

INTERIM REPORT 2014



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

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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 manufacturing of a range of high-technology products; trading and providing services with respect to automation-related equipment; and strategic investment and development in technologies mainly relating to biometric security, high-speed wireless data transmission and communications.

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 its position as the leading provider of patented biometric security solutions.

With a vision to become the purveyor of “life technologies” that facilitate and improve the daily life of users, the Group strives to introduce cutting-edge technologies into its products and implement strategic development plans in an effort to promote the diversification of its product mix, as well as to enlarge its market share.

The Company was listed on the main board of The Stock Exchange of Hong Kong Limited on 15 December 2010 (Stock code: 1282).

CES
2014



Las Vegas, USA from January 7 to 10, 2014

PrivacQ Q-Case S was named as a 2014 International CES Innovations Design and Engineering Awards Honoree in the Wireless Handset Accessories product category



Barcelona, Spain from February 24 to 27, 2014

FingerQ and PrivacQ products were enthusiastically received facilitating the Group’s efforts to foster relationships with GSMA operators

Mobile
World
Congress
2014



Mobile
Asia
Expo
2014

Shanghai, China from June 11 to 13, 2014

FingerQ and PrivacQ products have gained industry players’ awareness which will create potential cooperation opportunities



Pioneer in Multi Biometrics Authentication & Point-to-point Identification Platform

Security beyond lock and unlock

FingerQ is a unique, patented biometric platform to safeguard individual privacy and information security. It provides a total security solution that is designed for mainstream systems including Windows PCs, Android Smartphones, tablets and iOS devices.

Q-Eco-System





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

Bank of China Limited

Industrial and Commercial Bank of China Limited

LEGAL ADVISER

As to Hong Kong Law:

Sidley Austin

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

REGISTERED OFFICE

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Cayman Islands

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman)
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Grand Cayman KY1-1110

Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 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.wvtt.hk>

**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 34, 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 2014 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, 22 August 2014

4 CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



AS AT 30 JUNE 2014

	Note	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	544,400	572,382
Land use right		4,749	4,806
Intangible assets	7	78,139	74,069
Investments in associates		13,165	22,500
Available-for-sale financial assets	8	282,055	357,304
Deferred income tax assets		14,531	13,996
Prepayments and other receivables	10	7,034	17,126
		944,073	1,062,183
Current assets			
Inventories		97,742	149,075
Trade receivables	9	185,734	209,599
Prepayments, deposits and other receivables	10	19,301	24,735
Amount due from a related party	24(e)	2,572	–
Current income tax recoverable		262	145
Financial assets at fair value through profit or loss		1,234	1,321
Cash and cash equivalents		245,078	325,892
		551,923	710,767
Total assets		1,495,996	1,772,950
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	11	292,708	292,708
Share premium	11	565,489	565,489
Other reserves and retained earnings		209,740	345,523
		1,067,937	1,203,720

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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AS AT 30 JUNE 2014

	Note	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings	12	39,583	62,500
Other payables	15	–	8,247
Deferred income tax liabilities		1,650	1,976
		41,233	72,723
Current liabilities			
Trade and bills payables	14	128,730	154,992
Accruals and other payables	15	71,834	87,465
Bank borrowings	12	177,638	242,149
Finance lease obligations	13	80	973
Current income tax liabilities		8,544	10,928
		386,826	496,507
Total liabilities		428,059	569,230
Total equity and liabilities		1,495,996	1,772,950
Net current assets		165,097	214,260
Total assets less current liabilities		1,109,170	1,276,443

