



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

Stock Code 股份代號 : 2310



2012

Interim Report 中期報告

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Corporate Information

Board of Directors**Non-executive director**Mr. Yang Ho Sung (*Chairman*)**Executive directors**Mr. Yang Jai Sung
Mr. Lee Kyu Young
Mr. Hong Sang Joon**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. Han Byung Joon
Dr. Kim Chung Kweon
Mr. Yang Ho Sung**Remuneration Committee**Dr. Han Byung Joon
Dr. Kim Chung Kweon
Mr. Kim Chan Su
Mr. Yang Jai Sung**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

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**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
韓丙濬博士
金正權博士
梁皓星先生**薪酬委員會**韓丙濬博士
金正權博士
金瓚洙先生
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

Corporate Information

Company Secretary

Mr. Kwok Kim Hung Eddie

Authorised Representatives

Mr. Hong Sang Joon
Mr. Kwok Kim Hung Eddie

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
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Hong Kong

Investor Relations Contact

Strategic Financial Relations Limited
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Hong Kong
Tel: (852) 2864-4812
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Stock Code

The Stock Exchange of Hong Kong Limited: 2310

Company Website

www.kse.com.hk

公司資料

公司秘書

郭劍雄先生

授權代表

洪祥準先生
郭劍雄先生

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

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香港
皇后大道東28號
金鐘匯中心26樓

投資者關係通訊

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香港
夏慤道18號
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股份代號

香港聯合交易所有限公司：2310

公司網址

www.kse.com.hk

Financial Highlights

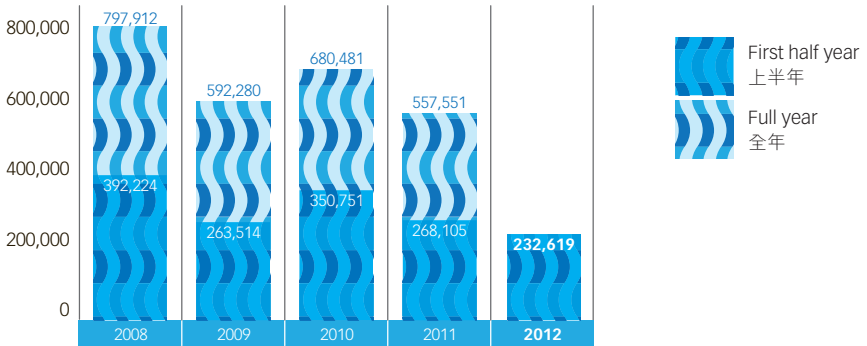
Six months ended 30 June

財務摘要

截至六月三十日止六個月

Turnover 營業額

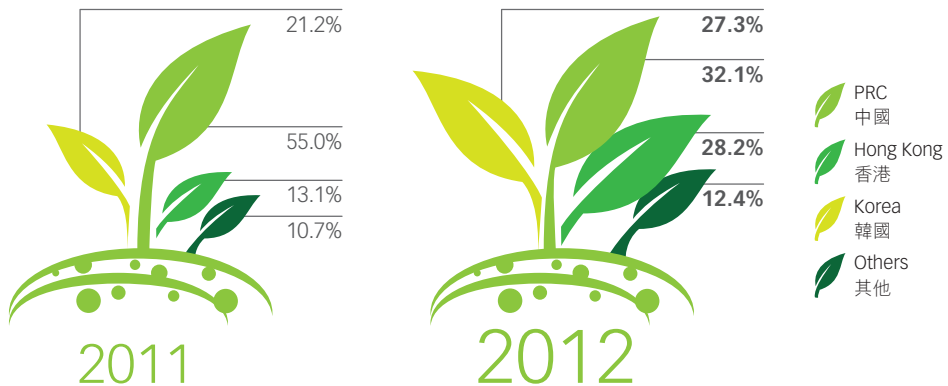
(HK\$'000 千港元)



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



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



Financial Highlights

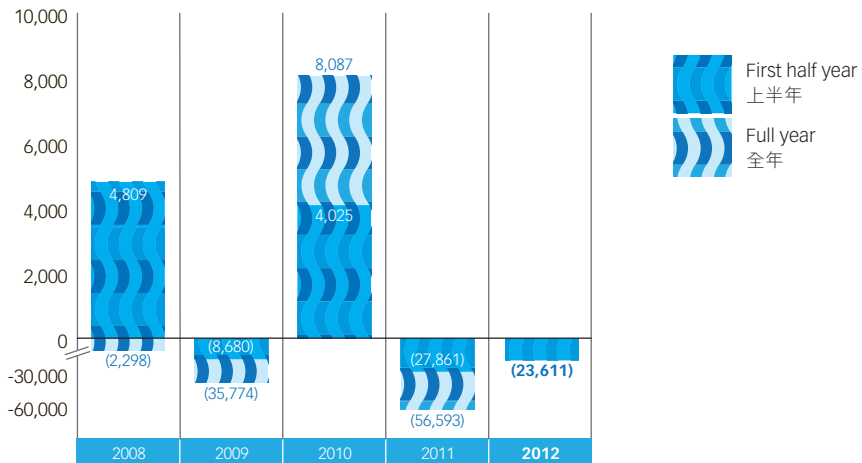
Six months ended 30 June

財務摘要

截至六月三十日止六個月

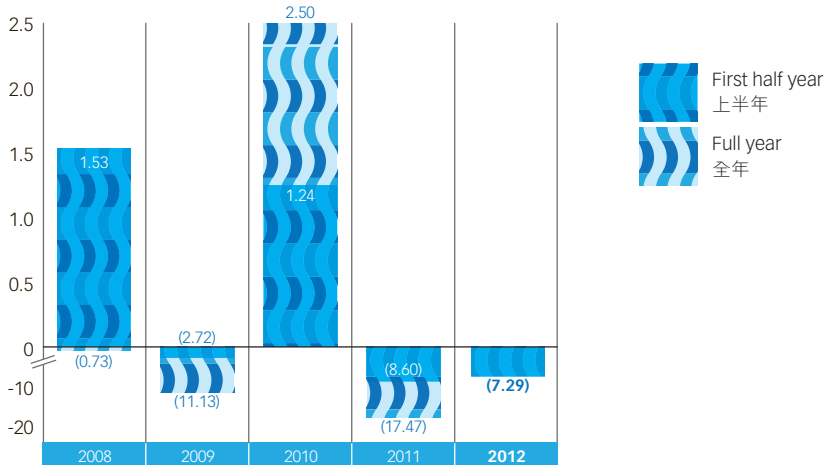
Profit (Loss) Attributable to Owners of the Company 本公司擁有人應佔溢利(虧損)

(HK\$'000 千港元)



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

(HK cents 港仙)



Financial Highlights

Six months ended 30 June

財務摘要

截至六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		% Changes 變動百分比
		2012 二零一二年 (Unaudited) (未經審核)	2011 二零一一年 (Unaudited) (未經審核) (重列)	
Results (HK\$' 000)	業績 (千港元)			
Turnover	營業額	232,619	268,105	(13.2)
Gross profit	毛利	17,623	14,230	23.8
Loss before taxation	稅前虧損	(22,673)	(27,037)	(16.1)
Loss for the period	期間虧損	(24,318)	(27,955)	(13.0)
Loss attributable to owners of the Company	本公司擁有人應佔虧損	(23,611)	(27,861)	(15.3)
Per Share Data (HK cents)	每股數據 (港仙)			
Basic loss	基本虧損	(7.29)	(8.60)	(15.2)
Diluted loss	攤薄虧損	(7.29)	(8.60)	(15.2)
Financial Ratio (%)	財務比率 (%)			
Gross profit margin	毛利率	7.58	5.31	42.7
Net loss margin	淨虧損率	(10.45)	(10.43)	0.2

		At 30 June 2012 於二零一二年 六月三十日 (Unaudited) (未經審核)		At 31 December 2011 於二零一一年 十二月三十一日 (Audited) (經審核) (重列)		% Changes 變動百分比
		Notes 附註				
Assets and Liabilities (HK\$' 000)	資產與負債 (千港元)					
Total assets	總資產		491,900	553,021	(11.1)	
Total liabilities	總負債		199,479	232,286	(14.1)	
Total equity	總權益		292,421	320,735	(8.8)	
Per Share Data (HK dollars)	每股數據 (港元)					
Total equity	總權益		0.90	0.99	(9.1)	
Financial Ratio	財務比率					
Current ratio	流動比率	1	1.36	1.54	(11.7)	
Quick ratio	速動比率	2	1.01	1.24	(18.5)	
Gearing ratio	負債比率	3	0.41	0.42	(2.4)	

Notes:

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

附註:

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

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

For the six months ended 30 June 2012, Kwang Sung Electronics H.K. Co. Limited (the “Company”) and its subsidiaries (the “Group”) continued to strengthen its product design and development which aims to capture opportunities arising in the dynamic consumer electronic product industry. However, the Group has been facing a challenging business environment mainly brought by the rising market competition and price pressure for the existing products. The Group recorded a turnover of HK\$232,619,000, a decline of 13.2% against the last corresponding period.

The cost of sales during the period under review decreased by 15.3% to HK\$214,996,000 from HK\$253,875,000 in the corresponding period last year. The decrease in cost of sales was in line with decrease in turnover during the period under review.

Accordingly, gross profit increased by 23.8% to HK\$17,623,000 as compared with HK\$14,230,000 in the last corresponding period, while gross profit margin also increased to 7.6% as compared with 5.3% for the corresponding period last year.

Other income and gains marked HK\$4,898,000, a 10.2% decrease from HK\$5,457,000 in the six months ended 30 June 2011.

Total operating expenses, including selling and distribution expenses, administrative expenses, research and development expenses and other operating expenses were HK\$45,194,000 in the six months ended 30 June 2012, a decrease of 2.6% against HK\$46,419,000 recorded in the last corresponding period. The change was mainly due to decrease in selling and distribution expenses arising from decrease in turnover during the period under review.

財務回顧

截至二零一二年六月三十日止六個月，光星電子香港有限公司（「本公司」）及其附屬公司（「本集團」）繼續加強其產品設計及發展，務求在多變的消費類電子產品行業上把握所產生的機遇。然而，市場競爭及現有產品之價格壓力日漸加劇，本集團面對的商業環境充滿挑戰。本集團錄得之營業額為232,619,000港元，較去年同期下跌13.2%。

回顧期內之銷售成本由去年同期253,875,000港元減少至214,996,000港元，減幅為15.3%。銷售成本之減少與回顧期內之營業額減少一致。

因此，毛利增加23.8%至17,623,000港元，而去年同期為14,230,000港元。毛利率亦上升至7.6%，去年同期則為5.3%。

其他收入及收益為4,898,000港元，較截至二零一一年六月三十日止六個月之5,457,000港元減少10.2%。

截至二零一二年六月三十日止六個月，總經營開支（包括銷售及分銷開支、行政開支、研發開支及其他經營開支）達45,194,000港元，較去年同期錄得之46,419,000港元下跌2.6%。該變動主要是由於回顧期內之營業額減少導致銷售及分銷開支減少所致。

Management Discussion and Analysis

管理層討論及分析

Finance costs decreased from HK\$305,000 in corresponding period last year to nil. This is attributable to finance costs fully capitalised on construction in progress for the Group's new facilities in Korea during the period under review.

