Eliminated on revaluation	重估時對銷	(631)	–	–	–	(631)
At 31 December 2011	於二零一一年 十二月三十一日	71,722	124,642	54,340	63,850	314,554
REPRESENTING	代表					
Cost	成本	–	124,642	54,340	63,850	242,832
Valuation – 2011	估值 – 二零一一年	71,722	–	–	–	71,722
		71,722	124,642	54,340	63,850	314,554
DEPRECIATION	折舊					
At 1 January 2011	於二零一一年一月一日	–	95,649	34,965	–	130,614
Exchange adjustments	匯兌調整	(15)	3,797	1,180	–	4,962
Provided for the year	年度撥備	646	8,959	3,847	–	13,452
Eliminated on revaluation	出售時對銷	(631)	–	–	–	(631)
Eliminated on disposals	重估時對銷	–	(6,732)	(361)	–	(7,093)
At 31 December 2011	於二零一一年 十二月三十一日	–	101,673	39,631	–	141,304
CARRYING VALUES	賬面值					
At 31 December 2011	於二零一一年 十二月三十一日	71,722	22,969	14,709	63,850	173,250

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17. PROPERTY, PLANT AND EQUIPMENT (Continued) 17. 物業、機器及設備 (續)

The Company

本公司

		Land and buildings held for own use 持作自用 之土地及樓宇 HK\$'000 千港元	Plant and machinery 機器及設備 HK\$'000 千港元	Other property, plant and equipment 其他物業、 機器及設備 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST OR VALUATION	成本或估值				
At 1 January 2010	於二零一零年一月一日	20,443	19,378	14,857	54,678
Exchange adjustments	匯兌調整	666	2,946	956	4,568
Additions	增添	–	6,296	2,180	8,476
Disposals	出售	(462)	–	(224)	(686)
Surplus on revaluation	重估盈餘	2,058	–	–	2,058
Eliminated on revaluation	重估時對銷	(601)	–	–	(601)
At 31 December 2010	於二零一零年 十二月三十一日	22,104	28,620	17,769	68,493
REPRESENTING	代表				
Cost	成本	–	28,620	17,769	46,389
Valuation– 2010	估值 – 二零一零年	22,104	–	–	22,104
		22,104	28,620	17,769	68,493
DEPRECIATION	折舊				
At 1 January 2010	二零一零年一月一日	–	12,563	11,484	24,047
Exchange adjustments	匯兌調整	12	484	206	702
Charge for the year	本年度支銷	599	8,463	2,143	11,205
Written back on disposals	出售時撇銷	(10)	–	(224)	(234)
Eliminated on revaluation	重估時對銷	(601)	–	–	(601)
At 31 December 2010	於二零一零年 十二月三十一日	–	21,510	13,609	35,119
CARRYING VAULES	賬面值				
At 31 December 2010	於二零一零年 十二月三十一日	22,104	7,110	4,160	33,374

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17. PROPERTY, PLANT AND EQUIPMENT (Continued) 17. 物業、機器及設備 (續)

The Company (Continued)

本公司 (續)

		Land and buildings held for own use 持作自用 之土地及樓宇 HK\$'000 千港元	Plant and machinery 機器及設備 HK\$'000 千港元	Other property, plant and equipment 其他物業、 機器及設備 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST OR VALUATION	成本或估值				
At 1 January 2011	於二零一一年一月一日	22,104	28,620	17,769	68,493
Exchange adjustments	匯兌調整	(446)	548	181	283
Additions	增添	–	60	698	758
Disposals	出售	–	–	(11)	(11)
Deficit on revaluation	重估虧絀	(440)	–	–	(440)
Transfer to subsidiaries upon intra-group restructuring	集團內部重組時轉撥至 附屬公司	(20,883)	(29,228)	(18,637)	(68,748)
Less: Eliminated on revaluation	減：重估時對銷	(335)	–	–	(335)
At 31 December 2011	於二零一一年 十二月三十一日	–	–	–	–
REPRESENTING	代表				
Cost	成本	–	–	–	–
Valuation – 2011	估值 – 二零一一年	–	–	–	–
		–	–	–	–
DEPRECIATION	折舊				
At 1 January 2011	於二零一一年一月一日	–	21,510	13,609	35,119
Exchange adjustments	匯兌調整	(15)	421	167	573
Charge for the year	本年度支銷	350	2,782	1,540	4,672
Written back on disposals	出售時撇銷	–	–	(5)	(5)
Transfer to subsidiaries upon intra-group restructuring	集團內部重組時轉撥至 附屬公司	–	(24,713)	(15,311)	(40,024)
Eliminated on revaluation	重估時對銷	(335)	–	–	(335)
At 31 December 2011	於二零一一年 十二月三十一日	–	–	–	–
CARRYING VAULES	賬面值				
At 31 December 2011	於二零一一年 十二月三十一日	–	–	–	–

The above items of property, plant and equipment are depreciated on straight-line basis over the following useful lives:

- Freehold land is not depreciated
- Leasehold land and buildings situated thereon are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of purchase
- Plant and machinery 4 – 10 years
- Other property, plant and equipment 3 – 5 years

上述物業、機器及設備乃於使用年內按直線法折舊：

- 不就永久業權持有土地進行折舊。
- 租賃土地及樓宇按未屆滿租約年期及其估計使用年期之較短者（日起計不超過50年）進行折舊。
- 機器及設備 4-10年
- 其他物業、機器及設備 3-5年

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For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company (Continued)

Notes:

- (a) The analysis of net carrying value of land and buildings held for own use carried at fair value is as follows:

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Freehold outside Hong Kong	在香港境外按永久業權持有	71,722	75,543	-	22,104
Medium-term leases outside Hong Kong	在香港境外按中期租約持有	-	17,700	-	-
		71,722	93,243	-	22,104

- (b) The Group's and the Company's land and buildings held for own use was revalued as at 31 December 2011 at their open market value. The valuations were carried out by Vigers Appraisal & Consulting Limited ("Vigers Appraisal"), an independent firm of professional surveyors not connected with the Group who had among staff members of the Hong Kong Institute of Surveyors. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. A revaluation surplus of the Group of approximately HK\$1,779,000 (2010: HK\$6,470,000) and a revaluation deficit of the Company of approximately HK\$440,000 (2010: revaluation surplus of approximately HK\$2,058,000) have been transferred to the properties revaluation reserve, net of the Group's and the Company's deferred tax of approximately HK\$884,000 (2010: HK\$2,609,000) and HK\$99,000 and (2010: HK\$577,000) respectively (note 32).

Had the above land and buildings held for own use been carried at cost less accumulated depreciation, the carrying amounts would have been:

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Freehold land and buildings	按永久業權持有之土地及樓宇	62,742	63,092	-	8,560
Leasehold land and buildings	按租賃持有之土地及樓宇	-	4,464	-	-
		62,742	67,556	-	8,560

- (c) During the year, the Group capitalised borrowing costs amounting to HK\$1,228,000 (2010: Nil) in the construction-in-progress. Borrowing costs were capitalised at specific borrowing which bears interest ranging from 4.00% to 6.98% per annum (2010: Nil).
- (d) At the end of the reporting period 31 December 2011, the Group's land and buildings held for own use of HK\$71,722,000 (2010: 21,603,000) were pledged to secure banking facilities granted to the Group (note 28).
- (e) During the year, the Company transfers its assets and liabilities at their carrying value to its subsidiaries upon group restructuring on the date of transfer.