The notes on pages 9 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Note	Six months ended 30 June	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	6	423,701	537,502
Cost of sales		(411,851)	(494,338)
Gross profit		11,850	43,164
Other gain – net	16	18,846	119,309
Other income	16	684	405
Distribution costs		(15,840)	(12,222)
Administrative expenses		(75,443)	(81,975)
Operating (loss)/profit	17	(59,903)	68,681
Finance costs – net	18	(469)	(1,437)
Share of losses of and impairment provision for associates		(9,335)	(4,105)
(Loss)/profit before income tax		(69,707)	63,139
Income tax credit/(expense)	19	1,562	(1,964)
(Loss)/profit attributable to equity holders of the Company		(68,145)	61,175
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Fair value (loss)/gain on available-for-sale financial assets		(55,930)	29,399
Other comprehensive (loss)/income for the period		(55,930)	29,399
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		(124,075)	90,574
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
– basic (expressed in Hong Kong cents per share)	20	(2.33)	2.09
– diluted (expressed in Hong Kong cents per share)	20	(2.33)	N/A

The notes on pages 9 to 34 form an integral part of this condensed consolidated interim financial information.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	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
(Unaudited)										
For the six months ended 30 June 2014										
At 1 January 2014	292,708	565,489	(215,150)	12,411	2,224	33,545	29,078	22	483,393	1,203,720
Loss for the period	-	-	-	-	-	-	-	-	(68,145)	(68,145)
Other comprehensive income:										
Fair value loss on available-for-sale financial assets	-	-	-	-	-	-	(55,930)	-	-	(55,930)
Total other comprehensive loss	-	-	-	-	-	-	(55,930)	-	-	(55,930)
Total comprehensive loss	-	-	-	-	-	-	(55,930)	-	(68,145)	(124,075)
Dividend relating to 2013 paid during the period	-	-	-	-	-	-	-	-	(11,708)	(11,708)
Transfer to statutory reserve	-	-	-	-	-	216	-	-	(216)	-
At 30 June 2014	292,708	565,489	(215,150)	12,411	2,224	33,761	(26,852)	22	403,324	1,067,937
(Unaudited)										
For the six months ended 30 June 2013										
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)	-
At 30 June 2013	292,708	565,489	(215,150)	12,411	2,224	33,075	39,473	22	428,080	1,158,332

The notes on pages 9 to 34 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	2,855	8,999
Interest paid	(2,806)	(4,028)
Profits tax paid	(1,800)	(1,726)
Net cash (used in)/generated from operating activities	(1,751)	3,245
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,741)	(14,372)
Additions of intangible assets	(11,904)	(11,058)
Purchase of available-for-sale financial assets	(113,802)	–
Proceed received on disposal of property, plant and equipment and intangible assets	9	139
Proceed received on disposal of available-for-sale financial assets	152,055	126,640
Interest received	2,922	3,036
Dividend received	–	22
Prepayment for acquisition of property, plant and equipment and financial assets	–	(9,376)
Net cash generated from investing activities	23,539	95,031
Cash flows from financing activities		
New bank borrowings	207,027	459,311
Repayments of bank borrowings	(294,404)	(490,910)
Advance to a related party	(2,572)	–
Capital repayment of finance lease obligations	(893)	(3,282)
Dividends paid	(11,708)	–
Net cash used in financing activities	(102,550)	(34,881)
Net (decrease)/increase in cash and cash equivalents	(80,762)	63,395
Cash and cash equivalents at beginning of the period	325,892	365,295
Exchange (losses)/gains on cash and cash equivalents	(52)	2,415
Cash and cash equivalents at end of the period	245,078	431,105

The notes on pages 9 to 34 form an integral part of this 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 manufacturing of a range of high-technology products, and the trading of and provision of services with respect to automation-related equipment.

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 22 August 2014.

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

Key events

From March to April 2014, the Group disposed on the market an aggregate of 282,602 shares of Synaptics Incorporated, which is listed on NASDAQ and is classified as available-for-sale financial assets, and recognised a gain on disposal of available-for-sale financial assets of HK\$25,271,000 in the condensed consolidated statement of comprehensive income.

In February 2014, the Group disposed on the market an aggregate of 341,792 shares of Fingerprint Cards AB, which is listed on NASDAQ OMX Stockholm and is classified as available-for-sale financial assets and recognised a loss on disposal of available-for-sale financial assets of HK\$6,359,000 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 2014 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 annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).