In 2008, 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. 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 the 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, Hong Kong 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 excess tax provision of HK\$9,652,000 made in previous years have been written back to the consolidated income statement in 2011. In February 2012, the tax reserve certificates of HK\$23,380,000 had been fully utilised to settle the above mentioned tax payables.

During the period under review, no Hong Kong Profits Tax has been provided in the financial statements as the Group has no assessable profits for the period.

融資成本由去年同期305,000港元降至零。此乃歸因於融資成本就本集團於韓國之新設施在建工程在回顧期內全數資本化。

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評稅年度至二零零七／零八評稅年度期間（「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，該期間應繳香港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。於二零一二年二月，為數23,380,000港元之儲稅券已全數用於支付上述應付稅項。

回顧期內，由於本集團於期內並無應課稅溢利，故並無於財務報表計提撥備香港利得稅。

Management Discussion and Analysis

管理層討論及分析

The PRC Corporate Income Tax increased by HK\$2,466,000 from HK\$328,000 in 2011 to HK\$2,794,000 in 2012. The increase primarily reflected a transfer pricing adjustment of HK\$1,528,000 for prior years. After a considered reversal of the deferred tax charge of HK\$1,149,000, overall tax expenses increased by 79.2% to HK\$1,645,000, as compared with HK\$918,000 in the corresponding period last year.

中國企業所得稅由二零一一年328,000港元增加2,466,000港元至二零一二年2,794,000港元，主要反映過去年度為數1,528,000港元之轉撥計價調整。經考慮撥回遞延稅項支出1,149,000港元後，整體稅項開支上升79.2%至1,645,000港元，而去年同期則為918,000港元。

As a result of the aforementioned factors, the Group reported a loss after taxation attributable to owners of the Company of HK\$23,611,000 for the six months ended 30 June 2012 as compared to a loss after taxation attributable to owners of the Company of HK\$27,861,000 in the six months ended 30 June 2011.

鑑於上述因素，截至二零一二年六月三十日止六個月，本集團錄得本公司擁有人應佔除稅後虧損23,611,000港元，而截至二零一一年六月三十日止六個月，本公司擁有人應佔虧損27,861,000港元。

Liquidity, Financial Resources and Capital Structure

流動資金、財務資源及資本結構

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

本集團一般以其內部產生現金及其於香港和韓國主要往來銀行所提供之銀行融資撥資業務運作。

As at 30 June 2012, the Group's bank balances and cash was HK\$54,291,000. As at 30 June 2012, the Group had aggregate banking facilities of HK\$104,207,000 for overdraft, bank loans and bank guarantee, etc.

於二零一二年六月三十日，本集團之銀行結餘及現金為54,291,000港元。於二零一二年六月三十日，本集團可供透支、銀行貸款及銀行擔保等之總銀行融資為104,207,000港元。

Current ratio, being the ratio of current assets to current liabilities, declined from 1.54 as at 31 December 2011 to 1.36 as at 30 June 2012. The decrease in current ratio was mainly due to higher short term bank borrowings to finance capital expenditure in respect of the construction of the Group's new facilities in Korea. Gearing ratio, in terms of total liabilities to total assets, also slightly declined from 0.42 as at 31 December 2011 to 0.41 as at 30 June 2012. The decrease in gearing ratio primarily reflected that percentage decrease in total liabilities was higher than decrease in total assets. The Group intends to restructure existing bank borrowings from short term bank borrowing to long term bank borrowing in 2012 in order to enhance the Group's liquidity.

流動比率（流動資產與流動負債的比率）由二零一一年十二月三十一日之1.54減至二零一二年六月三十日之1.36。流動比率降低，主要因為增加短期借貸以應付興建本集團位於韓國之新廠房之資本性開支所致。負債比率（總負債與總資產之比率）亦由二零一一年十二月三十一日之0.42輕微下跌至二零一二年六月三十日之0.41。負債比率下降，主要反映總負債下降百分比高於總資產降幅。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。

Management Discussion and Analysis 管理層討論及分析

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

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

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

回顧期內，本集團並無作出任何重大收購或出售任何其附屬公司或聯營公司。

Management Discussion and Analysis

管理層討論及分析

Charges on Assets

As at 30 June 2012, the Group's certain assets with an aggregate carrying value of HK\$65,901,000 were pledged to secure banking facilities of the Group.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2012.

Capital Commitments

As at 30 June 2012, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK\$1,490,000.

Employees and Remuneration Policy

As at 30 June 2012, the Group had about 1,075 employees, including 29 based in Hong Kong, 966 in the PRC, and 80 in Korea.

For the six months ended 30 June 2012, staff costs increased by 4.2% from HK\$43,160,000 for the corresponding period last year to HK\$44,954,000.

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

資產抵押

於二零一二年六月三十日，本集團之銀行融資以本集團總賬面值為65,901,000港元之若干資產作為抵押。

或然負債

本集團於二零一二年六月三十日並無任何重大或然負債。

資本承擔

於二零一二年六月三十日，本集團就購買物業、機器及設備之總資本承擔為1,490,000港元。

僱員及酬金政策

於二零一二年六月三十日，本集團有1,075名僱員，其中29名駐守香港，966名駐守中國，另80名則駐守韓國。

截至二零一二年六月三十日止六個月，員工成本由去年同期之43,160,000港元上升4.2%至44,954,000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）。

Management Discussion and Analysis 管理層討論及分析

BUSINESS REVIEW

Composite Components Business

For the six months ended 30 June 2012, the turnover from the composite components business dropped by 4.0% from HK\$131,426,000 in the corresponding period last year to HK\$126,204,000. This decline was mainly due to decrease in sales price caused by the shrinking customer demand for and changes in technical specification of tuner modules for home audio systems amidst the fast-changing technological and electronic markets. Sales of the composite components business contributed 54.3% to the Group's total turnover.

The turnover from tuner modules for home audio systems decreased by 36.7% to HK\$36,683,000 (six months ended 30 June 2011: HK\$57,953,000), accounting for 29.1% of the total turnover of the composite components business. However, the Group was able to leverage the fast-growing mobile devices market arising from the proliferation of smartphones and tablet personal computers by launching a new item in its dual docking systems line for mainstream smartphones from a leading electronic manufacturer located in the PRC, thereby boosting its shares in the home audio market. As a result, the Group recorded HK\$10,281,000 in new sales of dual docking systems during the review period.

業務回顧

複合元件業務

截至二零一二年六月三十日止六個月，複合元件業務之營業額由去年同期131,426,000港元下跌4.0%至126,204,000港元。主要是由於科技及電子市場日新月異之環境下，顧客對家用音響系統調諧器需求減少，以及家用音響系統調諧器模組之技術規格轉變，帶動售價下滑。複合元件業務之銷售額佔本集團總營業額之54.3%。

家用音響系統調諧器模組之營業額跌至36,683,000港元（截至二零一一年六月三十日止六個月：57,953,000港元），跌幅為36.7%，佔複合元件業務之總營業額29.1%。然而，因中國之電子製造商為主流智能手機之雙重對接系統線推出新項目，智能手機及平板型個人電腦崛起，令本集團能把握快速增長之流動裝置市場，因而能夠增加其於家用音響市場之份額。因此，於回顧期內，本集團於雙重對接系統之新銷售額錄得10,281,000港元。

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Sales of tuner modules for car audio recorded HK\$29,990,000 during the period under review, a drop of 14.4% compared with HK\$35,052,000 in the last corresponding period, accounting for 23.8% to the total turnover of the segment. The decrease in sales of tuner modules for car audio was attributed to a decline in sales to aftermarket customers in the PRC whose export market customers were adversely affected by deteriorating economic conditions in Europe and America. Despite the drop, the Group managed to maintain before market demand in the PRC and Korea, and expected to increase its market share to meet the rising demands for automotive use in both regions in the coming periods.

In view of the reduced customer demand of traditional home tuner products, the Group has gradually shifted its business direction to multi-function electronic devices, especially the automotive-focused products. In line with this strategy, the Group has recorded solid growth of 37.4% in sales of antenna module for automotive applications such as audio/video and navigation (“AVN”) systems. Turnover from its antenna module was HK\$19,925,000, representing 15.8% of the total turnover of the composite component business.

The Group has also been working closely with one of its target customers to organise business collaboration in order to launch new wireless consumer products in the second half of this year, although revenue from wireless solutions recorded a decrease of 10.1% to HK\$18,567,000 for the period under review compared with HK\$20,663,000 in the corresponding period of 2011. However, the sales of the Hi-Pass modules for electronic toll collection system (“ETC”) in Korea launched last year recorded rather solid growth during the period under review. The turnover from wireless solutions accounted for 14.7% of the Group's total turnover in the composite component business. The Group is confident that the growing market demand and its leadership in wireless solutions technology will enable this segment to become solid foundation for the Group's revenues in the coming period.

回顧期內，汽車音響調諧器模組之銷售額錄得29,990,000港元，較去年同期35,052,000港元下跌14.4%，佔該業務之總營業額23.8%。主要是由於中國配件市場客戶銷量下降，而中國之出口市場客戶受歐洲及美國之經濟不景而受到嚴重影響。縱然如此，本集團仍能維持中國及韓國之原裝市場需求，預計增加其市場分額，以應付未來期間兩地汽車日益增加的需求。

鑑於傳統家用調諧器模組產品客戶需求下跌，本集團已逐漸將其業務重心調向多功能電子設備，尤其是以汽車為主打的產品。為配合此策略，本集團應用於具備音響/視像及導航（「AVN」）系統等汽車之天線模組之銷售錄得37.4%之健康增長。天線模組之營業額為19,925,000港元，相當於複合元件業務總營業額之15.8%。

本集團亦與其中一名目標客戶緊密聯繫，務求達成業務合作，以於本年度下半年推出新無線消費產品，惟無線解決方案之收益由二零一一年同期20,663,000港元減少10.1%至回顧期內18,567,000港元。然而，去年於韓國推出用於電子道路收費系統的高通模組於回顧期內錄得穩定增長。無線解決方案之營業額於本集團複合元件業務之總營業額中佔14.7%。本集團有信心日益攀升之市場需求及於無線解決方案科技之領導地位能為本集團此業務於未來期間之收益打下穩固根基。

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The Group's digital solutions in digital audio broadcasting ("DAB"), digital multimedia broadcasting ("DMB") and hybrid digital radio ("HD Radio") face keen competition as well as price erosion in the industry. Turnover from this product group decreased to HK\$958,000 (six months ended 30 June 2011: HK\$10,624,000).