17. 物業、機器及設備 (續)

本公司 (續)

附註:

- (a) 持有作自用以公允價值列賬之土地及樓宇之賬面淨值分析如下:

- (b) 於二零一一年十二月三十一日，曾就本集團及本公司持有作自用之土地及樓宇之公開市值進行重估。該等估值由與本集團並無關連之獨立專業估值師威格斯資產評估顧問有限公司（「威格斯資產評估」）進行，其部份員工為香港測量師學會成員。估值乃參考相同地點及狀況之類似物業之市場成交價而進行。本集團重估盈餘約1,779,000港元（二零一零年：6,470,000港元）及重估虧絀約440,000港元（二零一零年：本公司重估盈餘約2,058,000港元）於扣除本集團及本公司之遞延稅項約884,000元（二零一零年：2,609,000港元）及99,000港元（二零一零年：577,000港元）已被轉撥至物業重估儲備（見附註32）。

倘上述持作自用之土地及樓宇已按成本減累計折舊列值，賬面金額將為：

- (c) 年內，本集團變現在建工程之借貸成本1,228,000港元（二零一零年：無）。借貸成本乃根據計息介乎每年4.00%至6.98%之特別借貸進行變現（二零一零年：無）。
- (d) 於報告期末二零一一年十二月三十一日，本集團71,722,000港元（二零一零年：21,603,000港元）持作自用之土地及樓宇已予抵押作為授予本集團之銀行融資額之擔保（附註28）。
- (e) 年內，於轉撥日期進行集團內部重組時，本公司按其賬面值轉讓其資產及負債至其附屬公司。

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18. INVESTMENT PROPERTIES

18. 投資物業

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Fair value	公允價值				
At 1 January	於一月一日	5,100	4,100	5,100	4,100
Transfer from property, plant and equipment (note 17)	轉撥自物業、機器及設備(附註17)	21,755	—	—	—
Transfer to subsidiaries upon intra-group restructuring	集團內部重組時轉撥至附屬公司	—	—	(6,000)	—
Exchange adjustments	匯兌調整	489	—	—	—
Increase in fair value recognised in profit or loss	於損益中確認之公允價值增加	2,586	1,000	900	1,000
At 31 December	於十二月三十一日	29,930	5,100	—	5,100

The fair value of the Group's and the Company's investment properties at 31 December 2011 and 31 December 2010 has been arrived at on the basis of a valuation carried out on that dates by Vigers Appraisal, an independent qualified professional valuer not connected with the Group. Vigers Appraisal is a member of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

All of the Group's property interests held under operating lease to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment property.

During the year ended 31 December 2011, the Group changed the use of one of the owner-occupied properties for its administrative function and leased them out on operating income at its fair value of approximately HK\$21,755,000 on the date of transfer.

本集團及本公司之投資物業於二零一一年十二月三十一日及二零一零年十二月三十一日之公允價值乃按與本集團並無關連之獨立合資格專業估值師威格斯資產評估於該等日期所進行之評值而得出。威格斯資產評估為估價師協會之會員，具適當資歷及近期在相關地點同類物業估值之經驗。所作出之估值乃參考同一地區及情況相若物業之成交金額作市場憑證。

本集團之所有按經營租約持有並用作賺取租金或資本升值之物業權益，乃按公允價值模式計量，且分類為及以投資物業入賬。

於截至二零一一年十二月三十一日止年度，本集團變更其自擁物業之用途，以作行政功能並於轉撥當日按其公允價值約21,755,000港元將其租賃以收取經營收入。

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18. INVESTMENT PROPERTIES (Continued)

During the year, the Company transfers its assets and liabilities at their carrying values to its subsidiaries upon the intra-group restructuring on the date of transfer.

At the end of the reporting period 31 December 2011, the Group's investment properties of HK\$23,930,000 (2010: Nil) were pledged to secure banking facilities granting to the Group (note 28).

The investment properties are situated in Hong Kong and the PRC and with medium-term leases.

18. 投資物業 (續)

年內，於轉撥日期進行集團內部重組時，本公司按其賬面值轉讓其資產及負債至其附屬公司。

於報告期末二零一一年十二月三十一日，本集團23,930,000港元之投資物業已予抵押作為授予本集團之銀行融資額之擔保(附註28)。

位於香港及中國之投資物業按中期租約持有。

19. INTERESTS IN SUBSIDIARIES

19. 於附屬公司之權益

		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Unlisted equities, at cost	非上市股本，按成本值	359,014	94,895
Less: Provision for impairment loss (note a)	減：減值虧損撥備(附註a)	(55,648)	—
		303,366	94,895
Amounts due from subsidiaries (note b)	應收附屬公司款項(附註b)	21,592	10,719
At 31 December	於十二月三十一日	324,958	105,614
Analysed for reporting purposes as:	分析作呈報用途：		
Non-current assets	非流動資產	303,366	94,895
Current assets	流動資產	21,592	10,719
		324,958	105,614

Note a: The directors of the Company had reviewed the carrying values of the investments in subsidiaries and considered that in light of the operating loss of the subsidiaries and the market conditions, impairment losses of approximately HK\$55,648,000 (2010: Nil) had been recognised during the year. The directors of the Company were in the opinion that the impairment loss was made based on the share of net assets of the subsidiaries as at the end of reporting period.

Note b: The amounts are unsecured, interest-free and repayable on demand.

附註a：本公司董事經已審閱於附屬公司之投資之賬面值，並認為由於附屬公司之經營虧損以及市況於年內確認減值虧損總額約55,648,000港元(二零一零年：無)。本公司董事認為，減值乃根據報告期末分佔附屬公司之資產淨值進行釐定。

附註b：金額為無抵押、免息及按要求償還。

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19. INTERESTS IN SUBSIDIARIES (Continued)

Details of the Company's subsidiaries as at 31 December 2011 and 2010 are as follows:

19. 於附屬公司之權益 (續)

於二零一一年及二零一零年十二月三十一日，本公司附屬公司之詳情如下：

Name of subsidiary 公司名稱	Place and date of incorporation/ establishment/ operations 註冊成立 / 成立 / 經營地點及日期	Class of shares held 所持股份類別	Issued and fully paid share capital/ registered capital 已發行及繳足股本 / 已註冊資本	Proportion ownership interest held by the Company 由本公司持有之所有權權益比例				Principal activities 主要業務
				Directly		Indirectly		
				2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年	
Kwang Sung Electronics Holdings Limited Kwang Sung Electronics Holdings Limited	Hong Kong 香港	Ordinary 普通股	HK\$253,855,129 253,855,129 港元	100%	-	-	-	Investment holding 投資控股
Kwang Sung Technology Holdings Company Limited ("Kwang Sung Technology") (note (a)) 光星科技控股有限公司 (「光星科技」)(附註(a))	Hong Kong 香港	Ordinary 普通股	HK\$10,000 10,000 港元	-	-	100%	-	Investment holding 投資控股
Shenzhen Kwang Sung (note (b)) 深圳光星 (附註(b))	PRC 中國	Ordinary 普通股	US\$10,561,780 10,561,780 美元	-	100%	100%	-	Manufacture and sales of electronic components 製造及銷售電子元件
Kwang Sung Electronics Trading (Shenzhen) Co., Ltd. (note (c)) 光星電子貿易(深圳)有限公司(附註(c))	PRC 中國	Ordinary 普通股	RMB500,000 人民幣 500,000 元	-	100%	100%	-	Provision of sales agency services to the Company 向本公司提供銷售代理服務
Kwang Sung Holdings Co. Ltd. (Formerly known as Kwang Sung Group Investment Co., Ltd.) ("Kwang Sung Holdings") (note (d)) Kwang Sung Holdings Co. Ltd. (前稱為 Kwang Sung Group Investment Co., Ltd.)(「Kwang Sung Holdings」)(附註(d))	BVI 英屬處女群島	Ordinary 普通股	US\$13,535,610 13,535,610 美元	100%	100%	-	-	Investment holding 投資控股
Brocoli Co., Limited ("Brocoli") (note (e)) Brocoli Co., Limited (「Brocoli」)(附註(e))	Korea 韓國	Ordinary 普通股	KRW1,966,450,000 1,966,450,000 韓圓	-	69.7%	69.7%	-	Research and development and production of wiretape cabling technology products 研發及生產 wiretape 纜線技術產品