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 2013, 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 amendments and interpretations to existing standards that have been issued and effective for annual periods beginning on or after 1 January 2014 with no material impact on the Group's result of operations and financial positions:

HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement
HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011)	Investment entities
HKFRS10, HKFRS11 and HKFRS12 (Amendment)	Transition guidance
HK (IFRIC) Int-21	Levies

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 2014 with no early adoption:

		Effective for annual periods beginning on or after
HKAS 16 and 38 (Amendments)	Clarification of acceptance methods of depreciation and amortisation	1 January 2016
HKAS 19 (Amendments)	Defined benefit plans: Employee contributions	1 July 2014
HKFRS 7 and 9 (Amendments)	Disclosures: Mandatory effective date of HKFRS 9 and transitional disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2018
HKFRS 9 (Amendments)	Hedge accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39	1 January 2018
HKFRS 11 (Amendments)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferred accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
Amendments to HKFRSs	Annual improvements 2010 – 2012 cycle	1 July 2014
Amendments to HKFRSs	Annual improvements 2011 – 2013 cycle	1 July 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 2013.



5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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 information 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 2013.

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 except bank borrowings.

The table below analyses the Group's bank borrowings and interest payables into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand HK\$'000	Within one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total HK\$'000
At 30 June 2014					
Bank borrowings and interest payables (Note i)	131,806	47,621	21,604	19,151	220,182
At 31 December 2013					
Bank borrowings and interest payables (Note i)	196,316	48,239	38,723	25,712	308,990

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Liquidity risk (continued)

Note i:

Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment. Based on the internal information provided by management, it is expected that the lender will not exercise its rights to demand repayment. The expected cash flows with reference to the schedule of repayments set out in the loan agreements are as follows:

	On demand HK\$'000	Within one year HK\$'000	Between one and two years HK\$'000	Between two and five years HK\$'000	Total HK\$'000
At 30 June 2014					
Bank borrowings and interest payables	10,473	169,395	21,604	19,151	220,623
At 31 December 2013					
Bank borrowings and interest payables	–	245,062	38,723	25,712	309,497

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).



5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Fair value estimation (continued)

The following table presents the Group's financial assets/(liabilities) that are measured at fair value at 30 June 2014 and 31 December 2013:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2014				
Assets				
Financial assets at fair value through profit or loss	1,234	–	–	1,234
Available-for-sale financial assets	185,395	–	27,584	212,979
Liabilities				
Contingent consideration payable in relation to acquisition of a subsidiary	–	–	(8,957)	(8,957)
	186,629	–	18,627	205,256
As at 31 December 2013				
Assets				
Financial assets at fair value through profit or loss	1,321	–	–	1,321
Available-for-sale financial assets	260,644	22,269	74,391	357,304
Liabilities				
Contingent consideration payable in relation to acquisition of a subsidiary	–	–	(16,949)	(16,949)
	261,965	22,269	57,442	341,676

In 2014, there were no transfers of financial assets/(liabilities) between Level 1, Level 2 and Level 3.

Transfers between Levels 2 and 3 are addressed in the Level 3 reconciliation in Note 5.5 below.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.4 Valuation techniques used to derive Level 2 fair values

As at 31 December 2013, the Group had an available-for-sale financial asset of HK\$22,269,000 that was within Level 2. The available-for-sale financial asset represented the investment in equity instrument that did not have a quoted market price in an active market at the end of reporting period. The fair value of the unlisted security was determined by the information available from a recent transaction.

As at 30 June 2014, the available-for-sale financial asset was measured at cost less impairment, if any, because it is a startup business or in the new products development stage, in which there are uncertainties as to the future performance of these new products and accordingly, the fair value cannot be determined reliably. In accordance with HKAS 39, under these circumstances, the carrying amount of the investment in unquoted security of HK\$22,269,000 became its new cost (Note 8).