The Group continued to develop Wiretape™ application technology for cars, smartphones, and flat televisions. Although turnover from this product group were still minor during the review period as the products were still under test marketing by customers, the Group has continued to work with customers to develop a diversified portfolio in the Wiretape™ sector.

Unit Electronic Components Business

For the six months ended 30 June 2012, turnover from the unit electronic components business dropped by 22.1% to HK\$106,415,000 (six months ended 30 June 2011: HK\$136,679,000), representing 45.7% of the Group's total turnover. The turnover from the transformers for LCD and LED televisions as well as adapters for mobile devices increased by 40.0% to HK\$44,043,000 due to growing demand for automated production of the customers in the PRC. Due to the general market trend towards smart devices, the Group believes that transformer products represent another potential profit growth engine. Meanwhile, the turnover of manual intensive coil products dropped 33.1% to HK\$44,026,000 during the period under review.

The Group continued to refine the prototype of a high efficiency heat sink substrate which utilises the Group's existing ceramic forming, sintering and printing technology. This highly efficient product enhances heat sink rate for LED products including light bulbs and LED back light units ("BLU") to sustain a longer product life and decreased costs. The Group is aiming to start commercial production by the end of 2012.

本集團數碼音響廣播（「DAB」）、數碼多媒體廣播（「DMB」）及混合式數碼收音機（「HD Radio」）之數碼解決方案於行內面臨激烈競爭及價格侵蝕。此產品組別之營業額下跌至958,000港元（截至二零一一年六月三十日止六個月：10,624,000港元）。

本集團繼續研發用於汽車、智能手機及平板電視之Wiretape™應用技術。雖然由於該等產品仍由客戶進行市場推廣測試，產品組別之營業額於回顧期內仍佔小部分，但本集團繼續與客戶於Wiretape™業務中合作開發多元化的組合。

單位電子元件業務

截至二零一二年六月三十日止六個月，單位電子元件業務之營業額下跌22.1%至106,415,000港元（截至二零一一年六月三十日止六個月：136,679,000港元），佔本集團總營業額之45.7%。在中國客戶對自動化生產之需求增加下，來自用於LCD及LED電視機之變壓器及流動設備之接合器之營業額增加40.0%至44,043,000港元。鑑於普遍市場趨勢由智能裝置所主導，本集團相信，變壓產品為另外一個潛在溢利增長推動力。與此同時，勞動密集型之線圈產品之營業額於回顧期內下跌33.1%至44,026,000港元。

本集團繼續優化高效能散熱基板之原型產品，該產品乃利用本集團之現有陶瓷成型、燒結及印刷技術。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，以延續產品壽命及減低成本。本集團預計將於年底前開始商業生產。

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Prospects

Looking ahead, the Group expects that the keen competition and the weak sentiment in traditional consumer electronics markets will continue to present major challenges to the electronic industry. To alleviate the production pressure, the Group has realigned its current production to cater for the growing demand of multi-function electronic devices such as television, automotive, and mobile device related business segments. Leveraging its solid relationship with its customers in the PRC and Korea, the tuner module for car audio is expected to provide momentum for the Group's future growth. The Group is also embarking on initiatives to extend business opportunities for its newly launched products and expects to see a better business results in the coming periods.

To grasp the dynamic smartphone and tablet personal computer markets, the Group is focusing on the development and commercialisation of the dual docking systems which were launched in the first half of this year, and new wireless consumer products which will be launched in the second half of this year. The Group enjoys a stable positive partnership with consumer electronic manufacturing pioneers and is proactively engaged in initiatives to expand new business opportunities which are progressing well. The Group is one of the pioneer vendors providing a dual docking system to a renowned electronic manufacturer in the PRC for its mobile devices and tablet personal computers. With the good sound quality of its wireless solutions products, the Group is confident it can secure new orders from other customers and extend its business to other segments in the future.

前景

展望未來，本集團預期激烈市場競爭。傳統消費類電子產品市場之激烈競爭及疲弱情緒將會繼續成為電子行業之主要挑戰。為舒緩生產壓力，本集團已重組其現時之生產，從而迎合電視等多功能電子設備、汽車及移動設備相關業務之需求。憑藉與中國及韓國客戶之穩固關係，預期汽車音響之調諧器模組將為本集團日後之增長締造勢頭。本集團亦正著手為其新推出之產品擴大商機，預計能於往後期間取得不俗業績。

為在多變的智能手機及平板電腦市場上捕捉先機，本集團致力於雙重對接系統（於本年度上半年推出）和全新無線消費產品（將於本年度下半年推出）的開發及商品化。本集團與消費類電子產品製造先驅之關係穩定而正面，並積極開拓新商機，進展良好。本集團乃其中一家率先為中國知名電子製造商提供移動設備及平板電腦之雙重對接系統之廠商。由於無線解決產品之品質上乘而穩定，本集團相信可從其他客源獲得訂單及於日後將業務擴大至其他範疇。

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The Group is also pleased to see the growth potential in transformer products for LCD and LED televisions as well as adapters for mobile devices arising from an increase in demand. In addition, the increasing adoption of automated production among its customers in the PRC is expected to accelerate the demand for this type of product. The Group is now actively engaged in marketing transformers and adapters for LCD and LED televisions to major customers.

DAB for AVN is a general market trend for European car manufacturers, which is expected to improve the prospect for the Group's digital multimedia products in the upcoming years.

The Group has completed the production facilities for the newly constructed factory in Korea during the period under review and expects to commence production in the fourth quarter of 2012. The new factory will facilitate the Group to expedite business expansion in the Korean market. The new construction of the Group's Baoying plant in Jiangsu Province will be postponed to start from the end of 2013 due to delay in the transfer of land use rights from the local government. The Group's Baoying plant is expected to absorb subcontracting demand for Korea and Japan markets. Overall, the production plants will raise the Group's production capacity and can effectively reduce the subcontracting expenses in the long run.

本集團樂見LCD及LED電視機之變壓產品及移動設備接合器因需求日益增加而產生之增長潛力。此外，採用自動生產方法之中國客戶日漸增加，預計能推動對此類產品之需求。本集團正積極投入向主要客戶推廣用於LCD及LED電視機之變壓器及接合器。

DAB應用於AVN對歐洲汽車生產商乃屬市場大趨勢，有望改善本集團數碼多媒體產品在未來幾年之前景。

於回顧期內，本集團位於韓國新落成工廠之生產設施已經完工，預計於二零一二年第四季投產。該新工廠將有助於本集團加快於韓國市場擴充業務。由於地方政府延遲轉讓土地使用權，故此本集團位於江蘇省寶應之廠房將延遲至二零一三年年底動工。預期本集團之寶應廠房能吸收韓國及日本市場的外包需求。整體而言，該生產廠房將提升本集團之產能，長遠而言更能有效地降低分包開支。

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To cope with the challenges of intense competition and the global economic slump, the Group will continue to launch new products with high profitability leading market trends and in anticipation of customer needs but in a prudent and cautious way. Having foreseen the erosion of profit margin of labour-intensive products due to increasing labour cost in recent years, the Group has proactively adopted automated production lines especially for unit electronic products in its manufacturing plants, targeting at increasing demand in televisions and adapters for smart devices. The completion of the Group's plants in Korea and Baoying will strengthen the production capacity and enrich product portfolios thereby further strengthening the Group's leading position in the electronics components market niches. The Group will strive to expand its scope of business collaboration and capture market opportunities in a bid to deliver satisfactory returns to shareholders in the long run.

為應對激烈競爭及全球經濟不景之挑戰，本集團將繼續推出盈利能力高的新產品，以領導市場潮流，並以保守而審慎態度預測客戶需求。由於近年的勞動力成本攀升，預期勞動密集型產品之利潤率將會因而受到拖累。為此，本集團針對電視及智能設備接合器日益增長之需求，在生產廠房內率先採用自動化生產線，尤其是單位電子產品。本集團位於韓國及寶應之工廠落成後，將加強產能及豐富其產品組合，本集團於電子元件市場利基之領先地位亦因而得以鞏固。本集團將致力擴大業務合作之範疇及把握市場商機，為股東帶來長遠而理想的回報。

INVESTOR RELATIONS

The Group values its relationship with investors, and, guided by its management philosophy, is committed to maintaining transparency of operational performance and strategic development plans. The management communicates continually with analysts and institutional investors and provides them with up-to-date comprehensive information regarding the 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.

投資者關係

本集團重視與投資者之關係，並且在其管理理念之指引下，致力在營運表現及策略發展計劃方面保持透明度。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全面資料，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。

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CORPORATE SOCIAL RESPONSIBILITY

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

Marketplace

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

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

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：

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而攜手協力。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/TS 16949:2002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，肯定本集團之付出，並對本集團產品質量表示嘉許。

本公司認同業界與大學合作及進行跨界別交流之需要及裨益。本公司期望借助大學及若干研究所之資源制訂培訓項目，以助發展員工之業務及管理專業知識，應付全球競爭。本公司亦會向大學學生提供諮詢服務、資助及實習。

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Employee Health and Welfare

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

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

The Group also arranges regular health checks for all employees to ensure 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.

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，本集團確保向各僱員提供平等的工作環境，且不容許有關就業及職業上的任何騷擾或歧視行為。為挽留最佳人才，本集團確保僱員薪酬待遇具競爭力，並因應其卓越表現作出獎勵。

本集團亦鼓勵僱員報讀外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時具生產力。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。

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Environment and Community

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

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

The Group also encourages employees to save energy and resources. To cut down on paper consumption, 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. In a further commitment to society during the period under review, the Company has also made donations to charities to help the needy.

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。回顧期內，為進一步履行對社會之承諾，本公司亦有捐款予慈善團體，幫助有需要人士。

Disclosure of Interests and Other Information

權益披露及其他資料

DISCLOSURE OF INTERESTS

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

To the best of the directors of the Company's knowledge, information and belief, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as at 30 June 2012, or which as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Appendix 10, Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Model Code") (collectively "discloseable interests") are set out in the below table with explanatory note:

Interests in Issued Shares of the Company

權益披露

董事及最高行政人員於本公司或其相聯法團之股份、相關股份及債券之權益及淡倉

就本公司董事所知悉及確信，於二零一二年六月三十日，根據證券及期貨條例第352條本公司須予備存的登記冊所載，或根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十之《上市發行人董事進行證券交易的標準守則》（「標準守則」）向本公司及香港聯合交易所有限公司（「聯交所」）作出之申報，本公司在職董事及最高行政人員於本公司或任何其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有之權益或淡倉（統稱「須予披露之權益」）載於下列圖表及附註解釋：

本公司已發行股份權益

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

Name of directors 董事姓名	Beneficial owner 實益擁有人	Interest of controlled 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 洪祥準先生	100,000	—	100,000	0.03%
Dr. Kim Chung Kweon 金正權博士	20,000	—	20,000	0.01%

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

附註：由於梁在星先生及其親屬擁有株式會社光星電子（「韓國光星」）已發行股本約79.5%之權益，故此就證券及期貨條例而言，梁在星先生被視為或被認為擁有韓國光星實益擁有之該等普通股股份之權益。

Disclosure of Interests and Other Information

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

Save as disclosed above, as at 30 June 2012, none of the directors and/or the chief executive of the Company, or their respective associates had any other discloseable interests as required.

