



世達科技(控股)有限公司

**World Wide Touch Technology (Holdings) Limited**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1282

# 2013 Interim Report



*Patented Biometric Security Solutions*



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## *Corporate Profile*

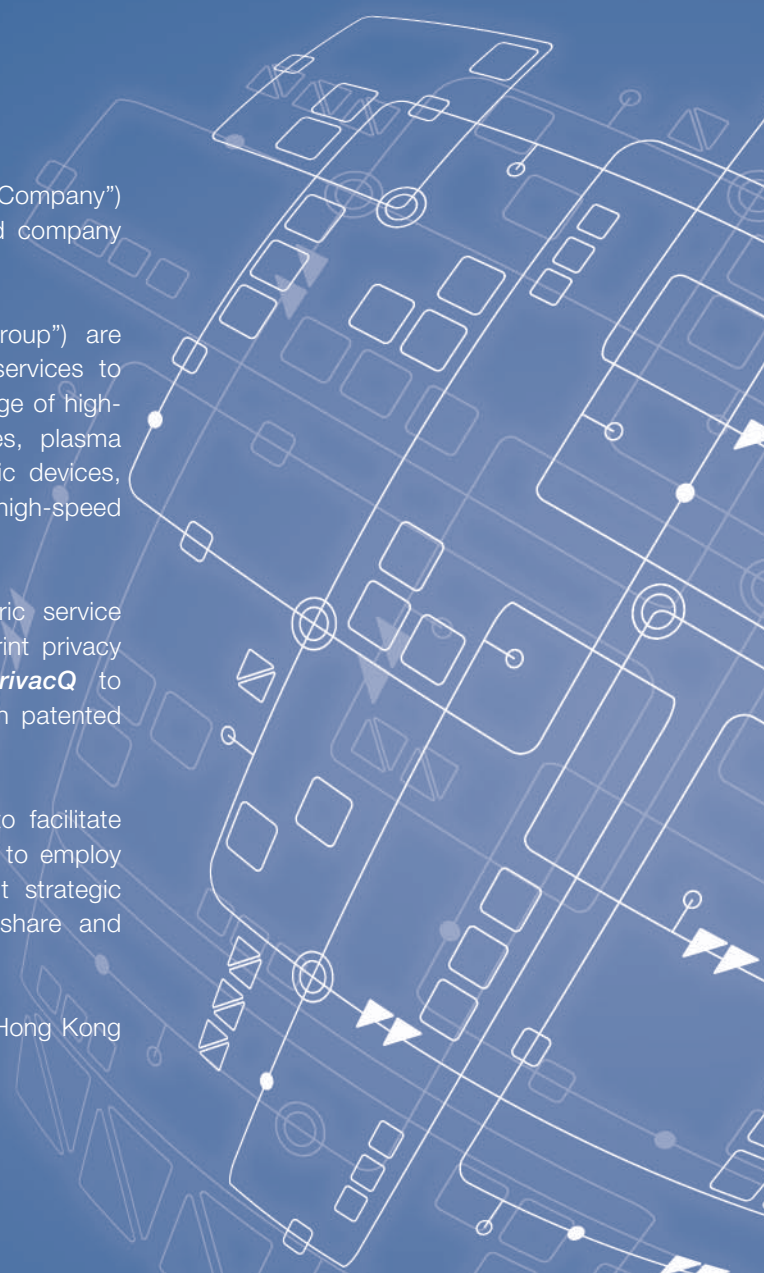
World Wide Touch Technology (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 17 July 2009.

The Company and its subsidiaries (collectively the “Group”) are principally engaged in the trading of and provision of services to automation related equipment, and manufacturing of a range of high-technology products, including wireless charging devices, plasma lighting source products, cutting-edge fingerprint biometric devices, capacitive touch screen controllers and modules, high-speed communication products and automotive-related products.

Since July 2013, the Group has expanded its biometric service offerings and launched the world’s first biometric fingerprint privacy protection platform and devices — **FingerQ and PrivacQ** to strengthen the Group’s position as the leading provider in patented biometric security solutions.

With a vision of being a provider of “life technologies” to facilitate and improve the daily life of the users, the Group strives to employ cutting-edge technologies in its products and implement strategic development plans in an effort to enlarge its market share and promote the diversification of its product mix.

The company has been listed on The Stock Exchange of Hong Kong Limited since 15 December 2010 (Stock code: 1282).



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wong Kwok Fong  
*(Chairman and Chief Executive Officer)*  
Ms. Ching Pui Yi *(Chief Operating Officer)*  
Mr. Tan Hui Kiat *(Corporate Affairs Officer)*

### Independent Non-Executive Directors

Mr. Wong Chun Bong  
Professor Lee Kwok On, Matthew  
Mr. Chan Wai

## AUDIT COMMITTEE

Mr. Wong Chun Bong *(Chairman)*  
Professor Lee Kwok On, Matthew  
Mr. Chan Wai

## NOMINATION COMMITTEE

Mr. Wong Kwok Fong *(Chairman)*  
Mr. Wong Chun Bong  
Mr. Chan Wai

## REMUNERATION COMMITTEE

Mr. Chan Wai *(Chairman)*  
Mr. Wong Kwok Fong  
Mr. Wong Chun Bong

## STRATEGIC INTELLECTUAL PROPERTY AND TECHNOLOGY COMMITTEE

Mr. Wong Kwok Fong *(Chairman)*  
Mr. Tan Hui Kiat  
Professor Lee Kwok On, Matthew

## COMPANY SECRETARY

Ms. Kwok Ling Yee, Pearl Elizabeth

## PRINCIPAL BANKERS

Hang Seng Bank Limited  
DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China (Asia) Limited  
Bank of China Limited  
Industrial and Commercial Bank of China Limited

## FINANCIAL ADVISER

CMB International Capital Limited

## LEGAL ADVISER

*As to Hong Kong Law:*  
Sidley Austin

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*

## REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman, KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2601–2, 26/F, Tower 2, Nina Tower  
8 Yeung Uk Road, TWTL 353, Tsuen Wan  
New Territories, Hong Kong

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
26/F, Tesbury Centre, 28 Queen's Road East  
Hong Kong

## LISTING VENUE

Main Board of The Stock Exchange of  
Hong Kong Limited

## STOCK CODE

1282

## COMPANY WEBSITE

<http://www.wwtt.hk>



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## TO THE BOARD OF DIRECTORS OF WORLD WIDE TOUCH TECHNOLOGY (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

### INTRODUCTION

We have reviewed the interim financial information set out on pages 4 to 31, which comprises the interim condensed consolidated statement of financial position of World Wide Touch Technology (Holdings) Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2013 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other 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” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making 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 interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

#### **PricewaterhouseCoopers**

Certified Public Accountants

Hong Kong, 23 August 2013

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	595,191	615,882
Land use right		4,864	4,922
Intangible assets	7	87,935	85,777
Investments in associates		26,360	30,465
Available-for-sale financial assets	8	145,529	94,759
Deferred income tax assets		12,423	11,869
Loan receivable	10	19,392	19,379
Prepayments and other receivables	10	14,283	38,628
		905,977	901,681
<b>Current assets</b>			
Inventories		170,000	174,698
Trade receivables	9	245,747	258,836
Prepayments, deposits and other receivables	10	30,348	36,161
Current income tax recoverable		1,183	1,183
Financial assets at fair value through profit or loss		1,276	1,276
Cash and cash equivalents		431,105	365,295
		879,659	837,449
<b>Total assets</b>		<b>1,785,636</b>	<b>1,739,130</b>
<b>EQUITY</b>			
<b>Owner's equity attributable to the Company's equity holders</b>			
Share capital	11	292,708	292,708
Share premium	11	565,489	565,489
Other reserves and retained earnings		300,135	207,337
		1,158,332	1,065,534