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19. INTERESTS IN SUBSIDIARIES (Continued)

19. 於附屬公司之權益 (續)

Name of subsidiary 公司名稱	Place and date of incorporation/ establishment/ operations 註冊成立 / 成立 / 經營地點及日期	Class of shares held 所持股份類別	Issued and fully paid share capital/ registered capital 已發行及繳足股本 / 已註冊資本	Proportion ownership interest held by the Company 由本公司持有之所有權權益比例				Principal activities 主要業務
				Directly		Indirectly		
				2011 二零一一年	2010 二零一零年	2011 二零一一年	2010 二零一零年	
Kwang Sung Electronics Korea Co., Ltd. (note (f)) Kwang Sung Electronics Korea Co., Ltd. (附註(f))	Korea 韓國	Ordinary 普通股	KRW50,000,000 50,000,000 韓圓	-	100%	100%	-	Manufacture and sales of electronic components 製造及銷售電件元件
Kwang Sung Group Investmnet Co., Limited ("Kwang Sung GI") (note (g)) Kwang Sung Group Investmnet Co., Limited (Kwang Sung GI) (附註(g))	Hong Kong 香港	Ordinary 普通股	HK\$2 2港元	-	-	100%	-	Investment holding 投資控股
Baoying Kwang Sung (note (h)) 寶應光星 (附註(h))	PRC 中國	Ordinary 普通股	US\$10,000,000 10,000,000 美元	-	-	100%	-	Manufacture and sales of electronic components 製造及銷售電件元件

Notes:

- (a) It is established on 14 September 2011.
- (b) It is a wholly foreign owned enterprise established in the PRC. All interests were transferred to Kwang Sung Electronics at net book value on 14 November 2011.
- (c) It is a wholly foreign owned investment commercial enterprise. All interests were transferred to Kwang Sung Electronics at net book value on 14 November 2011.
- (d) The Company's name has been changed since 15 September 2011.
- (e) All interests were transferred to Kwang Sung Holdings at net book value on 25 November 2011.
- (f) All interests were transferred to Kwang Sung Holdings at net book value on 25 November 2011.
- (g) It is established on 31 March 2011
- (h) It is established on 18 July 2011.

None of the subsidiaries had issued any debt securities at the end of both years or during both years.

附註：

- (a) 該公司於二零一一年九月十四日成立。
- (b) 該公司為中國之外商獨資企業。所有權益已於二零一一年十一月十四日按賬面淨值轉撥至 Kwang Sung Electronics。
- (c) 該公司為外商獨資商業企業。所有權益已於二零一一年十一月十四日按賬面淨值轉撥至 Kwang Sung Electronics。
- (d) 本公司自二零一一年九月十五日起變更名稱。
- (e) 所有權益已於二零一一年十一月二十五日按賬面淨值轉撥至 Kwang Sung Holdings。
- (f) 所有權益已於二零一一年十一月二十五日按賬面淨值轉撥至 Kwang Sung Holdings。
- (g) 該公司於二零一一年三月三十一日成立。
- (h) 該公司於二零一一年七月十八日成立。

沒有任何附屬公司於兩個年度末期或期間發行任何債務證券。

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20. GOODWILL

20. 商譽

		HK\$'000 千港元
COST	成本	
At 31 December 2011 and 2010	於二零一一年及二零一零年十二月三十一日	5,857
IMPAIRMENT	減值	
At 31 December 2010 and 1 January 2011	於二零一零年十二月三十一日及二零一一年一月一日	–
Impairment loss recognised	已確認減值虧損	5,857
At 31 December 2011	於二零一一年十二月三十一日	5,857
CARRYING VALUES	賬面值	
At 31 December 2011	於二零一一年十二月三十一日	–
At 31 December 2010	於二零一零年十二月三十一日	5,857

The carrying amount of goodwill as at the end of reporting periods are attributable to the Group's cash generating unit ("CGU") representing sale of products using Wiretape™ cabling technology.

The recoverable amount of the CGU is determined by reference to value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a ten-year period, and at a pre-tax discount rate of approximately 14.3% (2010: 13.4%). The cash flows beyond the ten-year period were assumed constant with zero growth rate. The average growth rate used in the cash flow projections is based on the relevant industry growth rate. Since CGU benefits from the possession of 17-year patents on its primary product registered in 2009, management of the Group believes that the average growth rate is reasonable. Other key assumptions for the value-in-use calculations relate to the estimation of each inflows/outflows including budgeted sales and gross margin, such estimation is based on the management's expectations for the market development and the directors considered appropriate.

During the year ended 31 December 2011, impairment loss on goodwill of approximately HK\$5,857,000 (2010: Nil) was recognised.

商譽於報告期末之賬面值來自本集團銷售使用Wiretape™纜線技術產品之現金產生單位（「現金產生單位」）。

現金產生單位之可收回金額，乃參考使用價值進行計算後釐定。這些計算使用經管理層批准之十年期財務預算為基準之現金流量未來預測，按稅前貼現率約14.3%（二零一零年：13.4%）計算。超逾該十年期之現金流量則以假設不變的零增長率推斷。該用於現金流量預測之平均增長率乃基於相關行業的增長率且不超出相關行業的平均長期增長率而計算所得。由於現金產生單位因於二零零九年就其首項產品獲授十七年期專利權而受惠，故本集團管理層相信此平均增長率屬合理。其他使用價值計算的主要假設與每項估計現金流入／流出有關，有關估計乃基於管理層對市場發展的預期，董事亦認為估計屬適當。

於截至二零一一年十二月三十一日止年度內，商譽減值虧損約5,857,000港元（二零一零年：無）已確認。

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21. CLUB MEMBERSHIPS

21. 會所會籍

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Club memberships, at cost	會所會籍，按成本				
At 1 January	於一月一日	759	889	759	889
Written off for the year	年內撇銷	-	(130)	-	(130)
Transfer to its subsidiaries upon intra-group restructuring	於本集團內部 重組時轉撥至 其附屬公司	-	-	(415)	-
At 31 December	於十二月三十一日	759	759	344	759
Accumulated impairment loss	累計攤銷				
At 1 January	於一月一日	159	216	159	216
Written off for the year	年內撇銷	-	(57)	(98)	(57)
At 31 December	於十二月三十一日	159	159	61	159
Carrying values	賬面值				
At 31 December	於十二月三十一日	600	600	283	600

22. INTANGIBLE ASSETS

22. 無形資產

		Patents 專利權		The Company 本公司	
		The Group 本集團	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Cost	成本值				
At 1 January	於一月一日	19,644	19,387	11,371	11,371
Exchange adjustments	匯兌調整	(166)	257	-	-
Transfer to its subsidiaries upon intra-group restructuring	集團內部重組時 轉撥至 附屬公司	-	-	(11,371)	-
At 31 December	於十二月三十一日	19,478	19,644	-	11,371
Amortisation	攤銷				
At 1 January	於一月一日	2,021	855	1,171	502
Exchange adjustments	匯兌調整	(38)	21	-	-
Charge for the year	本年度攤銷	1,168	1,145	474	669
Transfer to its subsidiaries upon intra-group restructuring	集團內部重組時 轉撥至 附屬公司	-	-	(1,645)	-
At 31 December	於十二月三十一日	3,151	2,021	-	1,171
Carrying values	賬面值				
At 31 December	於十二月三十一日	16,327	17,623	-	10,200

The patents entitle the Group to manufacture products using Wiretape™ cabling technology over 17 years from the date of acquisition. The carrying values will therefore be amortised over the useful lives of 17 years.