Share Option Scheme

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

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

權益披露及其他資料

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

除上文披露者外，於二零一二年六月三十日，概無本公司之董事及／或最高行政人員或彼等之各自關連人士擁有任何其他須予披露之權益。

購股權計劃

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

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

Disclosure of Interests and Other Information

權益披露及其他資料

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

Below table and explanatory notes set out the persons (other than the directors or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company, as at 30 June 2012:

主要股東及其他人士於本公司股份、相關股份之權益及淡倉

以下圖表及附註解釋載列截至二零一二年六月三十日，除本公司董事或最高行政人員外，於本公司之股份及相關股份中，擁有本公司根據證券及期貨條例第336條須予備存之登記冊所記錄或已知會本公司之權益或淡倉之人士：

Substantial shareholders 主要股東	Ordinary shares of HK\$0.1 each 每股面值 0.1 港元之普通股		
	No. of ordinary shares held 持有之普通股數目	Nature of interest/Capacity 權益性質／身份	% of the issued share capital 佔已發行股份總百分比
Madam Yang Kang Mi Young (note 1) 梁姜美英女士 (附註 1)	174,082,000	Interest of spouse 配偶之權益	53.75%
Kwang Sung Electronics Co., Ltd. 株式會社光星電子	59,500,000	Beneficial owner 實益擁有人	18.37%
Mr. Kent C. McCarthy ("Mr. McCarthy") (note 2) ("Mr. McCarthy 先生")(附註 2)	38,902,000	Interest of controlled corporation 受控制法團之權益	12.01%
Jayhawk Private Equity Fund II, LP ("Jayhawk PEF") ("Jayhawk PEF")	38,902,000	Investment manager 投資經理	12.01%

Notes:

- Madam Yang Kang Mi Young is the wife of Mr. Yang Jai Sung and was deemed to be interested in these ordinary shares in which Mr. Yang Jai Sung was deemed or taken to be interested for the purpose of the SFO.
- 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.

附註：

- 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。
- McCarthy 先生透過彼於 Jayhawk PEF 持有之 100% 間接控制權而被視為或被認為擁有該等普通股之權益。該等權益全部與 Jayhawk PEF 實益擁有之權益屬同一批權益。

Disclosure of Interests and Other Information

Save as disclosed above, the Company had not been notified of any other interests required to be recorded in the register kept under section 336 of the SFO as at 30 June 2012.

OTHER INFORMATION

Interim Dividend

The board of directors (the “Board”) of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

Corporate Governance Code

The Company is committed to achieve a high standard of practices of corporate governance so as to ensure the protection of shareholders’ interests with better transparency. The Company has complied with the code provisions as set out in the Appendix 14, Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code during the period from 1 April 2012 to 30 June 2012, of the Listing Rules throughout the six months ended 30 June 2012.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as the code of practice for carrying out securities transactions by the directors of the Company. The Company, having made specific enquiries to all directors of the Company, confirmed that throughout the six months ended 30 June 2012, 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.

權益披露及其他資料

除上文所披露者外，於二零一二年六月三十日，本公司並無得悉有其他需要記錄於依照證券及期貨條例第336條存置之登記冊內之權益。

其他資料

中期股息

本公司董事會不建議派付截至二零一二年六月三十日止六個月中期股息（截至二零一一年六月三十日止六個月：無）。

企業管治守則

本公司承諾恪守嚴謹之企業管治常規，以提高透明度及保障股東整體利益。截至二零一二年六月三十日止六個月期間內，本公司已遵守上市規則附錄十四《企業管治常規守則》（由二零一二年一月一日至二零一二年三月三十一日期間）及《企業管治守則》（由二零一二年四月一日至二零一二年六月三十日期間）內所載的守則條文。

董事進行證券交易的標準守則

本公司已採納標準守則作為本公司董事進行證券交易的守則。本公司向本公司所有董事作出具體查詢後，確認截至二零一二年六月三十日止六個月內，所有董事均有遵守標準守則內所載之守則條文。而該等由於在本公司所擔任之職務而可能擁有未經發表的股價敏感資料之有關僱員，已被要求遵守標準守則所載之守則條文。

Disclosure of Interests and Other Information

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

There was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries during the six months ended 30 June 2012.

Review of Accounts

The Audit Committee of the Company has reviewed and discussed the accounting principles and practices adopted by the Group, financial reporting process, internal control matters of the Group and the unaudited interim financial results for the six months ended 30 June 2012 with the management and the external auditors of the Company. The Audit Committee consists of a non-executive director and three independent non-executive directors of the Company who have appropriate professional qualifications and experience in financial matters.

Publication of the Interim Results Announcement and Interim Report

The interim results announcement has been published on the websites of the Company at www.kse.com.hk and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The relevant interim report will be despatched to the shareholders of the Company and made available on the above websites in mid September 2012.

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

Hong Kong, 31 August 2012

權益披露及其他資料

購買、出售或贖回本公司上市證券

截至二零一二年六月三十日止六個月內，本公司或任何其附屬公司概無購買、出售或贖回本公司任何上市證券。

賬目審閱

本公司審核委員會已與管理層及本公司之外聘核數師審閱及討論本集團採納之會計原則及慣例、財務申報程序、本集團內部監控事宜，及截至二零一二年六月三十日止六個月之未經審核中期財務業績。審核委員會由擁有在財務方面合適專業資格及經驗的本公司三名獨立非執行董事及一名非執行董事組成。

刊登中期業績公告及中期報告

中期業績公告已於本公司網站 (www.kse.com.hk) 及香港交易及結算有限公司網站 (www.hkexnews.hk) 刊登。相關的中期報告亦將於二零一二年九月中旬寄發予本公司股東並於上述網站上刊登。

承董事會命
光星電子香港有限公司
執行董事
梁在星

香港，二零一二年八月三十一日

Independent Review Report

獨立審閱報告



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

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

Introduction

We have reviewed the condensed consolidated 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 28 to 60, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

獨立審閱報告

致光星電子香港有限公司董事會
(於香港註冊成立之有限公司)

緒言

本核數師行已審閱列載於光星電子香港有限公司(「本公司」)及其附屬公司(統稱「本集團」)第28至60頁之簡明綜合財務報表。此等綜合財務報表包括二零一二年六月三十日之簡明綜合財務狀況表及截至該日止六個月之相關簡明綜合損益表、簡明全面收益表、簡明綜合權益變動表及簡明綜合現金流量表,以及其他附註解釋。根據香港聯合交易所有限公司證券上市規則規定,中期財務資料報告須按照其相關條文以及香港會計師公會(「香港會計師公會」)頒布之香港會計準則第34號「中期財務報告」(「香港會計準則第34號」)編製。貴公司董事負責按照香港會計準則第34號編製及呈報此等簡明綜合財務報表。本核數師行之責任在於根據受聘之協定條款審閱此等簡明綜合財務報表,就此達成結論,並僅向閣下全體匯報,而不作任何其他用途。本核數師行不就本報告之內容向任何其他人士承擔或負上任何責任。

Independent Review Report

獨立審閱報告

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

SHINEWING (HK) CPA LIMITED

Certified Public Accountants

Chan Wing Kit

Practising certificate number: P03224

Hong Kong
31 August 2012

審閱範圍

本核數師行根據香港會計師公會頒布之香港審閱委聘準則第2410號「實體之獨立核數師審閱中期財務資料」進行審閱。此等簡明綜合財務報表之審閱包括詢問（主要對負責財務及會計事務之人士），以及採納分析及其他審閱程序。審閱之範圍遠小於根據香港審核準則進行之審核，故本核數師行無法確保本核數師行已知悉可通過審核辨別之所有重要事項。因此，本核數師行並不表達審核意見。

總結

基於本核數師行之審閱，本核數師行並無注意到任何事宜可引起本核數師行相信此等綜合財務報表在所有重大方面並非按照香港會計準則第34號編製。

信永中和（香港）會計師事務所
有限公司

執業會計師

陳永傑

執業證書號碼：P03224

香港
二零一二年八月三十一日

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

簡明綜合損益表

截至二零一二年六月三十日止六個月

		Six months ended 30 June			
		截至六月三十日止六個月			
		2012	2011		
		二零一二年	二零一一年		
		HK\$'000	HK\$'000		
		千港元	千港元		
		(Unaudited)	(Unaudited)		
		(未經審核)	(未經審核)		
		(Restated)			
		(重列)			
Notes					
附註					
	Turnover	營業額	3	232,619	268,105
	Cost of sales	銷售成本		(214,996)	(253,875)
	Gross profit	毛利		17,623	14,230
	Other income and gains	其他收入及收益		4,898	5,457
	Selling and distribution expenses	銷售及分銷開支		(8,320)	(10,603)
	Administrative expenses	行政開支		(15,107)	(13,592)
	Research and development expenses	研發開支		(15,805)	(16,227)
	Other operating expenses	其他經營開支		(5,962)	(5,997)
	Finance costs	融資成本		–	(305)
	Loss before taxation	除稅前虧損	5	(22,673)	(27,037)
	Income tax expense	所得稅開支	6	(1,645)	(918)
	Loss for the period	期間虧損		(24,318)	(27,955)
	Loss for the period attributable to:	應佔期間虧損：			
	Owners of the Company	本公司擁有人		(23,611)	(27,861)
	Non-controlling interests	非控股權益		(707)	(94)
				(24,318)	(27,955)
	Loss per share	每股虧損	8		
	– Basic and diluted (HK cents)	– 基本及攤薄 (港仙)		(7.29)	(8.60)

Condensed Consolidated Statement
of Comprehensive Income

For the six months ended 30 June 2012

簡明綜合全面收益表

截至二零一二年六月三十日止六個月

Six months ended 30 June

截至六月三十日止六個月

2012 2011

二零一二年 二零一一年

HK\$'000 HK\$'000

千港元 千港元

(Unaudited) (Unaudited)

(未經審核) (未經審核)

(Restated)

(重列)

Loss for the period	期間虧損	(24,318)	(27,955)
Other comprehensive (expense) income:	其他全面(開支)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	(4,063)	6,906
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	80	3,868
Deferred tax relating to revaluation of land and buildings held for own use	重估持作自用土地及樓宇之遞延稅項	(13)	(638)
Other comprehensive (expense) income for the period, net of tax	期間其他全面(開支)收益，已扣除稅項	(3,996)	10,136
Total comprehensive expense for the period	期間全面開支總額	(28,314)	(17,819)
Total comprehensive (expense) income for the period attributable to:	應佔期間全面(開支)收益總額：		
Owners of the Company	本公司擁有人	(27,607)	(17,921)
Non-controlling interests	非控股權益	(707)	102
		(28,314)	(17,819)