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	12	41,667	—
Other payables	15	8,532	16,949
Deferred income tax liabilities		2,303	2,630
		52,502	19,579
<b>Current liabilities</b>			
Trade and bills payables	14	181,552	180,207
Accruals and other payables	15	97,101	102,435
Bank borrowings	12	281,341	353,736
Finance lease obligations	13	4,590	8,693
Current income tax liabilities		10,218	8,946
		574,802	654,017
<b>Total liabilities</b>		627,304	673,596
<b>Total equity and liabilities</b>		1,785,636	1,739,130
<b>Net current assets</b>		304,857	183,432
<b>Total assets less current liabilities</b>		1,210,834	1,085,113

The notes on pages 9 to 31 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Note	Six months ended 30 June	
		2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Revenue	6	537,502	604,028
Cost of sales		(494,338)	(542,454)
Gross profit		43,164	61,574
Other income — net	16	119,714	892
Distribution costs		(12,222)	(9,325)
Administrative expenses		(81,975)	(80,532)
Operating profit/(loss)	17	68,681	(27,391)
Finance (costs)/income — net	18	(1,437)	2,091
Share of losses of associates		(4,105)	—
Profit/(loss) before income tax		63,139	(25,300)
Income tax expense	19	(1,964)	(3,190)
Profit/(loss) attributable to equity holders of the Company		61,175	(28,490)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Fair value gain/(loss) on available-for-sale financial assets		29,399	(100)
Currency translation differences		—	22
Other comprehensive income/(loss) for the period		29,399	(78)
Total comprehensive income/(loss) for the period attributable to equity holders of the Company		90,574	(28,568)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	20	2.09	(0.97)
— diluted (expressed in Hong Kong cents per share)	20	N/A	N/A

The notes on pages 9 to 31 form an integral part of this condensed consolidated interim financial information.

Dividends	21	11,708	—
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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Attributable to the equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Share option reserve HK\$'000	Statutory reserve HK\$'000	Available-for-sale financial assets HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>(Unaudited)</b> <b>For the six months ended 30 June 2013</b>										
At 1 January 2013	292,708	565,489	(215,150)	12,411	—	32,463	10,074	22	367,517	1,065,534
Profit for the period	—	—	—	—	—	—	—	—	61,175	61,175
Other comprehensive income:	—	—	—	—	—	—	—	—	—	—
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	29,399	—	—	29,399
Total other comprehensive income	—	—	—	—	—	—	29,399	—	—	29,399
Total comprehensive income	—	—	—	—	—	—	29,399	—	61,175	90,574
Share options – value of employee services	—	—	—	—	2,224	—	—	—	—	2,224
Transfer to statutory reserve	—	—	—	—	—	612	—	—	(612)	—
<b>At 30 June 2013</b>	<b>292,708</b>	<b>565,489</b>	<b>(215,150)</b>	<b>12,411</b>	<b>2,224</b>	<b>33,075</b>	<b>39,473</b>	<b>22</b>	<b>428,080</b>	<b>1,158,332</b>
<b>(Unaudited)</b> <b>For the six months ended 30 June 2012</b>										
At 1 January 2012	292,708	565,489	(215,150)	12,411	—	30,524	—	—	430,387	1,116,369
Loss for the period	—	—	—	—	—	—	—	—	(28,490)	(28,490)
Other comprehensive income:	—	—	—	—	—	—	—	—	—	—
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	(100)	—	—	(100)
Currency translation differences	—	—	—	—	—	—	—	22	—	22
Total other comprehensive (loss)/income	—	—	—	—	—	—	(100)	22	—	(78)
Total comprehensive (loss)/income	—	—	—	—	—	—	(100)	22	(28,490)	(28,568)
Transfer to statutory reserve	—	—	—	—	—	1,443	—	—	(1,443)	—
Dividends relating to 2011 paid during the period	—	—	—	—	—	—	—	—	(6,323)	(6,323)
At 30 June 2012	292,708	565,489	(215,150)	12,411	—	31,967	(100)	22	394,131	1,081,478

The notes on pages 9 to 31 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Net cash generated from operating activities	3,245	30,408
Net cash generated from/(used in) investing activities	95,031	(98,733)
Net cash used in financing activities	(34,881)	(43,727)
Net increase/(decrease) in cash and cash equivalents	63,395	(112,052)
Cash and cash equivalents at beginning of the period	365,295	563,382
Exchange gain/(loss) on cash and cash equivalents	2,415	(79)
Cash and cash equivalents at end of the period	431,105	451,251

The notes on pages 9 to 31 form an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

World Wide Touch Technology (Holdings) Limited (the “Company”) was incorporated in the Cayman Islands on 17 July 2009 as an exempted company with limited liability under Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are principally engaged in the trading and manufacturing of electronic products and trading of automated machines and spare parts.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 December 2010.

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue on 23 August 2013.

This condensed consolidated interim financial information has been reviewed, not audited.

### Key events

In May 2013, the Group disposed on the market an aggregate of 26,348 shares of DDS, Inc, which is listed on Tokyo Stock Exchange Mothers Market and is classified as available-for-sale financial assets, and recognised a gain on disposal of available-for-sale financial assets of HK\$31,612,000 in the condensed consolidated statement of comprehensive income.

From March to May 2013, the Group disposed on the market an aggregate of 2,836,119 shares of Fingerprint Cards AB, which is listed on NASDAQ OMX Stockholm and is classified as available-for-sale financial assets and recognised a gain on disposal of available-for-sale financial assets of HK\$87,697,000 in the condensed consolidated statement of comprehensive income.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed consolidated interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

The following new standards, amendments and interpretations to existing standards that have been issued and effective for annual periods beginning on or after 1 January 2013 with no impact on the Group's result of operations and financial positions:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 16 (Amendment)	Property, plant and equipment
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (revised 2011)	Separate financial statements
HKAS 28 (revised 2011)	Associates and joint ventures
HKAS 32 (Amendment)	Financial instruments: Presentation
HKAS 34 (Amendment)	Interim financial reporting
HKFRS 1 (Amendment)	Government loans
HKFRS 1 (Amendment)	First time adoption of IFRS
HKFRS 7 (Amendment)	Financial instruments: Disclosures — Offsetting financial assets and financial liabilities
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements
HK(IFRIC) — Int 20	Stripping costs in the production phase of a surface mine

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 ACCOUNTING POLICIES *(continued)*

The following new and amended standards and interpretations to the existing standards that have been issued but are not effective for the financial year beginning 1 January 2013 with no early adoption:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011)	Investment entities	1 January 2014
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015
HK (IFRIC) Int-21	Levies	1 January 2014

Management is in the process of making an assessment of the impact of these standards, amendments and interpretations to existing standards and is not yet in a position to state whether they will have a significant impact on the Group's result of operations and financial position.