該等專利權授權本集團於收購日期起17年使用Wiretape™纜線技術製造產品。賬面值因而將按剩餘可使用年期17年予以攤銷。

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23. INVESTMENTS IN EQUITY SECURITIES

23. 股本證券投資

		The Group and the Company 本集團及本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Unlisted equity securities, at cost	非上市股本證券，按成本值		
At 1 January	於一月一日	1,500	1,500
Less: impairment loss recognised	減：已確認減值虧損	(1,500)	(1,500)
At 31 December	於十二月三十一日	—	—

In view of significant operating losses incurred by the investee, full impairment loss had been made for the cost of investment in that entity of HK\$1,500,000 in previous years.

由於接受投資者產生重大經營虧損，故已於過往年度就投資於該實體之成本1,500,000港元作出全數減值撥備。

24. INVENTORIES

24. 存貨

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Raw materials	原材料	17,102	34,478	—	34,478
Work in progress	在製品	22,273	25,216	—	25,216
Finished goods	製成品	24,634	22,979	—	22,979
		64,009	82,673	—	82,673

During the year ended 31 December 2010, a reversal of write down of inventories of HK\$1,834,000 (2011: Nil) had been recognised, due to the subsequent sale of slow-moving inventories during the year and included in cost of sales for the year ended 31 December 2010.

於截至二零一零年十二月三十一日止年度，回撥存貨撇減1,834,000港元（二零一一年：無）已予以確認，乃因年內後續銷售滯銷存貨並記入截至二零一零年十二月三十一日止年度銷售成本所致。

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25. TRADE AND OTHER RECEIVABLES

25. 應收貿易及其他賬款

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Trade and bills receivables	應收貿易及票據賬款	122,339	119,064	-	118,943
Less: provision for impairment loss	減：減值虧損撥備	(10,000)	(13,194)	-	(13,194)
		112,339	105,870	-	105,749
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	553	128	-	128
Proceeds receivable from disposal of equity securities	出售股本證券之應收所得款項	-	688	-	688
Tax reserve certificates (note 11(b))	儲稅券(附註11(b))	23,380	19,075	23,380	19,075
Deposits, prepayments and other receivables	按金、預付款項及其他應收賬款	13,967	14,309	-	14,284
		150,239	140,070	23,380	139,924

(a) Ageing analysis

The Group allows an average credit period of 30 – 90 days to its trade customers. The Group does not hold any collateral or other credit enhancements over its trade receivables. Trade and bills receivables (net of provision for impairment loss) presented based on the invoice date with the following ageing analysis as of the end of the reporting period:

(a) 賬齡分析

本集團給予其貿易客戶之平均信貸期為30至90天。本集團並無就其應收貿易賬款持有任何抵押品或其他信用增強措施。應收貿易及票據賬款按發票日期呈列(扣除減值虧損撥備)，於報告期末之賬齡分析如下：

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
0 – 90 days	0至90日	98,537	95,591	-	95,470
91 – 180 days	91至180日	13,802	10,279	-	10,279
		112,339	105,870	-	105,749

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25. TRADE AND OTHER RECEIVABLES (Continued)

(a) Ageing analysis (Continued)

Trade and bills receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by the Group.

Included in the above ageing analysis, there are HK\$345,000 (2010: HK\$687,000) of bills receivable approximately aged less than 90 days as at 31 December 2011.

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group and the Company are satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

The movements in impairment losses recognised during the year is as follows:

25. 應收貿易及其他賬款 (續)

(a) 賬齡分析 (續)

根據本集團使用之外部信貸評分系統，未過期或無減值之應收貿易及票據賬款具有最佳信貸得分。

上述賬齡分析包括於二零一一年十二月三十一日賬齡少於90日之應收票據345,000港元(二零一零年：687,000港元)。

(b) 應收貿易及票據賬款之減值

有關應收貿易及票據賬款之減值虧損乃使用備抵賬記錄，惟本集團及本公司認為收回款項之機會甚微則除外，在此情況下減值虧損直接在應收貿易及票據賬款中撇銷。

年內確認減值虧損之變動如下：

The Group		The Company			
		本集團		本公司	
		2011	2010	2011	2010
		二零一一年	二零一零年	二零一一年	二零一零年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
At 1 January	於一月一日	13,194	10,582	13,194	10,582
Impairment loss recognised	已確認減值虧損	156	2,772	134	2,772
Transfer to subsidiaries upon intra-group restructuring	集團內部重組時轉撥至附屬公司	—	—	(12,962)	—
Amounts written off as uncollectible	因無法收回而撇減之金額	(2,497)	—	—	—
Reversal of impairment loss	減值虧損回撥	(853)	(160)	(366)	(160)
At 31 December	於十二月三十一日	10,000	13,194	—	13,194

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25. TRADE AND OTHER RECEIVABLES (Continued)**(b) Impairment of trade and bills receivables**
(Continued)

For the year ended 31 December 2011, the Group's trade and bills receivables of approximately HK\$10,000,000 (2010:HK\$13,194,000) were individually determined to be impaired.

For the year ended 31 December 2010, the Company's trade and bills receivables of approximately HK\$13,194,000 (2011:Nil) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered.

(c) The ageing analysis of trade and bills receivables which are past due but not impaired:

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Less than 1 month	少於一個月	26,692	23,089	—	23,089
1 to 3 months	一個月至三個月	11,085	6,650	—	6,650
More than 3 months	逾期多於三個月	2,358	1,244	—	1,244
		40,135	30,983	—	30,983

Included in the Group's trade and bills receivables balance are debtors with aggregate carrying amount of approximately HK\$40,135,000 (2010: HK\$30,983,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss.

Included in the Company's trade and bills receivables balance are debtors with aggregate carrying amount of approximately HK\$30,983,000 (2011:Nil) which were past due as at the end of the reporting period for which the Company had not provided for impairment loss for the year ended 31 December 2010.

25. 應收貿易及其他賬款 (續)**(b) 應收貿易及票據賬款之減值 (續)**

截至二零一一年十二月三十一日止年度，本集團之應收貿易及票據賬款約10,000,000港元(二零一零年：13,194,000港元)當中個別部份被斷定出現減值。

於截至二零一零年十二月三十一日止年度，本公司之應收貿易及其他賬款約13,194,000港元(二零一一年：無)當中個別部份被斷定出現減值。個別出現減值之應收賬是與財政出現困難之客戶有關，而管理層評估後，預期只可收回其中一部份的應收賬。

(c) 已過期但無減值之應收貿易及票據賬款之賬齡分析：

計入本集團應收貿易賬款及票據結餘為賬面總值約40,135,000港元(二零一零年：30,983,000港元)，於報告日期末屬過期之應收賬款，而本集團並無就此計提減值虧損。

計入本公司應收貿易賬款及票據結餘為賬面總值約30,983,000港元(二零一一年：無)，於報告日期末屬過期之應收賬款，而本公司於截至二零一零年十二月三十一日止年度並無就此計提減值虧損。

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25. TRADE AND OTHER RECEIVABLES (Continued)

(c) The ageing analysis of trade and bills receivables which are past due but not impaired: (Continued)

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The average age of these receivables is 90 days (2010: 85 days.)