Condensed Consolidated Statement
of Financial Position

As of 30 June 2012

簡明綜合財務狀況表

於二零一二年六月三十日

			At 30 June 2012 於 二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於 二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	9	192,071	173,250
Investment properties	投資物業	10	30,697	29,930
Goodwill	商譽		-	-
Club memberships	會所會籍		600	600
Intangible assets	無形資產		13,987	16,327
Investments in equity securities	股本證券投資		-	-
Deposits for acquisition of property, plant and equipment	購置物業、機器及設備 之按金		3,530	6
			240,885	220,113
Current assets	流動資產			
Inventories	存貨		63,932	64,009
Trade and other receivables	應收貿易及其他賬款	11	122,353	150,239
Amounts due from shareholders	應收股東款項		8,478	8,478
Pledged bank deposits	已抵押銀行存款		1,961	472
Bank balances and cash	銀行結餘及現金		54,291	109,710
			251,015	332,908
Current liabilities	流動負債			
Trade and other payables	應付貿易及其他賬款	12	88,211	102,499
Tax payables	應付稅項		12,559	34,134
Bank borrowings	銀行借貸			
– due within one year	– 一年內到期	13	78,447	73,962
Derivative financial liabilities	衍生金融負債	14	5,615	5,908
			184,832	216,503
Net current assets	流動資產淨值		66,183	116,405
Total assets less current liabilities	資產總值減流動負債		307,068	336,518

Notes
附註

Condensed Consolidated Statement
of Financial Position

As of 30 June 2012

簡明綜合財務狀況表

於二零一二年六月三十日

	At 30 June 2012 於 二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於 二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)
Notes 附註		

Capital and reserves	資本及儲備		
Share capital	股本	15	32,390
Reserves	儲備		258,480
			32,390
			286,087
Equity attributable to owners of the Company	本公司擁有人應佔權益		
Non-controlling interests	非控股權益		290,870
			1,551
			318,477
			2,258
Total equity	總權益		292,421
			320,735
Non-current liability	非流動負債		
Deferred tax liabilities	遞延稅項負債		14,647
			15,783
			14,647
			15,783
			307,068
			336,518

Condensed Consolidated Statement
of Changes In Equity

簡明綜合權益變動表

For the six months ended 30 June 2012

於二零一二年六月三十日止六個月

		Attributable to owners of the Company 本公司擁有人應佔										
		Share capital 股本	Share premium 股份溢價	Other reserve 其他儲備 (note a) (附註a)	Contribution reserve 出資儲備 (note b) (附註b)	Properties revaluation reserve 物業 重估儲備 (note c) (附註c)	Statutory Reserve 法定儲備 (note c) (附註c)	Exchange reserve 匯兌儲備	Retained profits 保留溢利	Sub-total 小計	Non- controlling interests 非控股權益	Total equity 總權益
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
For the six months ended 30 June 2011	截至二零一一年 六月三十日止六個月											
At 1 January 2011 (audited)	於二零一一年一月一日 (經審核)	32,390	58,566	301	9,946	22,247	9,376	(11,237)	249,773	371,362	2,622	373,984
Change in accounting policy, adoption of HKAS12 amendment (note 2)	會計政策變動，採納 香港會計準則第12號 之修訂(附註2)	-	-	-	-	-	-	-	365	365	-	365
At 1 January 2011 (as restated)	於二零一一年一月一日 (重列)	32,390	58,566	301	9,946	22,247	9,376	(11,237)	250,138	371,727	2,622	374,349
Loss for the period	期間虧損	-	-	-	-	3,230	-	6,710	(27,861)	(27,861)	(94)	(27,955)
Other comprehensive income for the period	期間其他全面收益總額	-	-	-	-	-	-	-	9,940	9,940	196	10,136
At 30 June 2011 (unaudited)	於二零一一年六月三十日 (未經審核)	32,390	58,566	301	9,946	25,477	9,376	(4,527)	222,277	353,806	2,724	356,530
For the six months ended 30 June 2012	截至二零一二年 六月三十日止六個月											
At 1 January 2012 (audited)	於二零一二年一月一日 (經審核)	32,390	58,566	301	8,478	23,142	10,215	(7,321)	199,220	324,991	2,258	327,249
Change in accounting policy, adoption of HKAS12 amendment (note 2)	會計政策變動，採納 香港會計準則第12號 之修訂(附註2)	-	-	-	-	-	-	-	(6,514)	(6,514)	-	(6,514)
At 1 January 2012 (as restated)	於二零一二年一月一日 (重列)	32,390	58,566	301	8,478	23,142	10,215	(7,321)	192,706	318,477	2,258	320,735
Loss for the period	期間虧損	-	-	-	-	-	-	-	(23,611)	(23,611)	(707)	(24,318)
Other comprehensive income (expense) for the period	期間其他全面收益 (開支)總額	-	-	-	-	67	-	(4,063)	-	(3,996)	-	(3,996)
At 30 June 2012 (unaudited)	於二零一二年六月三十日 (未經審核)	32,390	58,566	301	8,478	23,209	10,215	(11,384)	169,095	290,870	1,551	292,421

(a) Other reserve

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

(b) Contribution reserve

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

(c) Statutory reserve

The statutory reserve fund is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

(a) 其他儲備

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

(b) 出資儲備

出資儲備指股東就二零零三年六月三十日日期間應付之彌償負債所作出資。

(c) 法定儲備

法定儲備不可分派，轉撥資金至此儲備與否由董事會按中華人民共和國(「中國」)相關法律法規釐定。一經有關當局批准，此儲備可用於抵銷累計虧損及增加資本。

Condensed Consolidated Statement
of Cash Flows

For the six months ended 30 June 2012

簡明綜合現金流量表

截至二零一二年六月三十日止六個月

Six months ended 30 June

截至六月三十日止六個月

2012 2011

二零一二年 二零一一年

HK\$'000 HK\$'000

千港元 千港元

(Unaudited) (Unaudited)

(未經審核) (未經審核)

Net cash used in operating activities	經營活動所用之現金淨額	(27,035)	(38,401)
Net cash used in investing activities	投資活動所用之現金淨額	(32,944)	(29,485)
Net cash from financing activities	融資活動所得之現金淨額	4,704	29,305
Net decrease in cash and cash equivalents	現金及現金等價物之減少淨額	(55,275)	(38,581)
Effect of foreign exchange rate changes	匯率變動影響	(144)	(218)
Cash and cash equivalents at 1 January	於一月一日之現金及現金等價物	109,710	133,505
Cash and cash equivalents at 30 June, represented by bank balances and cash	於六月三十日之現金及現金等價物，乃指銀行結餘及現金	54,291	94,706

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

1. Basis of Preparation

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

2. Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

1. 編製基準

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

2. 主要會計政策

簡明綜合財務報表已根據歷史成本基準編製，惟若干金融工具及物業則按重估金額或公允價值計量，視乎何者適用。

除以下所述者外，截至二零一二年六月三十日止六個月之簡明綜合財務報表所採用之會計政策以及計算方法與編製本集團截至二零一一年十二月三十一日止年度全年綜合財務報表所用者一致。

於本中期期間，本集團首次採納由香港會計師公會頒布香港財務報告準則（「香港財務報告準則」）之下列修訂本。

香港財務報告準則第1號（修訂本）	嚴重高通脹及取消首次採納者的固定日期
香港財務報告準則第7號（修訂本）	披露 – 金融資產轉撥
香港會計準則第12號（修訂本）	遞延稅項：收回相關資產

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

2. Principal Accounting Policies (Continued)

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

Under the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group’s investment properties are situated in PRC and Hong Kong, which are measured using the fair value model. As a result of application of the amendments to HKAS 12, the directors reviewed the Group’s investment properties portfolios as at 31 December 2011 and concluded that the Group’s investment properties situated in Hong Kong and the PRC amounting to HK\$6,000,000 (2010: HK\$5,100,000) and approximately HK\$23,930,000 (2010: Nil) respectively are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, and that the presumption set out in the amendments to HKAS 12 is not rebutted.

As a result of the application of the amendments to HKAS 12, the Group has recognised deferred taxes on changes in fair value of the investment properties located in the PRC. On the other hand, the Group does not recognise any deferred tax on changes in fair value of the investment properties located in Hong Kong as the Group is not subject to any income taxes in disposal of the investment properties in Hong Kong.

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

2. 主要會計政策 (續)

香港會計準則第12號遞延稅項之修訂：收回相關資產

根據香港會計準則第12號之修訂「遞延稅項：收回相關資產」，計量遞延稅項時，除非有關假設在若干情況下被否定，按照香港會計準則第40號「投資物業」以公允價值模式計量之投資物業乃假設為透過銷售收回其賬面值。

本集團的投資物業乃位於中國及香港，並以公允價值計量。因應用香港會計準則第12號之修訂，董事已審閱本集團於二零一一年十二月三十一日之投資物業組合，並認為位於中國及香港的投資物業組合（價值分別為6,000,000港元（二零一零年：5,100,000港元）及約23,930,000港元（二零一零年：無））並非按商業模式（其目的為消耗該投資物業所包含的大部分經濟利益）持有，故並無推翻香港會計準則第12號所載之假設。

因應用香港會計準則第12號之修訂本，本集團已按位於中國的投資物業公允價值之變動確認遞延稅項。另一方面，由於本集團毋須於香港繳納因出售投資物業而引致之所得稅，故本集團並無確認因位於香港的投資物業之公允價值變動而產生之任何遞延稅項。

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

2. Principal Accounting Policies (Continued)

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets (Continued)

The amendments to HKAS 12 have been applied retrospectively, resulting in a net increase in the Group's deferred tax liabilities amounting to approximately HK\$6,514,000 as at 31 December 2011. The corresponding adjustment has been recognised in retained profits. In addition, the application of the amendments has resulted in a reduction of the Group's income tax expense for the six months ended 30 June 2011 amounting to approximately HK\$65,000 and hence resulted in a decrease in the loss for the period for the six months ended 30 June 2011 being amounting to approximately HK\$65,000.