### 4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.



## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

### 5.2 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to settle the payables of the Group. Due to the dynamic nature of the underlying businesses, senior management of the Group aims to maintain flexibility in funding by keeping committed credit lines available. Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### 5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (Level 3).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT *(continued)*

### 5.3 Fair value estimation *(continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2013 and 31 December 2012:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2013				
Assets				
Financial assets at fair value through profit or loss	1,276	—	—	1,276
Available-for-sale financial assets	56,176	42,546	46,807	145,529
Liabilities				
Contingent consideration payable in relation to acquisition of a subsidiary	—	—	(15,774)	(15,774)
As at 31 December 2012				
Assets				
Financial assets at fair value through profit or loss	1,276	—	—	1,276
Available-for-sale financial assets	32,432	62,327	—	94,759
Liabilities				
Contingent consideration payable in relation to acquisition of a subsidiary	—	—	(23,124)	(23,124)

In 2013 there were no transfers of financial assets between Level 1 and Level 2.

Transfer between Levels 2 and 3 is addressed in the Level 3 reconciliation in Note 5.5 below.

### 5.4 Valuation techniques used to derive Level 2 fair values

As at 30 June 2013, the Group had available-for-sale financial assets of HK\$42,546,000 (31 December 2012: HK\$62,327,000) that are within Level 2. These available-for-sale financial assets represent the investment in equity instruments that do not have a quoted market price in an active market at the end of reporting period. The fair values of these unlisted securities are determined by the information available from recent transactions.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT (continued)

### 5.5 Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 instruments for the six months ended 30 June 2013:

	Available-for-sale financial assets HK\$'000 (Unaudited)	Contingent consideration payable in relation to acquisition of a subsidiary HK\$'000 (Unaudited)
Opening balance at 1 January 2013	—	(23,124)
Transfer to Level 3 (Note)	46,807	—
Losses recognised in profit or loss	—	(798)
Settlement during the period	—	8,148
Closing balance at 30 June 2013	46,807	(15,774)
Change in unrealised losses for the period included in profit or loss for liabilities held at end of the reporting period, under 'Finance costs' (Note 18)	—	(798)

Note:

As at 30 June 2013, the Group valued its investment in unlisted shares classified as available-for-sale financial asset using a discounted cash flow approach which is not based on observable inputs. As at 31 December 2012, the available-for-sale financial asset was fair valued with reference to recent transaction price.

The fair value of contingent consideration payable in relation to acquisition of a subsidiary is recognised based on the estimated net profit of Gallant Tech Limited and its subsidiaries (the "Gallant Tech Group") for the years ending 31 December 2013 and 31 December 2014. This implies the potential undiscounted amount of all future payments that the Group could be required to make under this arrangement would vary by a change of assumed probability — adjusted net profit of Gallant Tech Group.

At 30 June 2013, if the estimated net profit of Gallant Tech Group for the year ending 31 December 2013 and 31 December 2014 had increased/decreased by 20% with all other variables held constant, post-tax profit for the period would have been HK\$1,382,000 higher/HK\$3,765,000 lower, as a result of losses/gains recognised in respect of the increase/decrease in fair value of the contingent consideration.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no other changes in valuation techniques during the period.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT *(continued)*

### 5.6 Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every month, in line with the Group's monthly reporting dates.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the quarterly valuation discussions between the CFO and the valuation team. As part of that discussion, the team presents a report that explains the reasons for the fair value movements.

## 6 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer of the Company (the "CEO") that are used to make strategic decisions.

The CEO considered the business from a perspective of different product categories. The reportable operating segments were classified as Automation, Life Energy, Life Security and Life Touch.

Other segments include the communication and automotive related products. These are not qualified as reportable segment as these segments do not meet the quantitative threshold required by HKFRS 8 and, accordingly, the segment information of these operations are included in "Other Segments".

Sales between segments are carried out at arm's length. The Group's revenue by segment is as follows:

	Six months ended 30 June 2013			Six months ended 30 June 2012		
	Total segment revenue HK\$'000	Inter segment revenue HK\$'000	Revenue from external customers HK\$'000	Total segment revenue HK\$'000	Inter segment revenue HK\$'000	Revenue from external customers HK\$'000
Automation	176,284	(1,063)	175,221	209,667	(23,794)	185,873
Life Energy	16,176	—	16,176	21,482	—	21,482
Life Security	53,914	—	53,914	95,421	—	95,421
Life Touch	223,894	—	223,894	190,069	—	190,069
Other Segments	68,297	—	68,297	111,183	—	111,183
<b>Total</b>	<b>538,565</b>	<b>(1,063)</b>	<b>537,502</b>	<b>627,822</b>	<b>(23,794)</b>	<b>604,028</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION (continued)

Reportable segment information is reconciled to profit/(loss) before income tax as follows:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Automation	2,130	6,000
Life Energy	163	455
Life Security	520	4,182
Life Touch	12,007	26,902
Other Segments	238	1,391
<b>Total</b>	<b>15,058</b>	<b>38,930</b>
Depreciation shared by various reportable segments and head office	(8,641)	(10,407)
Amortisation of land use right	(58)	(58)
Other income — net	119,714	892
Other distribution costs and administrative expenses	(57,392)	(56,748)
Finance (costs)/income — net	(1,437)	2,091
Share of losses of associates	(4,105)	—
<b>Profit/(loss) before income tax</b>	<b>63,139</b>	<b>(25,300)</b>

The revenue from external parties reported to the CEO is measured in a manner consistent with that of the annual financial statements for the year ended 31 December 2012.

The CEO assesses the performance of the operating segments based on a measure of operating profit, which are in a manner consistent with that of the annual financial statements for the year ended 31 December 2012.

Other income — net, partial distribution and administrative expenses are not allocated to segments, as they are inseparable for each product and not attributable to particular reportable segments. Finance income and costs and share of losses of associates are not allocated to segments, as this type of activities are managed by the central finance and accounting function, which manages the working capital of the Group.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION (continued)

The assets attributable to different reportable segments are reconciled to total assets as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
<b>Segment assets</b>		
Automation	225,815	220,936
Life Energy	45,577	73,320
Life Security	74,613	89,131
Life Touch	249,321	246,746
Other Segments	132,792	138,203
Segment assets for reportable and other segments	728,118	768,336
<b>Unallocated:</b>		
Property, plant and equipment shared by various reportable segments	327,213	330,812
Land use right	4,864	4,922
Available-for-sale financial assets	145,529	94,759
Investments in associates	26,360	30,465
Deferred income tax assets	12,423	11,869
Inventories shared by various reportable segments	113,725	115,529
Prepayments, deposits and other receivables	32,415	53,376
Financial assets at fair value through profit or loss	1,276	1,276
Loan receivable	19,392	19,379
Cash and cash equivalents	374,321	308,407
Total assets	1,785,636	1,739,130

The amounts provided to the CEO with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Segment assets represented property, plant and equipment attributable to various reportable segments, trade receivables, prepayments, deposits and other receivables, current income tax recoverable, inventories and intangible assets attributable to various reportable segments.

Unallocated segment assets comprise property, plant and equipment and inventories shared by various reportable segments, land use right, deferred income tax assets, loan receivables, investments in associates, prepayments, deposits and other receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and cash and cash equivalents which are inseparable for each product and are not attributable to particular reportable segments.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group incurred expenditures of approximately HK\$14,372,000 (six months ended 30 June 2012: HK\$92,456,000) and HK\$11,058,000 (six months ended 30 June 2012: HK\$9,534,000) for property, plant and equipment and intangible assets, respectively.

### 8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Listed shares — Japan	56,176	32,432
Unlisted shares	89,353	62,327
	145,529	94,759
Market value of listed shares	56,176	32,432

The fair value for unlisted shares is determined by the information available from recent transactions or using a discounted cash flow approach which is not based on observable inputs.