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 2014:

	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 2014	74,391	(16,949)
Transfer from Level 3 (Note)	(46,807)	-
Losses recognised in profit or loss	-	(1,010)
Settlement during the period	-	9,002
Closing balance at 30 June 2014	27,584	(8,957)
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)	-	585



5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

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

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

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

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

Note:

As at 31 December 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 30 June 2014, the available-for-sale financial asset was measured at cost less impairment, if any, because it is in the new products development stage, in which there are uncertainties as to the future performance of the new products and accordingly, the fair value cannot be determined reliably. In accordance with HKAS 39, under these circumstances, the carrying amount of the investment in unlisted shares of HK\$46,807,000 became its new cost (Note 8).

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 2014, if the estimated net profit of Gallant Tech Group for the year ending 31 December 2014 has increased/decreased by 20% with all other variables held constant, post-tax loss for the period would have been HK\$398,000 higher/HK\$2,408,000 lower, as a result of losses/gains recognised in respect of the increase/decrease in fair value of the contingent consideration.

At 30 June 2013, if the estimated net profit of Gallant Tech Group for the years ending 31 December 2013 and 31 December 2014 has increased/decreased by 20% with all other variables held constant, post-tax profit for the period would have been HK\$1,382,000 lower/HK\$3,765,000 higher, 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.

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") and the audit committee ("AC"). Discussions of valuation processes and results are held between the CFO, AC 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 monthly valuation discussions between the CFO, AC and the valuation team. As part of that discussion, the team presents a report that explains the reasons for the fair value movements.

5.7 Fair value of financial assets/(liabilities) measured at amortised cost

The fair value of financial assets/(liabilities) measured at amortised cost approximate their carrying amount.



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 products include mainly the communication- and automotives-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 2014			Six months ended 30 June 2013		
	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	200,562	(954)	199,608	176,284	(1,063)	175,221
Life Energy	24,584	–	24,584	16,176	–	16,176
Life Security	88,671	–	88,671	53,914	–	53,914
Life Touch	53,432	–	53,432	223,894	–	223,894
Other Segments	57,406	–	57,406	68,297	–	68,297
Total	424,655	(954)	423,701	538,565	(1,063)	537,502

6 SEGMENT INFORMATION (continued)

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

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Operating (loss)/profit		
Automation	(607)	2,130
Life Energy	30	163
Life Security	1,913	520
Life Touch	(19,764)	12,007
Other Segments	1,059	238
Total	(17,369)	15,058
Unallocated		
Depreciation shared by various reportable segments and head office	(8,735)	(8,641)
Amortisation of land use right	(58)	(58)
Other gain – net	18,846	119,309
Other income	684	405
Other distribution costs and administrative expenses	(53,271)	(57,392)
Finance costs – net	(469)	(1,437)
Share of losses of and impairment provision for associates	(9,335)	(4,105)
(Loss)/profit before income tax	(69,707)	63,139

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 2013.

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 2013.

Other gain – net, other income, partial distribution and administrative expenses, depreciation and amortisation of land use right are not allocated to segments, as they are inseparable for each product and not attributable to particular reportable segments. Finance costs – net and share of losses and impairment provision 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.



6 SEGMENT INFORMATION (continued)

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Segment assets		
Automation	225,986	201,654
Life Energy	30,623	43,755
Life Security	98,606	96,785
Life Touch	123,298	198,428
Other Segments	113,726	122,892
Segment assets for reportable and other segments	592,239	663,514
Unallocated:		
Property, plant and equipment shared by various reportable segments	316,256	323,580
Land use right	4,749	4,806
Available-for-sale financial assets	282,055	357,304
Investments in associates	13,165	22,500
Deferred income tax assets	14,531	13,996
Inventories shared by various reportable segments	62,810	76,994
Prepayments, deposits and other receivables shared by various reportable segments	23,169	34,056
Financial assets at fair value through profit or loss	1,234	1,321
Cash and cash equivalents shared by various reportable segments	185,788	274,879
Total assets	1,495,996	1,772,950

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, intangible assets, trade receivables, prepayments, deposits and other receivables, current income tax recoverable, amount due from a related party, cash and cash equivalents, goodwill and inventories attributable to various reportable segments.