Summary of the effect of the above change in accounting policy

The effect of the change in accounting policy described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated income statement is as follows:

Decrease in income tax expense	所得稅開支減少
Net decrease in loss for the period	期內虧損淨減少

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

2. 主要會計政策 (續)

香港會計準則第12號遞延稅項之修訂：收回相關資產 (續)

香港會計準則第12號之修訂已追溯應用，故本集團於二零一一年十二月三十一日之遞延稅項負債淨增加約6,514,000港元，相應之調整已確認於保留溢利。此外，因應用修訂導致本集團截至二零一一年六月三十日止六個月之所得稅開支減少約65,000港元，因而導致截至二零一一年六月三十日止之六個月期間虧損下降約65,000港元。

上述會計政策變動之影響概要

上述會計政策變動對簡明綜合損益表所呈列項目於當前及上一中期間之業績所造成之影響如下：

Six months ended 30 June 截至六月三十日止六個月	
2012 二零一二年	2011 二零一一年
HK\$'000 千港元	HK\$'000 千港元

Decrease in income tax expense	所得稅開支減少	-	(65)
Net decrease in loss for the period	期內虧損淨減少	-	65

Notes to the Condensed Consolidated
Financial Statements

For the six months ended 30 June 2012

2. Principal Accounting Policies
(Continued)**Amendments to HKAS 12 Deferred Tax:
Recovery of Underlying Assets (Continued)****Summary of the effect of the above change
in accounting policy (Continued)**

No change is noted for the six months ended 30 June 2012 as the fair values of the investment properties remain the same as at 31 December 2011.

The effect of the change in accounting policy described above on the financial position of the Group as at the end of the immediately preceding financial year, i.e. 31 December 2011, is as follows:

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

2. 主要會計政策 (續)

**香港會計準則第12號遞延稅
項之修訂：收回相關資產 (續)****上述會計政策變動之影響概要
(續)**

於截至二零一二年六月三十日止六個月，投資物業之公允價值與二零一一年十二月三十一日相同，故並無變動。

截至上一個財政年度（即二零一一年十二月三十一日），上述會計政策變動對本集團財政狀況之影響如下：

		At 31 December 2011 (originally stated) 於二零一一年 十二月三十一日 (原先呈列) HK\$'000 千港元	Adjustments 調整 HK\$'000 千港元	At 31 December 2011 (restated) 於二零一一年 十二月三十一日 (重列) HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債	(9,269)	(6,514)	(15,783)
Total effect on net assets	對資產淨值之總影響	(9,269)	(6,514)	(15,783)
Retained profits, total effect on equity	保留溢利，對權益 之總影響	199,220	(6,514)	192,706

Notes to the Condensed Consolidated
Financial Statements

For the six months ended 30 June 2012

2. Principal Accounting Policies
(Continued)**Amendments to HKAS 12 Deferred Tax:
Recovery of Underlying Assets (Continued)****Summary of the effect of the above change
in accounting policy (Continued)**

The effect of the change in accounting policy described above on the financial position of the Group as at the beginning of the comparative period, i.e. 1 January 2011, is as follows:

		At 1 January 2011 (originally stated)		At 1 January 2011 (restated)
		於二零一一年 一月一日 (原先呈列)	Adjustments 調整	於二零一一年 一月一日 (重列)
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Deferred tax liabilities	遞延稅項負債	(7,880)	365	(7,515)
Total effect on net assets	對資產淨值之總影響	(7,880)	365	(7,515)
Retained profits, total effect on equity	保留溢利·對權益 之總影響	249,773	365	250,138

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

2. 主要會計政策 (續)

**香港會計準則第 12 號遞延稅
項之修訂：收回相關資產 (續)****上述會計政策變動之影響概要
(續)**

於比較期間之初期 (即二零一一年一月一日) · 上述會計政策變動對本集團財政狀況之影響如下：

Notes to the Condensed Consolidated
Financial Statements

For the six months ended 30 June 2012

**2. Principal Accounting Policies
(Continued)****Amendments to HKAS 12 Deferred Tax:
Recovery of Underlying Assets (Continued)**

Impact on basic and diluted loss per share

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

2. 主要會計政策 (續)**香港會計準則第12號遞延稅
項之修訂：收回相關資產 (續)**

對每股基本及攤薄虧損之影響

Six months ended

30 June

截至六月三十日止六個月

2012

2011

二零一二年

二零一一年

HK cents

HK cents

港仙

港仙

Basic and diluted loss per share before adjustments	調整前每股基本及攤薄虧損	—	(8.62)
Adjustments arising from change in accounting policy in relation to:	因會計政策變動而進行調整：		
– application of amendments to HKAS 12 in respect of deferred taxes on investment properties	– 應用香港會計準則第12號之修訂於投資物業之遞延稅項	—	0.02
Reported basic and diluted loss per share	所呈報之每股基本及攤薄虧損	—	(8.60)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

3. Turnover and Segment Information

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

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

The following is an analysis of the Group's turnover and results by reportable and operating segments:

		Composite components Six months ended 30 June 複合元件 截至六月三十日止六個月		Unit electronic components Six months ended 30 June 單位電子元件 截至六月三十日止六個月		Total Six months ended 30 June 總計 截至六月三十日止六個月	
		2012 二零一二年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2012 二零一二年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)	2012 二零一二年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)
Segment turnover	分部營業額	126,204	131,426	106,415	136,679	232,619	268,105
Segment losses	分部虧損	(17,015)	(16,082)	(10,556)	(16,412)	(27,571)	(32,494)
Unallocated operating income	未經分配經營收益						
- Fair value change on derivative financial liabilities	- 衍生金融負債之公允價值變動					293	305
- Others	- 其他					4,605	5,152
Loss before tax	除稅前虧損					(22,673)	(27,037)

The entire segment revenue reported above is from external customers.

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

3. 營業額及分部資料

本集團主要從事製造及銷售電子元件。

營業額乃供應予客戶之產品的銷售價值，扣除退貨及貿易折扣。

以下為本集團之營業額及業績按可呈報及經營分部所作之分析：

上述所有分部營業額均來自外部客戶。

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

3. Turnover and Segment Information (Continued)

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

3. 營業額及分部資料 (續)

以下為本集團之資產按可呈報及經營分部所作之分析：

		Composite components		Unit electronic components		Total	
		複合元件		單位電子元件		總計	
		At	At	At	At	At	At
		30 June 2012	31 December 2011	30 June 2012	31 December 2011	30 June 2012	31 December 2011
		於二零一二年	於二零一一年	於二零一二年	於二零一一年	於二零一二年	於二零一一年
		六月三十日	十二月三十一日	六月三十日	十二月三十一日	六月三十日	十二月三十一日
		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
		(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
		(未經審核)	(經審核)	(未經審核)	(經審核)	(未經審核)	(經審核)
			(Restated)		(Restated)		(Restated)
			(重列)		(重列)		(重列)
Segment assets	分部資產	191,636	178,556	175,459	188,974	367,095	367,530
Unallocated assets	未分配資產						
- Bank balances and cash	- 銀行結餘及現金					54,291	109,710
- Pledged bank deposit	- 已抵押銀行存款					1,961	472
- Others	- 其他					68,553	75,309
Consolidated assets	綜合資產					491,900	553,021

All assets are allocated to reportable segments other than bank balances and cash, pledged bank deposits, part of other receivables, amounts due from shareholders and club memberships. Assets used jointly by reportable segments are allocated on the basis of the production capacity.

所有資產分配至可呈報分部，銀行結餘及現金、已抵押銀行存款、部份其他應收賬款、應收股東款項以及會所會費除外。可呈報分部共用之資產乃按產能分配。

4. Seasonality of Operations

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

4. 經營季節性

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

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

For the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

5. Loss Before Taxation

5. 除稅前虧損

		Six months ended 30 June 截至六月三十日止六個月	
		2012 二零一二年 HK\$'000 千港元 (Unaudited) (未經審核)	2011 二零一一年 HK\$'000 千港元 (Unaudited) (未經審核)
Loss before taxation is arrived at after charging (crediting):	除稅前虧損經扣除(計入):		
Allowance of inventories (included in cost of sales)	存貨撥備(計入銷售成本)	794	9,124
Amortisation of intangible assets (included in research and development expenses)	無形資產攤銷(計入研發開支)	576	584
Cost of inventories recognised as an expense *	確認為開支之存貨成本*	214,996	253,875
Depreciation of property, plant and equipment	物業、機器及設備之折舊	6,823	6,838
Minimum lease payments under operating leases in respect of rented properties	租賃物業之經營租賃下之最低租賃付款	3,029	2,545
Impairment loss recognised on trade receivables (included in other operating expenses)	應收貿易賬款之已確認減值虧損(計入其他經營開支)	425	-
Revaluation deficit recognised on land and buildings (included in other operating expenses)	土地及樓宇之已確認重估虧損(計入其他經營開支)	1,756	-
Impairment loss recognised on patents (Included in other operating expenses)	專利權之已確認減值虧損(計入其他經營開支)	1,748	-
Decrease in fair value of derivative financial liabilities	衍生金融負債之公允價值減少	(293)	(305)
Net foreign exchange losses	匯兌虧損淨額	662	837
Increase in fair value of investment properties	投資物業公允價值增加	(900)	(900)
Gain on disposal of property, plant and equipment	出售物業、機器及設備之收益	(113)	(3,040)
Interest income	利息收入	(119)	(126)
Rental income (Net of outgoings of approximately HK\$24,000 (2011: HK\$23,000))	租金收入(扣除支銷約24,000港元(二零一一年: 23,000港元))	(832)	(156)
Reversal of impairment loss recognised on trade receivables (included in other income and gains)	應收貿易賬款之已確認減值虧損回撥(計入其他收入及收益)	(140)	(322)

* Cost of inventories recognised as an expense includes an aggregate amount of approximately HK\$7,178,000 (2011: HK\$13,331,000) relating to allowance of inventories, depreciation of property, plant and equipment and operating lease rentals in respect of land and buildings, which amounts are also included in the respective total amounts disclosed separately above.

* 確認為開支之存貨成本包括有關存貨撥備、物業、機器及設備之折舊及土地及樓宇之經營租賃租金之總額約7,178,000港元(二零一一年: 13,331,000港元)，並已計入上述個別披露之各款項總額內。

Notes to the Condensed Consolidated
Financial Statements

For the six months ended 30 June 2012

6. Income Tax Expense

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

6. 所得稅開支

Six months ended
30 June

截至六月三十日止六個月

2012 2011

二零一二年 二零一一年

HK\$'000 HK\$'000

千港元 千港元

(Unaudited) (Unaudited)

(未經審核) (未經審核)

(Restated)

(重列)

Current tax	本期稅項		
Hong Kong Profits Tax	香港利得稅		
Provision for the period	本期間撥備	—	—
PRC Corporate Income Tax	中國企業所得稅		
Provision for the period	本期間撥備	1,266	308
Under-provision in prior years	過往年度之撥備不足	1,528	20
		2,794	328
Korean Corporate Income Tax	韓國企業所得稅		
Under-provision in prior years	過往年度之撥備不足	—	655
		2,794	983
Deferred tax	遞延稅項		
Reversal of temporary differences	撥回短暫性之差額	(1,149)	(65)
		1,645	918

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

6. Income Tax Expense (Continued)

- (i) No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2012 and 30 June 2011 as the Group does not have any assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2012 and 30 June 2011.