The fair values of listed shares are determined on the basis of their quoted market prices at the end of reporting period.

At the end of reporting period, the Group's available-for-sale financial assets were individually reviewed for impairment by management. There was no provision for impairment recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2013 and the six months ended 30 June 2012. The Group does not hold any collateral over these balances.

The investment in listed shares of the Group represents investment of 16.67% (31 December 2012: 22.88%) equity interest in DDS, Inc. The investment is classified as available-for-sale financial assets. As at 31 December 2012, although the Group held more than 20% of the equity interests in DDS, Inc, the investment was also classified as available-for-sale financial assets, rather than as an investment in an associate because the Group did not have the power to exercise any influence over the entity based on the fact that the Group did not have any representation on DDS, Inc's board of directors nor did it have a right to appoint a director.

The investments in unlisted shares of the Group represents investments of equity interests in PowerMat Technologies Limited, Validity Sensors, Inc. and WaveConnex, Inc. These investments are classified as available-to-sale financial assets as the Group does not have the power to exercise any influence over the entities.

No available-for-sale financial assets were pledged as security for bank borrowings of the Group at the end of the reporting period.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 TRADE RECEIVABLES

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Trade receivables	246,575	259,373
Less: Provision for impairment of receivables	(828)	(537)
Trade receivables — net	245,747	258,836

The Group generally grants a credit period of 30 days to 90 days to its customers. For customers of automation products, a credit period ranging from 30 days to 60 days after acceptance is granted. The ageing analysis of trade receivables based on invoice date is as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
0 to 30 days	144,747	176,950
31 to 60 days	37,536	32,743
61 to 90 days	38,246	28,629
91 to 120 days	11,061	1,697
Over 120 days	14,985	19,354
	246,575	259,373

Movements on the provision for impairment of trade receivables are as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
At 1 January	537	486
Acquisition of a subsidiary	—	51
Provision of impairment for trade receivables	291	—
At 30 June/31 December	828	537

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
<b>Non-current</b>		
Prepayments for purchase of property, plant and equipment	6,557	6,943
Deposit for acquisition of available-for-sale financial assets	—	28,702
Deposit for registration of patents	4,736	—
Others	2,990	2,983
	14,283	38,628
Loan receivable (Note)	19,392	19,379
<b>Current</b>		
Prepayment for purchase of inventories	15,827	20,951
Utility and other deposits	4,063	3,105
Value-added tax recoverable	5,553	5,625
Others	4,905	6,480
	30,348	36,161

Note:

In November 2012, the Group granted a loan of principal amount US\$2,500,000 to DDS, Inc, in which the Group has 16.67% (31 December 2012: 22.88%) equity interest and classified as available-for-sale financial assets. The loan is secured, interest-bearing at 3.8% per annum and repayable by 2014. The loan is denominated in United States dollar.

### 11 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands)	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 January 2012, 30 June 2012, 1 January 2013 and 30 June 2013	2,927,084	292,708	565,489	858,197

NOTES TO THE CONDENSED CONSOLIDATED  
INTERIM FINANCIAL INFORMATION

12 BANK BORROWINGS

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
<b>Non-current</b>		
Bank loans, secured	41,667	—
<b>Current</b>		
Bank loans, secured	211,683	233,134
Trust receipts loans, secured	69,658	120,602
	281,341	353,736
Total bank borrowings	323,008	353,736

The Group's borrowings at the end of reporting period were repayable as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Within one year	281,341	353,736
Between one and two years	41,667	—
	323,008	353,736

Bank borrowings are secured by corporate guarantees provided by the Company and certain of its subsidiaries.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13 FINANCE LEASE OBLIGATIONS

Details of finance lease obligations are analysed as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
Total minimum lease payments under finance leases:		
— not later than one year	4,628	8,803
Less: Future finance charges	(38)	(110)
Finance leases obligations	4,590	8,693
Analysis of present value of finance lease obligations:		
— not later than one year	4,590	8,693

### 14 TRADE AND BILLS PAYABLES

The ageing analysis of the trade and bills payables is as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
0 to 30 days	140,044	152,595
31 to 60 days	33,158	21,442
61 to 90 days	3,484	2,390
91 to 120 days	2,198	7
Over 120 days	2,668	3,773
	181,552	180,207

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 15 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
<b>Non-current</b>		
Contingent consideration in relation to acquisition of a subsidiary (Note 25)	8,532	16,949
<b>Current</b>		
Payable for purchase of property, plant and equipment	5,463	11,781
Salary and wages payable	18,806	18,064
Accrued operating expenses	19,260	5,670
Advance receipts from customers	21,314	29,340
Provision for value-added tax and other taxes in the People's Republic of China ("PRC")	15,297	14,598
Contingent consideration in relation to acquisition of a subsidiary (Note 25)	7,242	6,175
Commission payables	2,213	3,979
Other accruals and other payables	7,506	12,828
	<b>97,101</b>	<b>102,435</b>

### 16 OTHER INCOME – NET

	Six months ended 30 June 2013 HK\$'000 (Unaudited)	Six months ended 30 June 2012 HK\$'000 (Unaudited)
Fair value gains on financial asset at fair value through profit or loss	—	150
Gain on disposal of available-for-sale financial assets	119,309	—
Others	405	742
	<b>119,714</b>	<b>892</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 17 OPERATING PROFIT/(LOSS)

The following items have been charged to the operating profit/(loss) during the period:

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Loss on disposal of property, plant and equipment	1,136	407
Depreciation of property, plant and equipment	33,786	34,127
Amortisation of land use right	58	58
Amortisation of intangible assets	11,800	12,126
Share-based payments	2,224	—
Transaction cost in relation to acquisition of a subsidiary (Note 25)	—	1,162

### 18 FINANCE (COSTS)/INCOME — NET

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Finance income		
— Interest income on bank deposits	2,633	5,496
— Interest income on loan receivable	365	—
	2,998	5,496
Finance costs:		
— Bank loans	(3,006)	(1,636)
— Finance lease obligations	(72)	(172)
— Trust receipt loans	(912)	(2,276)
— Notional accretion on deferred revenue	—	(268)
— Notional accretion of interest on contingent consideration payable (Note 25(a))	(798)	(680)
	(4,788)	(5,032)
Less amounts capitalised on qualifying assets	353	1,627
	(4,435)	(3,405)
Finance (costs)/income — net	(1,437)	2,091

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19 INCOME TAX EXPENSE

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax	6	1,529
– PRC enterprise income tax	2,839	3,097
– Overseas income tax	—	26
	2,845	4,652
Deferred income tax	(881)	(1,462)
	1,964	3,190

### (a) Provision for income tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the six months ended 30 June 2013 (For the six months ended 30 June 2012: 16.5%).

The statutory income tax rate applicable to World Fair Electronics Technology (Heshan) Limited, a subsidiary, is 25%. Pursuant to the relevant tax regulations in the PRC, the subsidiary is eligible for an exemption from the PRC enterprise income tax for two years starting with the first profit-making year, after offsetting prior year losses, followed by a 50% reduction for three immediately subsequent years. The first profit-making year (after offsetting prior year losses) of World Fair Electronics Technology (Heshan) Limited is the year ended 31 December 2008. A 5% withholding income tax is also imposed on dividends relating to profits remitted from a Chinese subsidiary.