6 SEGMENT INFORMATION (continued)

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

7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the current interim period, the Group incurred expenditures of approximately HK\$5,741,000 (six months ended 30 June 2013: HK\$14,372,000) and HK\$11,904,000 (six months ended 30 June 2013: HK\$11,058,000) for property, plant and equipment and intangible assets, respectively.

8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Listed shares	185,395	260,644
Unlisted shares	96,660	96,660
	282,055	357,304
Market value of listed shares	185,395	260,644

The fair value for certain unlisted shares is determined by using a discounted cash flow approach which is not based on observable inputs.

Certain unlisted shares are measured at cost (Note 5.4 and 5.5).

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 2014 and the six months ended 30 June 2013. The Group does not hold any collateral over these balances.

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



9 TRADE RECEIVABLES

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Trade receivables	186,402	210,427
Less: Provision for impairment of receivables	(668)	(828)
Trade receivables – net	185,734	209,599

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 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
0 to 30 days	86,877	131,227
31 to 60 days	46,418	30,672
61 to 90 days	30,032	27,167
91 to 120 days	10,768	6,590
Over 120 days	12,307	14,771
	186,402	210,427

9 TRADE RECEIVABLES (continued)

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
At 1 January	828	537
Provision of impairment for trade receivables	131	291
Reversal of provision of impairment of trade receivables	(291)	–
At 30 June/31 December	668	828

10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Non-current		
Prepayments for purchase of property, plant and equipment and intangible assets	1,399	8,866
Prepaid insurance for a director	4,785	4,870
Others	850	3,390
	7,034	17,126
Current		
Prepayment for purchase of inventories	1,566	6,064
Utility and other deposits	3,315	3,554
Value-added tax recoverable	4,046	7,282
Others	10,374	7,835
	19,301	24,735



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 2013, 30 June 2013, 1 January 2014 and 30 June 2014	2,927,084	292,708	565,489	858,197

12 BANK BORROWINGS

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Non-current		
Bank loans, secured	39,583	62,500
Current		
Bank loans, secured	104,538	178,129
Trust receipts loans, secured	73,100	64,020
	177,638	242,149
Total bank borrowings	217,221	304,649

12 BANK BORROWINGS (continued)

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Within one year	177,638	242,149
Between one and two years	20,833	37,500
Between two and five years	18,750	25,000
	217,221	304,649

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

Certain of the Group's bank facilities are subject to covenants, whereby the Group is required to meet certain key performance indicators. The Group did not fulfil the tangible net worth as required by banking facilities of approximately HK\$30,000,000 (2013: Nil), in which approximately HK\$10,473,000 (2013: Nil) had been utilised as of 30 June 2014. The lender has not requested early repayment of these loans upon the failure of fulfilment of such covenant clause and the Group has repaid these loans in full in July 2014.

13 FINANCE LEASE OBLIGATIONS

Details of finance lease obligations are analysed as follows:

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Total minimum lease payments under finance leases:		
– not later than one year	81	979
Less: Future finance charges	(1)	(6)
Finance leases obligations	80	973
Analysis of present value of finance lease obligations:		
– not later than one year	80	973



14 TRADE AND BILLS PAYABLES

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
0 to 30 days	64,592	99,071
31 to 60 days	32,506	28,922
61 to 90 days	12,115	14,652
91 to 120 days	11,483	9,387
Over 120 days	8,034	2,960
	128,730	154,992

15 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Non-current		
Contingent consideration in relation to acquisition of a subsidiary (Note)	–	8,247
Current		
Payable for purchase of property, plant and equipment	2,522	3,602
Salary and wages payable	8,216	19,467
Accrued operating expenses	5,831	7,023
Advance receipts from customers	16,124	13,596
Provision for value-added tax and other taxes in the People's Republic of China ("PRC")	11,627	16,320
Contingent consideration in relation to acquisition of a subsidiary (Note)	8,957	8,702
Commission payables	3,167	2,212
Other accruals and other payables	15,390	16,543
	71,834	87,465

15 ACCRUALS AND OTHER PAYABLES (continued)

Note:

On 16 January 2012, the Group acquired 100% of the issued shares in Gallant Tech Limited. 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 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 2014, settlement of HK\$9,002,000 (six months ended 30 June 2013: 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 2013 and an accretion of interest of HK\$585,000 (six months ended 30 June 2013: HK\$798,000) at an effective interest rate has been recognised in profit or loss for the contingent consideration arrangement.