Provision for the PRC Corporate Income Tax for Shenzhen Kwang Sung Electronics Co., Ltd. (“Shenzhen Kwang Sung”), Kwang Sung Electronics Trading (Shenzhen) Co., Ltd. and Baoying Kwang Sung Electronics Co., Ltd. (“Baoying Kwang Sung”) are calculated at 25% (2011: 24%), 25% (2011: 25%) and 25% (2011: Nil) of estimated assessable profits for the periods, respectively. However, since 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 period ended 30 June 2012.

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

6. 所得稅開支（續）

- (i) 由於本集團在截至二零一二年六月三十日及二零一一年六月三十日止六個月並無就香港利得稅錄得應課稅溢利，故於截至二零一二年及二零一一年六月三十日止六個月概無就香港利得稅作出撥備。

深圳光星電子有限公司（「深圳光星」）、光星電子貿易（深圳）有限公司及寶應光星電子有限公司（「寶應光星」）之中國企業所得稅撥備乃以有關期間估計應課稅溢利，分別按25%（二零一一年：24%）、25%（二零一一年：25%）及25%（二零一一年：無）計算。然而，寶應光星獲授予稅務寬免，據此於首五個溢利年度可免繳中國企業所得稅，並於及後五年之所得稅獲扣減至12.5%。由於寶應光星於截至二零一二年六月三十日止期間並無任何應繳中國企業所得稅溢利，概無就中國企業所得稅作出撥備。

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

6. Income Tax Expense (Continued)

(i) (Continued)

The basic Korean Corporate Income Tax rates for the year starting on or after 1 January 2011 are 10% on the first KRW200 million of the tax base and 22% for the excess. Since 1 January 2012 and thereafter, the rates are 10% on the first KRW200 million, 20% from the tax base between KRW200 million and KRW20 billion, and 22% for the excess. In addition to the tax rate, there is a resident surcharge of 10% on the income tax liability. No provision for taxation has been made for the six months ended 30 June 2012 as there are no assessable profits subject to Korean Corporate Income Tax. For the six months period ended 30 June 2011, the Korean Corporate Income Tax was calculated at 10% of the estimated assessable profits.

(ii) In prior years, Hong Kong Inland Revenue Department (the "HKIRD") issued demand notes for additional tax payables in relation to the 50:50 offshore claims for profits derived from manufacturing activities carried out by Shenzhen Kwang Sung. On 30 December 2011, the tax representative of the Group sent a compromising letter to the HKIRD for the settlement of the above tax demand notes. The HKIRD agreed to the compromise and issued tax returns to the Group in February 2012.

During the six months ended 30 June 2012, the tax reserve certificates of approximately HK\$23,380,000 included in other receivables had been fully utilised to settle the above mentioned tax payables.

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

6. 所得稅開支(續)

(i) (續)

由二零一一年一月一日或以後開始之年度，稅基中首2億韓圓之基本韓國企業所得稅率為10%，超過之部份則為22%。自二零一二年一月一日及期後，首2億韓圓之稅率為10%，2億韓圓至200億韓圓之稅率為20%，超過之部份則為22%。除此稅率外，亦就所得稅負債徵收10%居民附加稅。由於並無須繳付韓國企業所得稅之應課稅溢利，故截至二零一二年六月三十日止六個月均無作出稅項撥備。截至二零一一年六月三十日止六個月期間，韓國企業所得稅按估計應課稅溢利之10%計算。

(ii) 過去幾年，香港稅務局發出額外評稅通知書，就深圳光星進行之製造業活動所產生之利潤收取50:50離岸申索。於二零一一年十二月三十日，本集團稅務代表向香港稅務局就結付上述稅款催繳單寄出妥協函。香港稅務局同意該妥協，並於二零一二年二月向本集團發出稅單。

於截至二零一二年六月三十日止六個月，為數約23,380,000港元之儲稅券(計入應收其他賬款)已全數用作清繳以上應付稅項。

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

6. Income Tax Expense (Continued)

- (iii) In 2012, the Group is arranging advanced pricing arrangement with Shenzhen Local Tax Bureau concerning Shenzhen Kwang Sung's transactions with group companies. During the process, the Shenzhen Local Tax Bureau demanded additional tax in respect of prior years transfer pricing adjustment. An estimated tax provision of approximately HK\$1,528,000 has been made for the six months ended 30 June 2012. As at 30 June 2012, the negotiation is still in progress.

7. Dividends

No dividends were paid, declared or proposed during the interim period (six months ended 30 June 2011: Nil). The directors of the Company do not recommend a payment of interim dividend (six months ended 30 June 2011: Nil).

8. Loss Per Share

- (i) The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$23,611,000 (six months ended 30 June 2011 (restated): loss of approximately HK\$27,861,000) and the weighted average number of ordinary shares of 323,897,000 (six months ended 30 June 2011: 323,897,000) in issue during the six months ended 30 June 2012.
- (ii) There were no dilutive potential ordinary shares during the six months ended 30 June 2012 and 2011, therefore, diluted loss per share is the same as the basic loss per share.

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

6. 所得稅開支 (續)

- (iii) 於二零一二年，本集團與深圳地方稅務局作出有關深圳光星與集團公司之交易之預約定價安排。過程中，深圳地方稅務局就過往年度轉撥計價之調整要求支付額外的稅款。截至二零一二年六月三十日止六個月，稅款撥備約為1,528,000港元。截至二零一二年六月三十日，商討仍然持續。

7. 股息

於中期期間並沒有派付、宣派或建議股息 (截至二零一一年六月三十日止六個月：無)。本公司董事不建議派付中期股息 (截至二零一一年六月三十日止六個月：無)。

8. 每股虧損

- (i) 每股基本虧損是按本公司擁有人應佔期間虧損約23,611,000港元 (截至二零一一年六月三十日止六個月 (重列)：虧損約27,861,000港元) 及於截至二零一二年六月三十日止六個月已發行普通股之加權平均數323,897,000股 (截至二零一一年六月三十日止六個月：323,897,000股) 計算。
- (ii) 本公司於截至二零一二年及二零一一年六月三十日止六個月並無具攤薄性質之潛在股份，故每股攤薄虧損與每股基本虧損相同。

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

9. Property, Plant and Equipment

The Group's land and buildings held for own use were revalued as at 30 June 2012 and 31 December 2011 at their open market values by reference to recent market evidence of transaction prices for similar properties in the same locations and conditions. The valuations were carried out by Vigers Appraisal & Consulting Limited, an independent firm of professional surveyors not connected with the Group which has staff members of the Hong Kong Institute of Surveyors. A revaluation deficit on land and buildings located in Korea of approximately HK\$1,756,000 (six months ended 30 June 2011: Nil) was recognised as other operating expenses in profit or loss. On the other hand, a revaluation surplus on premises located in Korea of approximately HK\$80,000 (six months ended 30 June 2011: HK\$3,868,000) was transferred to the properties revaluation reserve, net of deferred tax of approximately HK\$13,000 (six months ended 30 June 2011: HK\$638,000) was recognised for the six months ended 30 June 2012.

During the six months ended 30 June 2012, the Group acquired items of property, plant and equipment with a cost of approximately HK\$28,163,000 (six months ended 30 June 2011: HK\$32,609,000). In addition, the Group disposed of certain fully depreciated property, plant and equipment with cash proceeds of approximately HK\$113,000 (six months ended 30 June 2011: HK\$3,040,000), resulting in a gain on disposal of approximately HK\$113,000 (six months ended 30 June 2011: HK\$3,040,000).

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

9. 物業、機器及設備

於二零一二年六月三十日及二零一一年十二月三十一日，曾就本集團持有作自用之土地及樓宇之公開市值進行重估，價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。該等估值由與本集團並無關連之獨立專業測量師威格斯資產評估顧問有限公司進行，其部份員工為香港測量師學會成員。位於韓國之土地及樓宇重估虧損約為1,756,000港元（截至二零一一年六月三十日止六個月：無），已於損益表確認為其他經營開支，另一方面，位於韓國之物業重估盈餘約為80,000港元（截至二零一一年六月三十日止六個月：3,868,000港元）已於截至二零一二年六月三十日止六個月轉撥至物業重估儲備，當中已扣除遞延稅項約13,000港元（截至二零一一年六月三十日止六個月：638,000港元）。

於截至二零一二年六月三十日止六個月，本集團以約28,163,000港元（截至二零一一年六月三十日止六個月：32,609,000港元）購置物業、機器及設備。另外，本集團以出售所得現金約113,000港元（截至二零一一年六月三十日止六個月：3,040,000港元）出售若干已予全數折舊之物業、機器及設備，從而產生出售收益淨額約113,000港元（截至二零一一年六月三十日止六個月：3,040,000港元）。

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

10. Investment Properties

The Group's investment properties were revaluated as at 30 June 2012 and 31 December 2011 at their open market values. The valuations as at 30 June 2012 and 31 December 2011 were carried out by Vigers Appraisal & Consulting Limited, which is independent professional surveyors not connected with the Group and has staff members of the Hong Kong Institute of Surveyors. The valuations were arrived at by reference to the market evidence of transaction price for similar properties in the same locations and conditions. The resulting increase in fair value of approximately HK\$900,000 (2011: HK\$900,000) has been recognised in profit or loss for the six months ended 30 June 2012.

11. Trade and Other Receivables

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

10. 投資物業

於二零一二年六月三十日及二零一一年十二月三十一日，曾就本集團投資物業之公開市值予以重估。於二零一二年六月三十日及二零一一年十二月三十一日估值由與本集團並無關連之獨立專業測量師行威格斯資產評估顧問有限公司進行，其部份員工為香港測量師學會成員。所作出之估值乃參考同一地區及情況相若物業之成交金額作市場憑證。公允價值增加約900,000港元（二零一一年：900,000港元）已於截至二零一二年六月三十日止六個月之損益中入賬。

11. 應收貿易及其他賬款

		At 30 June 2012 於二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade and bills receivables (net of allowance for doubtful debts)	應收貿易及票據賬款 (扣除呆賬撥備)	101,064	112,339
Short term loans to key management personnel and employees	向主要管理人員 及僱員提供短期貸款	1,573	553
Tax reserve certificates (note 6(ii))	儲稅券 (附註6(ii))	-	23,380
Deposits, prepayments and other receivables	按金、預付款項 及其他應收賬款	19,716	13,967
		122,353	150,239

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

11. Trade and Other Receivables (Continued)

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

		At 30 June 2012 於二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
0-90 days	0至90日	84,504	98,537
91-180 days	91至180日	16,560	13,802
		101,064	112,339

12. Trade and Other Payables

		At 30 June 2012 於二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade payables	應付貿易賬款	61,665	76,314
Accrued expenses and other payables	應計費用及其他應付賬款	26,546	26,185
		88,211	102,499

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

11. 應收貿易及其他賬款 (續)

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

12. 應付貿易及其他賬款

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12. Trade and Other Payables (Continued)

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

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截至二零一二年六月三十日止六個月

12. 應付貿易及其他賬款 (續)

按發票日呈列之應付貿易賬款之賬齡分析如下：

		At 30 June 2012 於二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
0-90 days	0至90日	57,959	65,385
91-180 days	91至180日	2,250	9,971
181-365 days	181至365日	798	958
over 365 days	多於365日	658	-
		61,665	76,314

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For the six months ended 30 June 2012

13. Bank Borrowings

During the six months ended 30 June 2012, the Group obtained unsecured new bank loans of approximately HK\$4,704,000. The proceeds were used to finance the acquisition of property, plant and equipment.