Overseas income tax has been calculated on the estimated assessable profits for the six months ended 30 June 2013 at rate of taxation prevailing in the country in which the Group operates.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 EARNINGS/(LOSS) PER SHARE

#### (a) Basic

The basic earnings/(loss) per share for the period is calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Profit/(loss) attributable to equity holders of the Company	61,175	(28,490)
Weighted average number of ordinary shares in issue (thousands)	2,927,084	2,927,084
Basic earnings/(loss) per share (Hong Kong cents)	2.09	(0.97)

#### (b) Diluted

The calculation of the diluted earnings/(loss) per share for the period is based on the Group's earnings/(loss) from attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue during the period assuming the exercise of the outstanding share options, the dilutive potential ordinary shares of the Company. A calculation is made to determine the number of ordinary shares that could have been acquired at fair value (determined as the average market share price of the Company's ordinary shares over the period) based on the monetary value of the subscription rights attached to the outstanding share options.

The basic and diluted earnings/(loss) per share for the six months ended 30 June 2013 and 2012 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the periods were anti-dilutive and no computation of diluted earnings per share for the six months ended 30 June 2013 and 2012 is presented.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 21 DIVIDENDS

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Interim dividend paid of HK\$0.4 cents (2012: Nil) per share	11,708	—

No interim dividend was declared by the board of directors for the six months ended 30 June 2012.

## 22 OPERATING LEASE COMMITMENTS

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases of the Group are as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
	Not later than one year	5,412
Later than one year and not later than five years	196	1,549
	5,608	8,802

## 23 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment of the Group were as follows:

	As at 30 June 2013 HK\$'000 (Unaudited)	As at 31 December 2012 HK\$'000 (Audited)
	Contracted for — Not later than one year	2,568

As at 30 June 2013, the Group did not have any authorised but not contracted for capital commitments (31 December 2012: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 24 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

- (a) The Group has entered into a three-year residential premises lease agreement with Mr. Wong Kwok Fong which has taken effect since the listing of the Company on 15 December 2010, pursuant to which Heshan World Fair Electronics Technology Limited agreed to lease from Mr. Wong's residential premises in Jiangmen, the PRC, at an annual rental of HK\$1,200,000 as residences for the Group's senior management (For the year ended 31 December 2012: HK\$1,200,000).

**(b) Key management compensation**

	Six months ended 30 June	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (Unaudited)
Directors' fees	933	870
Basic salaries, housing allowances, other allowances and benefits in kind	6,149	2,753
Share-based compensation expenses	1,854	—
Contributions to pension plans	23	13
	<b>8,959</b>	<b>3,636</b>

- (c) During the period, Mr. Wong Kwok Fong provided certain premises to the Group's employees as staff quarters at no charge (2012: Same).
- (d) Mr. Wong Kwok Fong and Ms. Ching Pui Yi (together, the "Controlling Shareholders") have agreed to fully indemnify the Group and hold the Group harmless for all costs and expenses in relation to the Group's failure to obtain the requisite licences and permits and any demolish costs for certain properties of the Group.



## 25 BUSINESS COMBINATIONS

On 16 January 2012, the Group acquired 100% of the issued shares in Gallant Tech Limited. Gallant Tech Limited and its subsidiaries (the “Gallant Tech Group”) are principally engaged in equipment supply and services in the printed circuit board assembly and semiconductor packaging market in Hong Kong and the PRC. Total consideration amounts to approximately HK\$80.2 million, which includes cash payment of HK\$58.8 million, amount payable of HK\$0.2 million and estimated contingent consideration of approximately HK\$21.2 million. The acquisition is expected to increase the Group’s production process and product quality and thus benefit the Group’s business expansion in the PRC. None of the goodwill recognised is expected to be deductible for income tax purposes.

The goodwill amounted to HK\$43,722,000 and is attributable to a pre-existing, well positioned business operations and distribution network in a competitive market, acquired workforce and expected synergies and cost savings through vertical acquisition.

## 25 BUSINESS COMBINATIONS *(continued)*

### (a) **Contingent consideration**

The contingent consideration arrangement requires the Group to pay the former owner of Gallant Tech Group up to a maximum undiscounted amount of approximately HK\$27,300,000 based on the net profit of Gallant Tech Group for the years ending 31 December 2012, 31 December 2013 and 31 December 2014.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between HK\$0 and HK\$27,300,000. The fair value of the contingent consideration arrangement of HK\$21,243,000 was estimated by the income approach after discounting the probability weighted earn-out ratio. The fair value estimates are based on a discount rate of 7% and assumed probability-adjusted net profit in Gallant Tech Group of ranging from HK\$5,500,000 to HK\$11,900,000 for the years ending 31 December 2012, 31 December 2013 and 31 December 2014.

For the six months ended 30 June 2013, settlement of HK\$8,148,000 was made to the former owner of Gallant Tech Group based on the net profit of Gallant Tech Group for the year ended 31 December 2012 and an accretion of interest of HK\$798,000 (six months ended 30 June 2012: HK\$680,000) at an effective interest rate has been recognised in profit or loss for the contingent consideration arrangement.

## 26 SHARE-BASED PAYMENTS

Share options are granted to directors, certain members of the senior management and employees of the Company on 17 June 2013 (the “Date of Grant”). The exercise price of the granted options is HK\$0.42, which represents the highest of (i) the official closing price of HK\$0.41 per Company’s share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the Date of Grant; (ii) the average closing price of HK\$0.42 per Company’s share as stated in the daily quotation sheets issued by the Stock Exchange for the five trading days immediately preceding the Date of Grant; and (iii) the nominal value of the Company’s share. Options are granted unconditionally and vested immediately on the Date of Grant. The options are exercisable in ten years starting from the Date of Grant. The Group has no legal or constructive obligation to repurchase or settle options in cash.

Movements in the number of share options outstanding and their related exercise prices are as follows:

	Six months ended 30 June 2013	
	Exercise price in HK\$ per share option	Options (thousands)
At 1 January 2013	—	—
Granted	0.42	12,020
At 30 June 2013	0.42	12,020

All outstanding options were exercisable upon the Date of Grant. No option was exercised during the six months ended 30 June 2013.

The fair value of options granted during the period determined using Binomial-Model was HK\$0.19 per option. The significant inputs into the model was share price of HK\$0.41 at the Date of Grant, exercise price shown above, volatility of 65%, dividend yield of 2%, an expected option life of ten years and an annual risk-free interest rate of 1.59%. The volatility is assumed based on the daily share price volatility of the Company and comparable companies for a historical observation period equal to the life of the options. Since the Company has a trading history shorter than the life of the options, volatility was calculated with reference to comparable companies listed in Hong Kong and in the same industry as the Company.

The total expense of HK\$2,224,000 was recognised in the condensed consolidated statement of comprehensive income for share options granted to directors and certain members of the senior management of the Group.

# MANAGEMENT DISCUSSION AND ANALYSIS



## BUSINESS REVIEW

Despite a substantial gain recorded from the disposal of certain investments by the Group and a better-than-expected performance of Life Touch products in the first half of 2013, the overall performance for the electronics manufacturing services (the “EMS”) market in the reviewing period was sluggish, with no clear trends of reviving. A number of economic factors including the Eurozone debt crisis, continued fiscal woes in the United States, as well as increasing production costs, the appreciation of the Renminbi and high inflation rate in China continued to affect the manufacturing and technology sectors.