16 OTHER GAIN AND OTHER INCOME – NET

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Other gain – net		
Fair value loss on financial asset at fair value through profit or loss	(87)	–
Gains on disposal of available-for-sale financial assets, net	18,933	119,309
	18,846	119,309
Other income		
Recovery of bad debt	291	–
Other	393	405
	684	405



17 OPERATING (LOSS)/PROFIT

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

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Amortisation of intangible assets	7,833	11,800
Amortisation of land use right	58	58
Depreciation of property, plant and equipment	33,636	33,786
Loss on disposal of property, plant and equipment	78	1,136
Share-based payments	–	2,224

18 FINANCE COSTS – NET

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Finance income		
– Interest income on bank deposits	2,922	2,633
– Interest income on loan receivable	–	365
	2,922	2,998
Finance costs:		
– Bank loans	(2,374)	(3,006)
– Finance lease obligations	(6)	(72)
– Trust receipt loans	(426)	(912)
– Notional accretion of interest on contingent consideration payable (Note 15)	(585)	(798)
	(3,391)	(4,788)
Less amounts capitalised on qualifying assets	–	353
	(3,391)	(4,435)
Finance costs – net	(469)	(1,437)

19 INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Current income tax		
– Hong Kong profits tax	–	(6)
– People's Republic of China ("PRC") enterprise income tax	(1,985)	(2,839)
– Overprovision of PRC enterprise income tax in respect of prior year	2,686	–
	701	(2,845)
Deferred income tax	861	881
	1,562	(1,964)

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 2014 (For the six months ended 30 June 2013: 16.5%).

The statutory income tax rate applicable to entities operating in the PRC is 25% (For the six months ended 30 June 2013: 25%).



20 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
(Loss)/profit attributable to equity holders of the Company (HK\$'000)	(68,145)	61,175
Weighted average number of ordinary shares in issue (thousands)	2,927,084	2,927,084
Basic (loss)/earnings per share (Hong Kong cents)	(2.33)	2.09

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

20 (LOSS)/EARNINGS PER SHARE (continued)
(b) Diluted (continued)

	Six months ended 30 June	
	2014 (Unaudited)	2013 (Unaudited)
(Loss)/earnings		
(Loss)/profit attributable to equity holders of the Company (HK\$'000)	(68,145)	61,175
Weighted average number of ordinary shares in issue (thousands)	2,927,084	2,927,084
Adjustments for – Share options (thousands)	334	–
Weighted average number of ordinary share for diluted earnings per share (thousands)	2,927,418	2,927,084
Diluted (loss)/earnings per share (expressed in HK cents per share)	(2.33)	N/A

21 DIVIDENDS

	Six months ended 30 June	
	2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
2013 interim dividend – HK\$0.4 cents per share	–	11,708
2013 final dividend paid – HK\$0.4 cents per share	11,708	–
	11,708	11,708

No interim dividend was declared by the board of directors for the six months ended 30 June 2014 (For the six months ended 30 June 2013: HK\$0.4 cents per share).



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 were as follows:

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Not later than one year	6,503	6,172
Later than one year and not later than five years	6,531	3,479
	13,034	9,651

23 CAPITAL COMMITMENTS

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

	As at 30 June 2014 HK\$'000 (Unaudited)	As at 31 December 2013 HK\$'000 (Audited)
Contracted for – Not later than one year	–	2,158

As at 30 June 2014, the Group did not have any authorised but not contracted for capital commitments (31 December 2013: Nil).

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.

24 RELATED PARTY TRANSACTIONS (continued)

(a) The Group has renewed a three-year residential premises lease agreement with Mr. Wong Kwok Fong on 15 December 2013, pursuant to which Heshan World Fair Electronics Technology Limited agreed to lease from Mr. Wong certain residential premises in Jiangmen, the PRC, at an annual rental of RMB1,200,000 as residences for the Group's senior management (For the year ended 31 December 2013: HK\$1,200,000).