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

No repayment of bank borrowings was made during the six months ended 30 June 2012 (30 June 2011: HK\$180,000).

The bank borrowings bear interest ranged from 2.23% to 4.16% (six months ended 30 June 2011: 4.19% to 5.18%) per annum with maturity date within 1 year.

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13. 銀行借貸

於截至二零一二年六月三十日止六個月，本集團取得無抵押新銀行貸款約4,704,000港元。所得款項乃用作撥資購買物業、機器及設備。

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

於截至二零一二年六月三十日止六個月，本集團並無償還銀行借貸（二零一一年六月三十日：180,000港元）。

銀行借貸按年利率2.23至4.16厘計息（截至二零一一年六月三十日止六個月：4.19至5.18厘），須於一年內償還。

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

14. Derivative Financial Liabilities

In March 2009, the Group 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 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 will be required to pay the difference of the basis price (being HK\$1.2) and the share price, multiplied by 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 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 Options varies with different variables of certain subjective assumptions.

Fair value change on derivative financial liabilities of approximately HK\$293,000 was recognised during the six months ended 30 June 2012 (six months ended 30 June 2011: HK\$305,000).

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

14. 衍生金融負債

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

- (i) 倘本公司之股份價格高於1.2港元，本集團毋須支付餘額；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。

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

衍生金融負債之公允價值變動約293,000港元已於截至二零一二年六月三十日止六個月確認（截至二零一一年六月三十日止六個月：305,000港元）。

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For the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

15. Share Capital and Share Option Scheme

15. 股本及購股權計劃

(i) Share capital

(i) 股本

		Number of shares 股份數目 '000 千股	Amount 款項 HK\$'000 千港元
Ordinary shares of HK\$0.1 each	每股面值0.1港元 之普通股		
Authorised:	法定：		
At 1 January 2011 (audited),	於二零一一年一月一日 (經審核)、		
31 December 2011 (audited)	於二零一一年 十二月三十一日		
and 30 June 2012 (unaudited)	(經審核)及二零一二年 六月三十日(未經審核)	1,500,000	150,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2011 (audited),	於二零一一年一月一日 (經審核)、		
31 December 2011 (audited) and	於二零一一年 十二月三十一日		
30 June 2012 (unaudited)	(經審核)及二零一二年 六月三十日(未經審核)	323,897	32,390

(ii) Share option scheme

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

(ii) 購股權計劃

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。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。

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For the six months ended 30 June 2012

15. Share Capital and Share Option
Scheme (Continued)

(ii) Share option scheme (Continued)

No share options had been granted to directors or employees for the six months ended 30 June 2012 and 2011.

As at 30 June 2012, there were no outstanding share options under the Scheme.

16. Commitments

(i) The Group as lessee

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

Within one year	一年內	5,097	6,327
In the second to fifth year inclusive	第二年後至第五年內 (包括首尾兩年)	8,283	4,751
		13,380	11,078

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截至二零一二年六月三十日止六個月

15. 股本及購股權計劃 (續)

(ii) 購股權計劃 (續)

於截至二零一二及二零一一年六月三十日止六個月，概無向董事或僱員授出購股權。

於二零一二年六月三十日，該計劃下並無尚未行使之購股權。

16. 承擔

(i) 本集團作為承租人

於報告期末，本集團根據不可解除經營租賃有日後應付之最低租賃款項之承擔如下：

At 30 June 2012 於二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
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Within one year	一年內	5,097	6,327
In the second to fifth year inclusive	第二年後至第五年內 (包括首尾兩年)	8,283	4,751
		13,380	11,078

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For the six months ended 30 June 2012

16. Commitments (Continued)

(i) The Group as lessee (Continued)

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

(ii) The Group as lessor

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

		At 30 June 2012 於二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within one year	一年內	1,457	1,638
In the second to fifth year inclusive	第二年後至第五年內 (包括首尾兩年)	849	1,536
		2,306	3,174

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

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

16. 承擔 (續)

(i) 本集團作為承租人 (續)

經營租賃款項指本集團就若干辦公室物業及職工住房之應付租金。租約經磋商後平均為期分別兩年至十年，租賃期間之租金為固定。

(ii) 本集團作為出租人

於報告期末，本集團與租戶簽訂且到期之租約之最低租賃款項承擔如下：

全部所持有之物業於未來一年均有已承諾租戶。

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16. Commitments (Continued)

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

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截至二零一二年六月三十日止六個月

16. 承擔 (續)

- (iii) 於報告期末已訂約但尚未於中期財務資料中提撥準備之資本承擔如下：

	At 30 June 2012 於二零一二年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	At 31 December 2011 於二零一一年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Capital expenditure in respect of acquisition of property, plant and equipment	1,490	14,619

購買物業、機器及設備
之資本開支

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簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

17. Material Related Party Transactions

(i) Transactions with shareholders

- (a) During the six months ended 30 June 2012 and 2011, the Group entered into the following transactions with Kwang Sung Electronics Co., Ltd. ("Kwang Sung Korea"), a major shareholder of the Company:

17. 重大關連人士交易

(i) 與股東之交易

- (a) 於二零一一年及二零一二年六月三十日止六個月期間，本集團與本公司之主要股東株式會社光星電子（「韓國光星」）訂立以下交易：

Six months ended 30 June

截至六月三十日止六個月

2012	2011
二零一二年	二零一一年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

Sales of finished goods	銷售製成品	87	214
Referral commission paid/payable	已付／應付轉介佣金	98	238
Production outsourcing fees paid/payable	已付／應付外包費用	869	1,327

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。

- (b) Pursuant to a Deed of Indemnity dated 23 June 2003, two shareholders, Mr. Yang Jai Sung ("Mr. Yang") 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 and Kwang Sung Korea under the indemnity at 30 June 2012 are approximately HK\$5,026,000 and HK\$3,452,000 (31 December 2011: HK\$5,026,000 and HK\$3,452,000) respectively.

- (b) 根據日期為二零零三年六月二十三日之彌償保證契約，兩名股東梁在星先生（「梁先生」）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。根據彌償保證於二零一二年六月三十日應收梁先生及韓國光星之款項分別約為5,026,000港元及3,452,000港元（二零一一年十二月三十一日：5,026,000港元及3,452,000港元）。

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17. Material Related Party Transactions
(Continued)

(ii) Transactions with other related parties

(a) Key management personnel remuneration

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

	Six months ended 30 June	
	截至六月三十日止六個月	
	2012	2011
	二零一二年	二零一一年
	HK\$'000	HK\$'000
	千港元	千港元
	(Unaudited)	(Unaudited)
	(未經審核)	(未經審核)
Short-term employee benefits 短期僱員福利	4,980	6,702
Post-employment benefits 離職後福利	97	115
	5,077	6,817

(b) During the six months ended 30 June 2012, the Group paid a consultancy fee of approximately HK\$270,000 (six months ended 30 June 2011: HK\$284,000) to a close family member of Mr. Yang, a shareholder and a director of the Company.

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

17. 重大關連人士交易 (續)

(ii) 與其他關連人士之交易

(a) 主要管理人員之酬金

主要管理人員酬金 (包括已支付予本公司董事之金額) 載列如下：

	Six months ended 30 June	
	截至六月三十日止六個月	
	2012	2011
	二零一二年	二零一一年
	HK\$'000	HK\$'000
	千港元	千港元
	(Unaudited)	(Unaudited)
	(未經審核)	(未經審核)
Short-term employee benefits 短期僱員福利	4,980	6,702
Post-employment benefits 離職後福利	97	115
	5,077	6,817

(b) 於截至二零一二年六月三十日止六個月期間，本集團向本公司股東兼董事梁先生之近親支付約270,000港元顧問費 (截至二零一一年六月三十日止六個月：284,000港元)。

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簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

17. Material Related Party Transactions
(Continued)(ii) Transactions with other related
parties (Continued)

(c) Loan to key management personnel

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

Name of Key management personnel	Relationship	Note	Loan Amount	At 30 June	At 31 December
				2012	2011
主要管理層人員名稱	關係	附註	貸款金額	於二零一二年 六月三十日	於二零一一年 十二月三十一日
欠款人			KRW 韓圓	HK\$ 港元	HK\$ 港元
Mr. Lee Don Gi 李敦基先生	General Manager 總經理	(i)	10,000,000	67,200	67,000
Mr. Park Jong Gyu Park Jong Gyu 先生	Principal Researcher 首席研究員	(i)	10,000,000	67,200	-

Note:

- (i) As the general manager and the principal researcher 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 and the principal researcher of the Company are key management personnel of the Group, accordingly the fund advance to the general manager and principal researcher of the Company are constituted as related party transactions. The amounts are unsecured, interest-free and are repayable on demand.

附註：

- (i) 由於總經理及首席研究員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及首席研究員為本集團之主要管理層，因此本公司之總經理及首席研究員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。

17. 重大關連人士交易 (續)

(ii) 與其他關連人士之交易
(續)(c) 向主要管理人員提
供貸款

其他應收款項包括向主要管理人員提供之貸款，其條款如下：

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For the six months ended 30 June 2012

18. Events After the Reporting Period

On 14 June 2012, Mr. Yang (an executive director of the Company and a controlling shareholder) was in negotiations with an independent potential investor in relation to the possible sale and purchase of an unspecified number of shares (“Possible Transaction”) owned by the controlling shareholder, in respect of which a memorandum of understanding has been signed and a deposit of HK\$10,000,000 paid into an account jointly controlled by Mr. Yang and the potential investor.

Subsequent to the end of the reporting period, the discussions with respect to the terms of the Possible Transaction were still ongoing. No formal or legally binding agreement has been entered into between Mr. Yang and the potential investor. Further details are set out in the announcement of the Company dated 10 August 2012.

簡明綜合財務報表附註

截至二零一二年六月三十日止六個月

18. 報告期後事項

於二零一二年六月十四日，梁先生（本公司執行董事兼控股股東）正在與獨立潛在投資者就可能買賣控股股東所持有的未指定數目股份（「可能交易」）進行磋商，並已就此簽訂諒解備忘錄，而一筆定金 10,000,000 港元已經存入梁先生與該潛在投資者共同控制之賬戶。

報告期末後，可能交易條款之磋商仍然持續。梁先生與有意投資者之間尚未訂立正式或具法律約束力之協議。其他詳情載於本公司於二零一二年八月十日發出之公告。



Kwang Sung Electronics H.K. Co. Limited

光 星 電 子 香 港 有 限 公 司