During the first half of 2013, the Group continued to diversify its product portfolio, resulting in a more balanced revenue structure. Of the Group’s total revenue, Automation products accounted for 32.6% (corresponding period in 2012: 30.8%), Life Energy products accounted for 3.0% (corresponding period in 2012: 3.6%), Life Security products accounted for 10.0% (corresponding period in 2012: 15.8%), Life Touch products accounted for 41.7% (corresponding period in 2012: 31.5%) and Other Segments accounted for 12.7% (corresponding period in 2012: 18.3%).

### Automation

Gallant Tech Limited (“Gallant Tech”) has continued to contribute stable revenue to the Group since its acquisition by the Group in January 2012. In the first half of 2013, Gallant Tech recorded a revenue of HK\$175.2 million, accounting for 32.6% of the Group’s total revenue.

Gallant Tech continues to record stable performance due to the strong demand in the mobile manufacturing sector, testing equipments and excellent after-sales services. With the growing awareness of the economic benefits contributed by automation technologies among manufacturers in China, the Group is confident that the automation business will continue to contribute stable revenue to the Group in the long run.

### **Life Energy**

The Group's Life Energy product segment consists of wireless charging devices and plasma lighting source products.

During the first half of 2013, the revenue of wireless charging devices recorded a decrease of 25.3% to HK\$15.2 million, as compared to the corresponding period in 2012. The Group believes that with the technology development of wireless charging devices becoming more stable and full-fledged in the second half of 2013, the revenue contribution of wireless charging devices to the Group will become more stable and optimistic. The Group believes that our strategic investment in PowerMat Technologies Ltd ("PowerMat") will continue to strengthen and widen our presence in the wireless charging market.

Part of the business of PowerMat comes from its strategic partner and investor — Procter & Gamble ("P&G"). P&G has formed a joint venture company with PowerMat named Duracell PowerMat, which is the leading provider of next generation drop and charge technology and backup batteries for phones and smartphones.

The Group has always been cautious of identifying potential projects that would secure profitability as well as providing strong cash flow. During the reviewing period, plasma lighting source products recorded HK\$1.0 million in revenue, representing a 14.6% decrease as compared to the corresponding period in 2012.

### **Life Security**

The Group is continuously working on developing its fingerprint biometric technologies. In the first half of 2013, the revenue for the Group's product segment of fingerprint biometric devices recorded a revenue drop of 43.5% to HK\$53.9 million, as compared with the corresponding period in 2012. Such decrease was mainly brought by the weakening demand in notebook computers.

Nevertheless, the Group is very confident that with the increased demand for secure internet communication capabilities, fingerprint biometric technology will quickly become a widely-adopted feature in smart devices, including notebook computers, smartphones and tablet computers for identity identification. With the Group's prescient insight into the future development of this sector, the Group has taken a leading role in the biometric fingerprint internet security industry by developing the Group's own two innovative products, FingerQ and PrivacQ, the software platform and hardware device, respectively, in the last quarter of 2012, which enjoyed a first-mover advantage and secured a leading position in the market.

### **FingerQ — The World's First Biometric Fingerprint Privacy Protection Platform and Activator**

During the first half of 2013, the Group has received 4 patent certificates granted by the State Intellectual Property Office ("SIPO") of the People's Republic of China in relation to an identity authentication device, an instant messaging system, a media communication system and a communication messaging system.

The technologies of the above patents are currently used in FingerQ and PrivacQ. These patented technologies are for biometric applications consisting of encryption and decryption technology for point-to-point and point-to-group information sharing, which can be applied to internet messaging, chat, e-commerce and enterprise applications and are able to take advantage of the Group's security platform.

Furthermore, in May 2013, the Group joined the Fast Identity Online Alliance (the "FIDO Alliance") as a sponsor to contribute its know-how in secure online social networking to help accelerate the use of fingerprint biometric solution on websites and cloud applications for secure and convenient user verification in personal computers, notebooks, tablets and smartphones. The FIDO Alliance is an industry consortium formed in July 2012 to address market needs and requirements for online authentication. Members of the FIDO Alliance will assist in defining market requirements and contribute to the FIDO open protocol. This protocol is the first open industry standard for online and digital authentication that raises security, preserves privacy, and simplifies the user experience and FingerQ will take an active role in driving the industry standards forward.

Together with the collaboration with Singapore Telecommunications Ltd. ("SingTel") on the cloud-based infrastructure, namely PowerON Compute, for the secure social networking platform for FingerQ, the Group believes that the collaboration would help to enlarge its market share and promote the diversification of its product mix. The Group is also confident of bringing customers with the peace of mind in sending or receiving information over social networks going forward.

FingerQ and PrivacQ have gained global recognition in the world's leading technology exhibitions, including 2013 Consumer Electronics Show, 2013 Mobile World Congress and 2013 Mobile Asia Expo. The Group believes that FingerQ and PrivacQ will successfully address the growing demand for internet privacy and data security technologies and accordingly, the Group will focus and develop the lines of products based on these patented technologies in the coming years. FingerQ and PrivacQ have their maiden launch in Hong Kong on 23 July 2013. With Asia as the target market, the Group expects to expand its footprints across the region in the coming future.

The Group believes that through the participation in developing the technical standards and in planning and executing the FIDO Alliance's marketing, certification and deployment programs, the Group will benefit from gaining a thorough understanding of how other authentication technologies are evolving to ensure a secure internet for the future.

### **Life Touch**

The Group's capacitive touch products achieved a favorable performance during the first half of 2013 mainly due to the increased number of projects received. It recorded a revenue of HK\$223.9 million, representing a 17.8% increase as compared with the corresponding period in 2012.

### **Other Segments**

The Group's other segments mainly consist of communication and automotive-related products. The sales of communication- and automotive-related products recorded a drop of 77.3% to HK\$9.4 million and 24.2% to HK\$37.8 million respectively, accounting for 1.7% and 7.0% of the Group's total revenue.



## Investments

The venture capital investment business consists of a series of significant investment transactions entered since 2011.

An aggregate of 2,836,119 Fingerprint Cards AB (“FPC”) shares and 26,348 shares of DDS Inc. (“DDS”) shares were disposed of during the first half of 2013, on the market of NASDAQ OMX Stockholm and the Tokyo Stock Exchange Mothers Market, respectively. These disposals have provided the Group with a good opportunity to realize its investments in FPC and DDS at the prevailing market price, with aggregate net sales proceeds of HK\$155.5 million and gain of HK\$119.3 million.

Regarding the Group’s investment of 43% stake in Advanced Radio Device Technologies, Inc. (“ARDT”) in July 2012, a Korean corporation principally engaged in the research and development, sales and marketing of semiconductor for communication and related equipment, ARDT has started operation during the reviewing period but yet to bring in profit to the Group. The Group’s eyes are on the technology input from ARDT and its streamlined operation with low operating cost. The Group expects that through the cooperation with ARDT, the market in Radio Frequency (“RF”) communications products will be further extended.

As for the Group’s investment of 40% stake in Tekmar, Inc. (“Tekmar”) in September 2012, a United States corporation mainly engaged in the development, manufacturing and sales of carrier-grade wireless telecommunication systems and components, including RF filters for the 4G LTE FDD and TDD infrastructure, Tekmar is still in the start-up stage during the review period. The Group believes that through the cooperation with Tekmar, the market in RF filters will be further extended.

To tag onto the growth of mobile device wireless charging business driven by the smart device industry’s fast growing momentum in the coming future, the Group has made two investments in PowerMat during 2011 and 2012. Though the market of wireless charging for mobile device is still nascent, the Group strongly believes this investment will bring desirable return when the technology gains wider importance not only in US but Asia-Pacific Region.