25. 應收貿易及其他賬款 (續)

(c) 已過期但無減值之應收貿易及票據賬款之賬齡分析：(續)

已逾期但無減值之應收賬款是與本集團及本公司有良好還款紀錄之多名獨立客戶有關。根據以往經驗，由於信貸質素並無重大變化，加上有關結餘仍被認為可全數收回，故管理層相信毋須就該等結餘作減值撥備。該等應收賬款之平均賬齡為90天(二零一零年：85天)。

26. BANK BALANCE AND CASH

26. 銀行結餘及現金

	The Group 本集團		The Company 本公司		
	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	
Bank balance and cash Less: restricted bank deposit (note)	銀行結餘及現金 減：受限制銀行 存款(附註)	110,182 (472)	133,505 -	- -	131,740 -
Cash and cash equivalents in the consolidated statement of cash flows	綜合現金流量表內 之現金及 現金等價物	109,710	133,505	-	131,740

Note:

As at 31 December 2011, bank deposit amounted to approximately HK\$472,000 was pledged as securities for certain banking facilities.

Bank balances of the Group represented short-term deposits with a maturity of three months or less. Bank balances carry interest at market rates which range from 0.001% to 0.5% per annum for 2011; while for the year ended 31 December 2010, bank balances carry interest at market rates which range from 0.001% to 0.36% per annum.

Bank balances of the Company for the year ended 31 December 2010 represented short-term deposits with a maturity of three months or less, and carried interest at market rates which range from 0.001% to 0.5%. The Company does not have any bank balance at the end of the reporting period 31 December 2011.

附註：

於二零一一年十二月三十一日，銀行存款約472,000港元已抵押作為若干銀行融資之抵押品。

本集團之銀行結餘乃指三個月或以下到期之短期存款。於二零一一年，銀行結餘乃按市場利率每年0.001%至0.5%計息，而於截至二零一零年十二月三十一日止年度，銀行結餘乃按市場利率每年0.001%至0.36%計息。

於截至二零一零年十二月三十一日止年度，本公司之銀行結餘乃指三個月或以下到期且按市場利率每年0.001%至0.5%計息之短期存款。於截至二零一一年十二月三十一日止報告期末，本公司並無擁有任何銀行結餘。

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27. TRADE AND OTHER PAYABLES

27. 應付貿易及其他賬款

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Trade payables	貿易應付賬	76,314	65,825	–	65,825
Accrued expenses and other payables	應計費用及 其他應付賬款	26,185	18,631	–	17,371
		102,499	84,456	–	83,196

An ageing analysis of the trade payables as of the end of the reporting period based on invoice date is as follows:

應付貿易賬按發票日期於報告期末之賬齡分析如下：

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
0-90 days	0-90 日	65,385	64,938	–	64,938
91-180 days	91-180 日	9,971	767	–	767
181-365 days	181-365 日	958	120	–	120
		76,314	65,825	–	65,825

The average credit period on purchases of goods is 0 – 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

購貨之平均信貸期為0至90天。本集團設有金融風險管理政策，確保所有應付賬款於信貸期限內結付。

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28. BANK BORROWING

28. 銀行借貸

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Secured (note)	有抵押	40,262	13,758	–	13,758
Unsecured	無抵押	33,700	86	–	–
		73,962	13,844	–	13,758

The bank borrowing bears variable interest rate ranging from 4.00% to 6.98% (2010: 4.19% to 5.18%) per annum and is repayable within 1 year.

Notes:

Banking facilities of approximately KRW5,973,057,000 (approximately HK\$40,202,000) and RMB14,000,000 (approximately HK\$17,269,000) (2010: KRW2,400,000,000, approximately HK\$16,510,000) were secured by the Group's land and buildings in Korea of HK\$71,722,000 (2010: HK\$21,603,000) and the Group's investment properties of approximately HK\$23,930,000 (2010: Nil).

During the year, the Group obtained new bank borrowing of KRW10,973,637,000 (approximately HK\$77,035,000) respectively from Industrial Bank of Korea (2010: KRW4,734,264,000 (approximately HK\$32,567,000)).

During the year ended 31 December 2011, the bank borrowing of approximately HK\$73,962,000 is used for financing the construction in progress in Korea (2010: HK\$13,844,000 for general working capital purpose in Korea).

銀行借貸按每年浮息4.00%至6.98% (二零一零年：4.19%至5.18%) 及須於一年內償還。

附註：

銀行融資額5,973,057,000韓圓 (約40,202,000港元) 及人民幣14,000,000元 (約17,269,000港元) (二零一零年：2,400,000,000韓圓，約16,510,000港元) 已由本集團以位於韓國之土地及樓宇71,722,000港元 (二零一零年：21,603,000港元) 及本集團之投資物業約23,930,000港元 (二零一零年：無) 擔保。

年內，本集團向Industrial Bank of Korea取得新銀行借貸10,973,637,000韓圓 (約77,035,000港元) (二零一零年：4,734,264,000韓圓 (約32,567,000港元))。

於截至二零一一年十二月三十一日止年度，銀行借貸約73,962,000港元 (二零一零年：於韓國用作一般營運資金13,844,000港元) 用於撥付韓國在建工程。

29. SHARE CAPITAL

29. 股本

Authorised and issued share capital

法定及已發行股本

		2011 二零一一年		2010 二零一零年	
		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元	Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Authorised: Ordinary shares of HK\$0.1 each	法定： 每股面值0.1港元 之普通股	1,500,000	150,000	1,500,000	150,000
Ordinary shares, issued and fully paid: At 1 January and 31 December	已發行及繳足 之普通股： 於一月一日及 十二月三十一日	323,897	32,390	323,897	32,390

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派之股息，並於本公司大會上可就每股股份享有一票投票權。就本公司之剩餘資產而言，所有普通股享有同等權利。

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30. RESERVES OF THE COMPANY

30. 本公司儲備

		Share premium 股份溢價 HK\$'000	Contribution reserve 出資儲備 HK\$'000	Properties revaluation reserve 物業重估儲備 HK\$'000	Statutory reserve 法定儲備 HK\$'000	Exchange reserve 匯兌儲備 HK\$'000	Retained profits 保留溢利 HK\$'000	Total 總計 HK\$'000
At 1 January 2010	於二零一零年一月一日	58,566	9,946	18,386	8,434	(18,627)	243,180	319,885
Total comprehensive income for the year	本年度全面收益總額	-	-	1,481	-	6,243	7,549	15,273
Transfer	轉撥	-	-	-	942	-	(942)	-
At 31 December 2010	於二零一零年十二月三十一日	58,566	9,946	19,867	9,376	(12,384)	249,787	335,158
Total comprehensive income for the year	本年度全面收益總額	-	-	(341)	-	(1,784)	(41,287)	(43,412)
Realisation upon intra-group restructuring	集團內部重組時實現	-	-	-	(9,376)	-	9,376	-
Reduction of contributions from shareholders	削減股東出資	-	(1,468)	-	-	-	-	(1,468)
Release on disposal of land and buildings to its subsidiaries	向附屬公司出售土地及樓宇時實現	-	-	(19,526)	-	-	21,505	1,979
At 31 December 2011	於二零一一年十二月三十一日	58,566	8,478	-	-	(14,168)	239,381	292,257