(b) Key management compensation

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' fees	933	933
Basic salaries, housing allowances, other allowances and benefits in kind	4,878	6,149
Share-based compensation expenses	–	1,854
Contributions to pension plans	56	23
	5,867	8,959

(c) During the period, Mr. Wong Kwok Fong provided certain premises to the Group's employees as staff quarters at no charge (2013: 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.

(e) A loan has been advanced to Mr Kam Yun Kwong, a key management executive of the Group in April 2014. The loan is interest bearing at HIBOR plus 2% per annum and repayable on demand.



25 SHARE – BASED PAYMENTS

Share options were 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:

	Exercise price in HK\$ per share option	Options (thousands)
At 1 January 2014 and 30 June 2014	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 2014 (six months ended 30 June 2013: Nil).

The fair value of options granted during the period ended 30 June 2013 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.

No share option expenses were recognised in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2014 (For the six months ended 30 June 2013: HK\$2,224,000).



BUSINESS REVIEW

The Group has continued to vigorously pursue its strategy of transforming from a labor-intensive manufacturing-focused entity to a value-added, innovative technologies company during the past six months. Along with this strategy, the Group has revisited its operations and continued to trim down a number of low margin business segments and shift the resources of the Group to business segments with better potential, such as biometric security technology. In view of the increasing popularity and wider application of biometric security technology and the sluggish market outlook of the Electronic Manufacturing Services (EMS) business, the Group's transformation strategy has proven to be on the right track.

During the first half of 2014, of the Group's total revenue, Automation products accounted for 47.1% (corresponding period in 2013: 32.6%), Life Energy products accounted for 5.8% (corresponding period in 2013: 3.0%), Life Security products accounted for 20.9% (corresponding period in 2013: 10.0%), Life Touch products accounted for 12.6% (corresponding period in 2013: 41.7%) and Other Segments accounted for 13.6% (corresponding period in 2013: 12.7%).

Automation

Gallant Tech Limited ("Gallant Tech") has continued to contribute stable revenue to the Group. In the first half of 2014, Gallant Tech recorded revenue of HK\$199.6 million, accounting for 47.1% of the Group's total revenue.

Gallant Tech's ongoing stable performance was driven by the strong demand in the mobile manufacturing sector and the testing equipment segment, as well as its notable after-sales services. As manufacturers in China become increasingly conscious on the benefits of automation technologies, the Group believes that the automation business should continue to generate stable revenue over the long term.

Life Energy

The Group's Life Energy product segment consists mainly of wireless charging devices.

During the first half of 2014, the revenue of wireless charging devices increased by 51.9% over the corresponding period in 2013 to HK\$24.6 million. In view of the surging demand of the wireless charging market, the Group has made two foresight strategic investments in PowerMat Technologies Ltd. ("PowerMat"), an innovative leader in the fast-growing wireless charging industry back in 2011 and 2012 which have borne fruit during the year.

PowerMat has begun its national rollout of PowerMat wireless charging of portable devices in Starbucks beginning with stores in the San Francisco Bay Area during June this year. The national rollout of the PowerMat charging service in Starbucks' outlets should further enhance PowerMat's market share and subsequently boost the sales of PowerMat's charging products. Apart from Starbucks, PowerMat's client base has a portfolio of globally respected and diversified brands, including General Motors, Procter & Gamble and AT&T.

The Group is also optimistic about PowerMat's ability to deliver a solid return on the Group's investment, as wireless charging is more widely deployed in the United States and across Asia Pacific.



As for the plasma lighting source products, it continues to contribute insignificant revenue as in line with the Group's strategy to reallocate its resources to business segments with higher margins, and the Group will continue to be selective in identifying suitable projects that would secure not only high profitability but also strong cash flow.

Life Security

The Life Security product segment principally consists of biometric fingerprint modules that are used in world renowned brands of PC notebooks, and fingerprint identity biometric devices. During the review period, revenue from the Life Security segment increased by 64.6% to HK\$88.7 million.