## MANAGEMENT DISCUSSION AND ANALYSIS

Validity Sensors, Inc. (“Validity”) with offices in the United States and India is a technology company that is principally engaged in the development, manufacturing, and sales of biometric fingerprint sensors for communication and information devices. In November 2012, the Group acquired less than 2% of the enlarged share capital of Validity. In view of the positive industry development and market demand for internet personal identification security devices, the Group believes that the investment value in Validity will become another successful investment of the Group in the fingerprint biometric business.

In February and April 2013, the Group invested in WaveConnex, Inc. (“WaveConnex”), a United States corporation. WaveConnex is a technology company which principally develops wireless technology for data transfer. The Group believes that through the cooperation with WaveConnex, the market in wireless technology for data transfer will be further extended.

### FINANCIAL REVIEW

#### Revenue

The revenue for the six months ended 30 June 2013 amounted to HK\$537.5 million (corresponding period in 2012: HK\$604.0 million), analysed by business segments as follows:

	For the six months ended 30 June				
	2013		2012		% change
	HK\$ million		HK\$ million		
Automation	175.2	32.6%	185.8	30.8%	(5.7)%
Life Energy	16.2	3.0%	21.5	3.6%	(24.7)%
Life Security	53.9	10.0%	95.4	15.8%	(43.5)%
Life Touch	223.9	41.7%	190.1	31.5%	17.8%
Other Segments	68.3	12.7%	111.2	18.3%	(38.6)%
	537.5	100.0%	604.0	100.0%	(11.0)%

During the period under review, the Group’s revenue fell by 11.0% to HK\$537.5 million as compared with the corresponding period in 2012.

#### Gross Profit and Margin

As a result of the change in product mix and fall in demand, the gross profit for the six months ended 30 June 2013 amounted to HK\$43.2 million, a decrease of HK\$18.4 million as compared with the corresponding period in 2012. For the same reason, the gross profit margin for the six months ended 30 June 2013 has decreased from 10.2% to 8.0% as compared with the corresponding period in 2012.

**Other Income – net**

The net other income increased by HK\$118.8 million as compared with the corresponding period in 2012 mainly due to the gain from the few disposals of investment.

**Distribution Costs**

Distribution costs for the period amounted to HK\$12.2 million, amounting to 2.3% of the total revenue. This represents an increase of 31.1% when compared with the corresponding period in 2012. The increase was mainly caused by the promotional activities for FingerQ and PrivacQ.

**Administrative Expenses**

During the period under review, administrative expenses increased slightly to HK\$82.0 million from HK\$80.5 million.

**Finance Costs – net**

The net finance costs increased by HK\$3.5 million as compared with the corresponding period in 2012 due to less interest income from deposits.

**Income Tax Expense**

Income tax expense decreased by 38.4% to HK\$2.0 million as compared to the corresponding period in 2012.

**Profit for the Period**

Profit for the period was HK\$61.2 million, as compared to a loss of HK\$28.5 million during the corresponding period in 2012.

**FINANCIAL RESOURCES REVIEW****Liquidity Financial Resources and Debt Structure**

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. As at 30 June 2013, the Group's cash and cash equivalents totalled HK\$431.1 million (31 December 2012: HK\$365.3 million). Working capital represented by net current assets amounted to HK\$304.9 million (31 December 2012: HK\$183.4 million). The Group's current ratio was 1.5 (31 December 2012: 1.3).

Bank borrowings are mainly denominated in US Dollars and Hong Kong Dollars and carry LIBOR or HIBOR plus rates, which included trust receipt loans amounting to HK\$69.7 million (31 December 2012: HK\$120.6 million) and bank loans amounting to HK\$253.4 million (31 December 2012: HK\$233.1 million). These bank borrowings were secured by corporate guarantees provided by the Company and certain of its subsidiaries. As at 30 June 2013 and 31 December 2012, the Group was in a net cash position, representing the bank balances and cash exceeded total debts at the end of each reporting period.

### **Capital Commitments**

At 30 June 2013, the Group had contracted but not provided for capital commitments of HK\$2.6 million (31 December 2012: HK\$3.0 million), and did not have any authorised but not contracted for capital commitments (31 December 2012: Nil).

### **Currency Exposure and Management**

During the period, the Group's receipts were mainly denominated in US dollars and Hong Kong dollars. The Group's payments were mainly made in US dollars, Hong Kong dollars and Renminbi.

In respect of the Renminbi, as the Group's production plant is located in the PRC, most of the labour costs and manufacturing overheads were denominated in Renminbi. Therefore, the appreciation of Renminbi will adversely affect the Group's profitability. The Group will closely monitor the trend of Renminbi and, if necessary, consider entering into foreign exchange forward contracts with reputable financial institutions to reduce potential exposure to currency fluctuations.

### **Future plans for capital investments and expected source of funding**

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by bank loans. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As of 30 June 2013, the Group had total capital commitments of HK\$2.6 million mainly for the purchase of machineries, motor vehicle and construction of additional production facilities.

## **EMPLOYEES**

As of 30 June 2013, the Group employed approximately 2,300 (31 December 2012: 2,400) full-time staff principally in Hong Kong and the PRC.

The Group remunerates and provides benefits for its employees based on current industry practice. Discretionary bonuses are awarded to staff based on the financial performance of the Group and performance of individual staff.

In addition, share options are granted to eligible employees in accordance with the terms of the Company's share option scheme (as detailed in the paragraph headed "Share Option Scheme" below).

## BUSINESS OUTLOOK

With the global maiden launch of FingerQ and PrivacQ in Hong Kong on 23 July 2013, 2013 will definitely mark a new milestone for the Company. Promising a total privacy solution for personal computing, communications and entertainment devices, FingerQ and PrivacQ offer the highest level of security available using one's own unique fingerprint, and integrate seamlessly into personal daily routines. In addition to the current encryption function, more unique functions including e-banking and online shopping are under development. FingerQ and PrivacQ aim to provide an all-round security service to their users. With their high recognition gained in the world's leading technology exhibitions, in the near future, the Group will devote much resource in promoting this new business. Asia will be the Group's first start and hopefully there will be more footprints around the globe in the coming years. The Group has applied and will continue to apply for patents with the SIPO for technologies used in FingerQ and PrivacQ in order to secure its market status and exclusiveness.

Leveraging our wireless charging technological and production capabilities, in the coming future, the Group will adopt the charging function together with the wireless data transfer to the PrivacQ devices which we think will further solidify FingerQ's market competitiveness.

Since awareness and concerns from corporations and general public over data security have been increasing, the Group believes that the demand for fingerprint biometric devices will sustain and remain an important growth driver of the business in-view of the increasing demand.

For our automation business, as mentioned earlier, Gallant Tech has been contributing stable revenue to the Group. In the second half of 2013, Gallant Tech is planning to expand its sales network from Tianjin, Beijing, Sichuan and Shenzhen to wider China particularly the Western regions such as Chengdu and Chongqing.

Nonetheless, for the second half of 2013, the operating environment is expected to be challenging due to economic uncertainties. The Group will continue to put in great effort in establishing a solid foundation for overcoming challenges ahead. Looking forward, the Group will give its best effort in expanding the consumer product markets and remain a pioneer in innovative products design and development in order to enhance its market presence and profitability.

## OTHER INFORMATION

### INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK\$0.4 cents per ordinary share of the Company for the six months ended 30 June 2013 (2012: Nil). The interim dividend will be paid in cash on or around Tuesday, 15 October 2013 to shareholders whose names appear on the register of members of the Company at the close of business on Sunday, 29 September 2013.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 September 2013 to Sunday, 29 September 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 June 2013, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 24 September 2013.