31. DERIVATIVE FINANCIAL LIABILITIES

31. 衍生金融負債

		The Group 本集團		The Company 本公司	
		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Fair value	公允價值				
At 1 January	於一月一日	6,452	7,391	6,452	7,391
Transfer to subsidiaries upon intra-group restructuring	集團內部重組時轉撥至附屬公司	-	-	(6,147)	-
Fair value change credited to the consolidated income statement	計入綜合損益表之公允價值變動	(544)	(939)	(305)	(939)
At 31 December	於十二月三十一日	5,908	6,452	-	6,452

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31. DERIVATIVE FINANCIAL LIABILITIES (Continued)

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

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

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

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

		2011 二零一一年	2010 二零一零年
Dividend yield	股息率	0%	0%
Expected volatility	預期波幅	85%	87%
Risk-free interest rate	無風險利息	0.9%	0.8%
Expected life	預期年期	1.25 year	2.25 years
Weighted average share price	加權平均股價	HK\$0.600	HK\$0.630

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

31. 衍生金融負債 (續)

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

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

期權之詳情載於協議及本公司於二零零九年三月三十日發出之公告。

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

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

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32. DEFERRED TAXATION

The components of deferred tax (assets) liabilities recognised in the Group's and the Company's statements of financial position and the movements during the year are as follows:

The Group

32. 遞延稅項

於本集團及本公司之財務狀況表內確認之遞延稅項（資產）負債組成部份及於年內之變動如下：

本集團

		Depreciation allowances in excess of related depreciation 超出有關折舊之折舊抵免額 HK\$'000	Revaluation of land and buildings held for own use and investment properties 重估持作自用之土地及樓宇以及投資物業 HK\$'000	Patents 專利權 HK\$'000	Total 總計 HK\$'000
At 1 January 2010	於二零一零年一月一日	–	1,729	2,657	4,386
Charged (credited) to profit or loss (note 11)	於損益中扣減（計入） （附註11）	1,114	–	(229)	885
Debited to reserve	在儲備中扣除	–	2,609	–	2,609
At 31 December 2010	於二零一零年十二月三十一日	1,114	4,338	2,428	7,880
(Credited) charged to profit or loss (note 11)	於損益中（計入）扣減 （附註11）	(288)	974	(181)	505
Debited to reserve	在儲備中扣除	–	884	–	884
At 31 December 2011	於二零一一年十二月三十一日	826	6,196	2,247	9,269

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32. DEFERRED TAXATION (Continued)

32. 遞延稅項 (續)

The Company

本公司

		Depreciation allowances in excess of related depreciation 超出有關折舊之折舊抵免額 HK\$'000	Revaluation of land and buildings held for own use and investment 重估持作自用之土地及樓宇以及投資物業 HK\$'000	Patents 專利權 HK\$'000	Total 總計 HK\$'000
At 1 January 2010	於二零一零年一月一日	–	1,729	1,793	3,522
Charged (Credited) to profit or loss	於損益中扣減 (計入)	1,114	–	(109)	1,005
Debited to reserve	在儲備中扣除	–	577	–	577
At 31 December 2010	於二零一零年十二月三十一日	1,114	2,306	1,684	5,104
Credited to reserve	於儲備中計入	–	(99)	–	(99)
Credited to profit or loss	於損益中計入	(1,114)	(228)	(1,684)	(3,026)
Release on disposal of land and buildings to its subsidiaries	於向附屬公司出售土地及樓宇時實現	–	(1,979)	–	(1,979)
At 31 December 2011	於二零一一年十二月三十一日	–	–	–	–

At the end of the reporting period, the Group has unused tax losses of approximately HK\$1,967,000 (2010: Nil) in respect of the Korea Branch and subsidiaries, which will expire in 2016, subject to the approval and confirmation by the relevant tax authorities. No deferred tax asset has been recognised in respect of the above tax losses due to the unpredictability of future profit streams.

At the end of the reporting period, the Group has deductible temporary difference approximately of HK\$43,737,000 (2010: HK\$17,125,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

於報告期末，本集團擁有韓國分公司及附屬公司之未使用稅項虧損約1,967,000港元（二零一零年：無）並將會於二零一六年到期，惟待有關稅務機構批准及確認。由於無法預計未來溢利來源，故並無就上述稅項虧損確認遞延稅項資產。

於報告期末，本集團有可扣稅臨時差額約43,737,000港元（二零一零年：17,125,000港元）。本集團未有就該可扣稅臨時差額確認遞延稅項資產，蓋因出現應課稅溢利以抵銷可扣稅臨時差額之機會不大。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

32. DEFERRED TAXATION (Continued)

Effective from 1 January 2008, the Company is subject to a withholding tax at the rate of 5% for any dividend payment from its PRC subsidiaries. Deferred tax liabilities of approximately HK\$1,003,000 (2010:HK\$799,000) in respect of temporary differences relating to the undistributed profits of subsidiaries operating in the PRC of approximately HK\$20,052,000 (2010: HK\$15,977,000) have not been recognised as the Company controls the dividend policy of these subsidiaries and it has been determined that those profits will not be distributed in the foreseeable future.

33. AMOUNTS DUE FROM SHAREHOLDERS

The amounts are unsecured, interest-free and repayable on demand.

34. EMPLOYEE RETIREMENT BENEFITS

- (a) The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000 (2010: HK\$20,000). Contributions to the MPF scheme vest immediately.
- (b) Employees in Korea participate in a National Pension Scheme which is a mandatory insurance scheme under the National Pension Act (the "Scheme"). Under the Scheme, the employer and its employees are each required to make contributions to the Scheme at a specified rate of the employees' monthly income, subject to adjustments and a cap of monthly income stipulated in the Scheme.
- (c) The Group's subsidiaries in the PRC participate in a defined contribution scheme organised by the PRC municipal government. The subsidiaries are required to contribute a specified percentage of its payroll costs to the scheme. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the scheme.

32. 遞延稅項 (續)

由二零零八年一月一日起，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。並無就與在中國營運之附屬公司之未分配利益有關之暫時性差異約20,052,000港元(二零一零年：15,977,000港元)確認遞延稅項負債約1,003,000港元(二零一零年：799,000港元)，原因為本公司控制該等附屬公司之股息政策，且已決定不會在可見之將來分配該等溢利。

33. 應收股東款項

該款項乃無抵押、免息及須按要求償還。

34. 僱員退休福利

- (a) 本集團根據《香港強制性公積金計劃條例》為根據香港《僱傭條例》所僱用之僱員提供強積金計劃。強積金計劃乃由獨立信托人管理之界定供款退休計劃。根據強積金計劃，僱主及其僱員各自須按僱員相關收入之5%之比例就計劃作出供款，而每月相關收入之上限為20,000港元(二零一零年：20,000港元)。強積金計劃之供款即時成為既定僱員福利。
- (b) 在韓國之僱員參與國家退休金計劃，其為一項按國家退休金法設立之強制性保險計劃(「該計劃」)。根據該計劃，僱主及其僱員各自須按僱員每月收入之特定比例就該計劃作出供款(可予調整，且以該計劃所規定每月收入之上限所限)。
- (c) 本集團於中國之附屬公司參與由中國市政府籌辦之定額供款計劃。附屬公司須按其僱員薪金成本之特定比例就計劃作出供款。該供款於其根據計劃規則支付時於綜合損益表內支銷。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

35. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 16 June 2003 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, advisers and consultants, to take up options to subscribe for shares of the Company. 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 directors of the Company to each option-holder upon the grant of option, such period not to exceed ten years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company.

No share option was granted, exercised, cancelled or lapsed during the years ended 31 December 2011 and 2010.

36. GOVERNMENT GRANTS

The Group received Korean government grants with proceeds of approximately KRW48,834,000 (equivalent to approximately HK\$325,000) to finance the acquisition of certain plant and equipment through the acquisition of a subsidiary in 2009. The grant is initially measured at its fair value. The benefit derived from such grant will be recognised in profit or loss on the same basis as depreciation for the related plant and equipment. Such a government grant is measured at amortised cost using the effective interest method at the end of reporting period. During the year ended 31 December 2011, government grant of approximately HK\$69,000 has been recognised in the consolidated income statement (2010: approximately HK\$66,000).

In December 2011, the Group also received PRC government grants with proceeds of RMB543,000 (equivalent to approximately HK\$670,000) to finance the development of new software system. The grant is initially measured at its fair value. The benefit derived from such grant will be recognised in profit or loss on the same basis as amortisation of the related software. Such a government grant is measured at amortised cost using the effective interest method at the end of reporting period. During the year ended 31 December 2011, no amortisation of the deferred income commenced.

35. 以股份為基礎之股本付款交易

根據本公司一項於二零零三年六月十六日採納之購股權計劃，本公司董事獲授權酌情向本集團僱員（包括本集團內任何公司之董事）、顧問及諮詢人提出接納購股權之要約，以認購本公司股份。購股權可由授出日期起計一年至三年內逐步行使，並將於本公司董事授出購股權時知會各個購股權持有人之期間終結時屆滿，惟該期間不得超過由授出日期起計十年。各份購股權均授權持有人認購一股每股0.1港元之本公司普通股。

於截至二零一一年十二月三十一日止年度，概無購股權獲授權、行使、註銷及失效。

36. 政府補貼

本集團收取韓國政府補貼之款項約為48,834,000韓圓（相當於約325,000港元），透過於二零零九年收購一間附屬公司，以撥資收購若干機器及設備。補貼款項初步按公允價值計量。款項所產生之利益將按與就相關機器及設備進行折舊之相同基準於損益進行確認。於報告期末，政府貸款以實際利率法按攤銷成本計量。截至二零一一年十二月三十一日止年度，約69,000港元之政府補貼已於綜合全面收益表中確認（二零一零年：約66,000港元）。

於二零一一年十二月，本集團亦收取中國政府補貼之款項約人民幣543,000元（相當於約670,000港元），以為開發新軟件系統提供資金。該補貼款項按其公允價值初步計量。相關補貼款項所得溢利將於損益中按相關軟件攤銷等同一基準進行確認。該政府補貼採用實際利率法按攤銷成本於報告期末計量。於截至二零一一年十二月三十一日止年度，並無開始攤銷遞延收入。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

37. COMMITMENTS

- (a) Capital commitments outstanding at the end of the reporting period contracted for but not provided for in the financial statements in respect of the following:

	The Group 本集團		The Company 本公司	
	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Property, plant and equipment 物業、機器及設備	14,619	27,500	-	25

- (b) The Group and the Company as lessee

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

	The Group 本集團		The Company 本公司	
	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Within one year 一年內	6,327	4,799	1,275	930
In the second to fifth year inclusive 第二年後至第五年內 (包括首尾兩年)	4,751	6,027	2,306	902
	11,078	10,826	3,581	1,832

Operating lease payments represent rentals payable by the Group and the Company for certain of its office premises. Leases are negotiated for an average term of 8 years and 2 years for the Group and the Company respectively and rentals are fixed for an average of 8 years and 2 years for the Group and the Company respectively.

37. 承擔

- (a) 於報告期末於財務報表中已訂約但尚未提撥準備之資本承擔如下：

- (b) 本集團及本公司作為承租人

於報告期末，本集團及本公司根據不可解除經營租賃有日後應付之最低租賃款項之承擔如下：

經營租賃款項指本集團及本公司就若干辦公室物業之應付租金。本集團及本公司之租約經磋商後平均為期分別八年及兩年，而本集團及本公司之租金分別固定於平均八年及兩年。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

37. COMMITMENTS (Continued)

(c) The Group and the Company as lessor

Property rental income earned during the year was approximately HK\$645,000 (2010: HK\$312,000). The property is expected to generate rental yields of 6.12% (2010:6.12%) per annum on an ongoing basis. All of properties held have committed tenants for the next year.

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

37. 承擔 (續)

(c) 本集團及本公司作為出租人

本年度所賺取之物業租金收入約為645,000港元(二零一零年:312,000港元)。預期物業可持續帶來租金年率6.12%(二零一零年:6.12%)。全部所持有之物業於未來一年均有已承諾租戶。

於報告期末,本集團已與租戶訂約之日後最低租賃如下:

	The Group 本集團		The Company 本公司	
	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元	2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Within one year 一年內	1,638	220	366	220
In the second to fifth year inclusive 於第二至五年內 (包括首尾兩年)	1,536	–	237	–
	3,174	220	573	220

38. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) Transactions with shareholders

- (i) During the year, the Group entered into the following transactions with Kwang Sung Korea, a major shareholder of the Company:

38. 重大關連人士交易

除本財務報表其他地方所披露之交易外,本集團訂立以下重大關連人士交易。

(a) 與股東之交易

- (i) 於年內,本集團與本公司主要股東韓國光星訂立以下交易:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Sales of finished goods	銷售製成品	410	1,109
Referral commission paid/payable	已付/應付轉介佣金	494	626
Subcontracting fee paid/payable	已付/應付外包費用	1,395	2,300

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

本公司之董事認為,上述交易,是在日常及一般業務過程中按正常商業條款進行。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

38. MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

(a) Transactions with shareholders (Continued)

- (ii) Pursuant to a Deed of Indemnity dated 23 June 2003, two shareholders, Mr. Yang Jai Sung and Kwang Sung Korea, would indemnify the Group for any tax liabilities payable for periods prior to 30 June 2003. Amounts receivable from Mr. Yang Jai Sung and Kwang Sung Korea under the indemnity at 31 December 2011 are approximately HK\$3,452,000 and HK\$5,026,000 (2010:HK\$4,050,000 and HK\$5,896,000) respectively.

(b) Transactions with other related parties

- (i) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 13 and certain of the highest paid employees as disclosed in note 14, is as follows:

		2011 二零一一年 HK\$'000 千港元	2010 二零一零年 HK\$'000 千港元
Short-term employee benefits	短期僱員福利	6,839	9,631
Post-employment benefits	離職後福利	62	213
		6,901	9,844

Total remuneration is included in "staff costs" (see note 12).

- (ii) During the year, the Group paid a consultancy fee of approximately HK\$562,000 (2010: HK\$540,000) to a close family member of Mr. Yang Jai Sung, a shareholder and a director of the Company. No consultancy fee was outstanding at 31 December 2011 and 2010.