### PURCHASE, SALE OR REDEMPTION OR CONVERSION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2013.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) 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 the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

### Long positions in shares and underlying shares of the Company

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Wong Kwok Fong <sup>(Note)</sup>	Settlor of The KW Trust	1,927,778,827	65.86%
	Beneficial owner	79,584,000	2.72%
	Interest of spouse	30,700,061	1.05%
Ms. Ching Pui Yi <sup>(Note)</sup>	Beneficiary of The KW Trust	1,927,778,827	65.86%
	Beneficial owner	30,700,061	1.05%
	Interest of spouse	79,584,000	2.72%
Mr. Tan Hui Kiat	Beneficial owner	8,836,017	0.30%

#### Notes:

The entire issued share capital of Soar Plan Holdings Limited is held by Swan Hills Holdings Limited which is in turn ultimately held by the Credit Suisse Trust Limited as the trustee of The KW Trust. The KW Trust is a discretionary trust established by Mr. Wong Kwok Fong as settlor and the Credit Suisse Trust Limited as trustee on 1 December 2009. The beneficiaries of The KW Trust include family members of Mr. Wong Kwok Fong and Ms. Ching Pui Yi. Mr. Wong Kwok Fong and Ms. Ching Pui Yi are deemed to be interested in the 1,927,778,827 shares held by The KW Trust, Soar Plan Holdings Limited and Swan Hills Holdings Limited pursuant to Part XV of the SFO and their respective interests duplicate the interests held by The KW Trust, Soar Plan Holdings Limited and Swan Hills Holdings Limited.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme (as defined in the section headed "Share Option Scheme" below), at no time during the six months ended 30 June 2013 was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors or the chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. Save for the disclosed, none of the Directors or chief executives of the Company or their spouses or children under the age of 18, was granted any right to subscribe for the equity or debt securities of the Company or any other body corporate nor had exercised any such right during the six months ended 30 June 2013.

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

As at 30 June 2013, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

### Long position in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of shareholding
Credit Suisse Trust Limited <sup>(Note)</sup>	Interest in a controlled corporation	1,927,778,827	65.86%
Swan Hills Holdings Limited <sup>(Note)</sup>	Interest in a controlled corporation	1,927,778,827	65.86%
Soar Plan Holdings Limited <sup>(Note)</sup>	Beneficial owner	1,927,778,827	65.86%

#### Notes:

The entire issued share capital of Soar Plan Holdings Limited is held by Swan Hills Holdings Limited which is in turn ultimately held by the Credit Suisse Trust Limited as the trustee of The KW Trust. The KW Trust is a discretionary trust established by Mr. Wong Kwok Fong as settlor and the Credit Suisse Trust Limited as trustee on 1 December 2009. The beneficiaries of The KW Trust include family members of Mr. Wong Kwok Fong and Ms. Ching Pui Yi. Mr. Wong Kwok Fong and Ms. Ching Pui Yi are deemed to be interested in the 1,927,778,827 shares held by The KW Trust, Soar Plan Holdings Limited and Swan Hills Holdings Limited pursuant to Part XV of the SFO and their respective interests duplicate the interests held by The KW Trust, Soar Plan Holdings Limited and Swan Hills Holdings Limited.

Save as disclosed above, as at 30 June 2013, the Company has not been notified of any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.



## SHARE OPTION SCHEME

The Company operates a share option scheme (the “Scheme”), which was adopted pursuant to a resolution in writing passed by the shareholders of the Company on 24 November 2010, for the purpose of providing incentive or reward to eligible participants for their contributions to, and continuing efforts to promote the interests of, the Company and to enable the Group to recruit and retain employees of high calibre. The Scheme became effective on 24 November 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

Eligible participants of the Scheme include any director or employee (whether full-time or part-time) of any member of the Group.

As at the date of this report, the total number of shares of the Company available for issue under the Scheme and any other share option scheme of the Group is 274,980,000, representing 9.39% of the issued share capital of the Company as at the date of this report.

The total number of shares issued and which may fall to be issued upon exercise of the options granted and to be granted under the Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each eligible person, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting with such eligible persons and his associates abstaining from voting and other requirements prescribed under the Listing Rules from time to time.

Any grant of options to a Director, chief executive or to a substantial shareholder of the Company or any of their respective associates is required to be approved by the Independent Non-Executive Directors (excluding the Independent Non-Executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an Independent Non-Executive Director or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the offer of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue on the date of the offer;
- (ii) having an aggregate value in excess of HK\$5 million, based on the closing price of the Company’s shares at the date of such grant,

such further grant of options will be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting on a poll at which all connected persons of the Company shall abstain from voting in favour at such meeting and other requirements prescribed under the Listing Rules from time to time.

The offer of a grant of share options may be accepted by the date specified in the offer letter, upon payment of a nominal consideration of HK\$1 by the grantee.

## OTHER INFORMATION

There is no general requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option.

Upon acceptance, the date of grant of any particular option is deemed to be the date of the Board resolution approving the grant in accordance with the Scheme. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than 10 years from the date of grant. No option may be granted more than 10 years after the date of approval of the Scheme. Subject to earlier termination in accordance with the terms of the Scheme, the Scheme shall be valid and effective for a period of 10 years from the date of adoption of the Scheme by the shareholders.

The following table disclosed movements in the share options during the period:

Participants	Option to subscribe for shares of the Company						Balance as at 30 June 2013	Exercise period	Exercise price per share HK\$
	Balance as at 1 January 2013	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2013			
<b>Directors</b>									
Wong Kwok Fong	0	2,920,000	0	0	0	2,920,000	17 June 2013 to 16 June 2023	0.420	
Ching Pui Yi	0	2,000,000	0	0	0	2,000,000	17 June 2013 to 16 June 2023	0.420	
Tan Hui Kiat	0	800,000	0	0	0	800,000	17 June 2013 to 16 June 2023	0.420	
<b>Total for Directors</b>	<b>0</b>	<b>5,720,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,720,000</b>			
<b>Employees</b>									
	0	6,300,000	0	0	0	6,300,000	17 June 2013 to 16 June 2023	0.420	
<b>Total for Employees</b>	<b>0</b>	<b>6,300,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,300,000</b>			
<b>Total</b>	<b>0</b>	<b>12,020,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,020,000</b>			

## CORPORATE GOVERNANCE

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A.2.1 of the CG Code. Mr. Wong Kwok Fong (“Mr. Wong”) currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. Mr. Wong is one of the founders of the Group and has extensive experience in manufacturing, supply chain and marketing functions in electronics and technologies. The Board believes that by holding both roles, Mr. Wong will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company’s present management structure comprises sufficient number of independent non-executive directors, and thus the Board believes that a balance of power and authority have been and will be maintained.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the six months ended 30 June 2013, they have complied with the provisions of the Model Code.

## AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference set out in the CG Code. The principal duties of the audit committee includes the review and supervision of the Group’s financial reporting matters and internal control procedures. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Chan Wai.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed interim financial statement of the Group for the six months ended 30 June 2013.

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution during the period and also to give our sincere gratitude to all our shareholders and business partners for their continuous support.

By order of the Board  
**World Wide Touch Technology (Holdings) Limited**  
**Wong Kwok Fong**  
*Chairman and Chief Executive Officer*

Hong Kong, 23 August 2013