38. 重大關連人士交易 (續)

(a) 與股東之交易 (續)

- (ii) 根據日期為二零零三年六月二十三日之彌償保證契約，兩名股東梁在星先生及韓國光星就於二零零三年六月三十日前期間之任何稅務負債向本集團作出彌償。根據彌償保證於二零一一年十二月三十一日應收梁在星先生及韓國光星之款項分別約為3,452,000港元及5,026,000港元(二零一零年：4,050,000港元及5,896,000港元)。

(b) 與其他關連人士之交易

- (i) 主要管理人員之酬金

主要管理人員酬金(包括已於附註13中所披露支付予本公司董事之金額及已於附註14中披露支付予若干最高薪僱員之金額)載列如下：

酬金總額乃計入「員工成本」(見附註12)。

- (ii) 於本年度，本集團向本公司之股東兼董事梁在星先生一名近親支付顧問費約562,000港元(二零一零年：540,000港元)。於二零一一年及二零一零年十二月三十一日並無尚未支付之顧問費。

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財務報表附註

For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度

38. MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

(b) Transactions with other related parties

(Continued)

(iii) Loan to key management personnel

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

38. 重大關連人士交易 (續)**(b) 與其他關連人士之交易 (續)**

(iii) 向主要管理人員提供貸款

其他應收款項包括向主要管理人員提供之貸款，其條款如下：

Name of Key management personnel 主要管理層人員名稱	Relationship 關係	Note 附註	2011 二零一一年 HK\$ 港元	2010 二零一零年 HK\$ 港元
Due from 應收以下人士款項				
Mr. Lee Don Gi 李敦基先生	General Manager 總經理	(i)	67,000	69,000
Mr. Suh Jin Won 徐陳愿先生	General Manager 總經理	(i)	-	35,000

Note:

- (i) As the general manager has authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, as well the directors of the Company consider the general manager of the Company is one of the key management personnel of the Group, accordingly the fund advance with the general manager of the Company is constituted as a related party transaction. The amounts are unsecured, interest-free and are repayable on demand.

附註：

- (i) 由於總經理有權及負責直接或間接規劃、指示及控制實體之業務活動，同時本公司董事認為本公司之總經理為本集團之主要管理層之一，因此本公司之總經理預付款項構成一項關連方交易。相關金額無抵押、免息且按要求須予償還。

Five-year Financial Summary

五年財務概要

		2007 二零零七年	2008 二零零八年	2009 二零零九年	2010 二零一零年	2011 二零一一年
Consolidated Income Statement (HK\$'000)	綜合損益表 (千港元)					
Turnover	營業額	783,453	797,912	592,280	680,481	557,551
Profit (loss) from operations	經營溢利(虧損)	34,870	(1,538)	3,308	14,018	(57,389)
Profit (loss) after taxation and attributable to owners of the Company	除稅後本公司擁有人應佔溢利(虧損)	30,275	(2,298)	(35,774)	8,087	(49,714)
Dividends	股息	9,116	1,577	–	–	–
Basic earnings (loss) per share – HK cents	每股基本盈利(虧損) – 港仙	9.66	(0.73)	(11.13)	2.50	(15.35)
Diluted earnings (loss) per share – HK cents	每股攤薄盈利(虧損) – 港仙	9.46	(0.73)	(11.13)	2.50	(15.35)
Consolidated Statement of Financial Position (HK\$'000)	綜合財務狀況表 (千港元)					
Non-current assets	非流動資產	97,568	77,984	104,708	163,708	220,113
Current assets	流動資產	380,530	352,432	390,091	366,194	332,908
Current liabilities	流動負債	(81,564)	(69,262)	(128,360)	(141,586)	(216,503)
Net current assets	流動資產淨值	298,966	283,170	261,731	224,608	116,405
Long-term liabilities	非流動負債	(1,698)	(2,009)	(11,860)	(14,332)	(9,269)
Net assets	資產淨值	394,836	359,145	354,579	373,984	327,249
Consolidated Statement of Cash Flows (HK\$'000)	綜合現金流量表 (千港元)					
Net cash from (used in) operating activities	經營活動所得(所用)之現金淨額	25,335	(9,452)	32,172	730	(16,473)
Net cash from (used in) investing activities	投資活動所得(所用)之現金淨額	3,312	(9,515)	11,977	(59,111)	(69,267)
Net cash from (used in) financing activities	融資活動所得(所用)之現金淨額	(7,785)	(3,686)	(80)	13,365	61,963
Net increase (decrease) in cash and cash equivalents	現金及現金等價物之增加(減少)淨額	20,862	(22,653)	44,069	(45,016)	(23,777)
Share Information (HK\$)	股份資料 (港元)					
Highest share price	最高股價	\$3.35	\$3.27	\$2.70	\$0.98	\$0.76
Lowest share price	最低股價	\$1.03	\$1.11	\$0.33	\$0.41	\$0.21
Year end closing share price	年終收市股價	\$3.35	\$2.68	\$0.41	\$0.65	\$0.60

Corporate Information and Shareholders' Calendar

公司資料及股東日程表

Corporate Information

Board of Directors

Non-executive director

Mr. Yang Ho Sung (*Chairman*)

Executive directors

Mr. Yang Jai Sung
Mr. Lee Kyu Young
Mr. Hong Sang Joon (appointed on 20 January 2012)

Independent non-executive directors

Dr. Han Byung Joon
Dr. Kim Chung Kweon
Mr. Kim Chan Su

Executive Committee

Mr. Yang Jai Sung
Mr. Lee Kyu Young
Mr. Hong Sang Joon

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

Nomination Committee

Dr. Kim Chung Kweon
Dr. Han Byung Joon
Mr. Kim Chan Su
Mr. Yang Jai Sung

Independent Board Committee

Mr. Kim Chan Su
Dr. Han Byung Joon
Dr. Kim Chung Kweon

Company Secretaries

Mr. Kwok Kim Hung Eddie
Ms. Ma Sau Kuen Gloria (resigned on 20 January 2012)

公司資料

董事會

非執行董事

梁皓星先生 (主席)

執行董事

梁在星先生
李圭英先生
洪祥準先生 (於二零一二年一月二十日獲委任)

獨立非執行董事

韓丙濬博士
金正權博士
金瓚洙先生

執行委員會

梁在星先生
李圭英先生
洪祥準先生

審核委員會

金瓚洙先生
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
金瓚洙先生
梁在星先生

提名委員會

金正權博士
韓丙濬博士
金瓚洙先生
梁在星先生

獨立董事委員會

金瓚洙先生
韓丙濬博士
金正權博士

公司秘書

郭劍雄先生
馬秀絹女士 (於二零一二年一月二十日辭任)

Corporate Information and Shareholders' Calendar 公司資料及股東日程表

Authorised Representatives

Mr. Yang Jai Sung (resigned on 20 January 2012)
Ms. Ma Sau Kuen Gloria (resigned on 20 January 2012)
Mr. Hong Sang Joon (appointed on 20 January 2012)
Mr. Kwok Kim Hung Eddie (appointed on 20 January 2012)

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

SHINEWING (HK) CPA Limited
Certified Public Accountants

Share Registrar and Transfer Office

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Hong Kong

Investor Relations Contact

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

Stock Code

The Stock Exchange of Hong Kong Limited: 2310

Company Website

www.kse.com.hk

Shareholders' Calendar

Announcement of 2011 Final Results
30 March 2012

Closure of Register of Members
23 to 25 May 2012 (both days inclusive)

Annual General Meeting
25 May 2012

授權代表

梁在星先生 (於二零一二年一月二十日辭任)
馬秀絹女士 (於二零一二年一月二十日辭任)
洪祥準先生 (於二零一二年一月二十日獲委任)
郭劍雄先生 (於二零一二年一月二十日獲委任)

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

信永中和(香港)會計師事務所有限公司
執業會計師

股份過戶登記處

卓佳標準有限公司
香港
皇后大道東28號
金鐘匯中心26樓

投資者關係通訊

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

股份代號

香港聯合交易所有限公司: 2310

公司網址

www.kse.com.hk

股東日程表

公布二零一一年末期業績
二零一二年三月三十日

暫停辦理股份過戶登記
二零一二年五月二十三至二十五日(包括首尾兩天)

股東週年大會
二零一二年五月二十五日



Kwang Sung Electronics H. K. Co. Limited

光 星 電 子 香 港 有 限 公 司