Adhering to its belief in the rising demand for biometric security technology and the growing need for secure internet or mobile communications, the Group has successfully launched FingerQ, the world's first biometric fingerprint identity privacy protection platform; and PrivacQ, a biometric communication device, during the second half of 2013 in Hong Kong, Taiwan and Singapore. FingerQ features a number of patented technologies developed by the Group. Enhanced features, such as voice and face recognition have been added in addition to fingerprint identity with more secure data transmission during the review period. As the need for secure internet communication capabilities will only increase, biometric technology such as fingerprint identification or face recognition will quickly become a widely-adopted feature among devices for identity verification and protection.

Active participation in exhibition and industry events is a key element of the Group's efforts in promoting its biometric security technology and lays a foundation for future partnership while enhancing brand awareness. At CES 2014 in Las Vegas, USA, held from January 7 to 10, 2014, the PrivacQ Q-Case won recognition as a 2014 International CES Innovations Design and Engineering Awards Honoree in the Wireless Handset Accessories product category. The Group also participated in Mobile World Congress 2014 in Barcelona, Spain and Mobile Asia Expo 2014 in Shanghai, China where FingerQ and PrivacQ products have gained increasing awareness among industry players.

Life Touch

As part of the Group's strategy is to focus its resources on business segments delivering better margins, the Group's Life Touch segment's revenue dropped by 76.2%, as compared with the corresponding period in 2013 to HK\$53.4 million.

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 stable revenue of HK\$14.2 million and HK\$29.8 million respectively, accounting for 3.4% and 7.0% of the Group's total revenue.



Investments

The Group is investing in technology to further its transformation into a technology company without allocating excessive time and resources to research and development. This is accomplished through investments in a number of technology companies principally involved in biometric security, wireless data transmission and communications to forge future collaboration and create synergies resulting in more powerful products.

New Investment

Link Mobility Group

In view of the increasing significance of the potential of biometric security in the rising take-up of e-commerce and mobile payment, the Group has acquired shares in Link Mobility Group (“Link Mobility”) during the review period. As at 30 June 2014, the Group held 680,081 shares, at a value of approximately HK\$17.1 million. The investment in Link Mobility will enhance the Group’s partnership with that company to delivering leading edge solutions which will transform the way secure payment information is exchanged over the internet via FingerQ, subsequently further creating synergies and improving its revenue in the e-payment market.

Link Mobility is a leading provider of mobile solutions and mobile services in the Nordic and Baltic countries. It assists clients having dialogs with their customers and provides mobile payments solution to its clients. Link Mobility offers products and services extending from mobile payment, mobile marketing, mobile dialogue, mobile CRM and mobile applications.

Biometric Security Technology

The successful launch of FingerQ and PrivacQ has showcased the Group’s unique niche in biometric security technologies. To take advantage of the expected growth of biometric security technologies in the future, the Group has invested in a number of companies that are at the forefront of the biometric security technology development, including the following:

Fingerprint Cards AB

Fingerprint Cards AB (“FPC”) is a Swedish public company that is listed on NASDAQ OMX Stockholm. As at 30 June 2014, the Group held 645,186 FPC shares, at a value of approximately HK\$36.4 million. FPC develops, produces and markets biometric components and technologies that verify a person’s identity through the analysis and matching of an individual’s fingerprint. The technology consists of biometric sensors, processors, algorithms and modules that can be used separately or in combination with each other. As the Group and FPC are both engaged in the development and sale of fingerprint biometric systems, the Group believes that the investment facilitating a long-term strategic partnership with FPC will encourage useful business synergies and the development of products with greater functionality.



IDEX ASA

IDEX ASA (“IDEX”) is a Norwegian public company listed on the Oslo Axess market of the Oslo Børs (Oslo Stock Exchange). As at 30 June 2014, the Group held 21,373,299 IDEX ASA shares at a value of approximately HK\$127.8 million. The Group acquired additional IDEX ASA shares during the review period. As both the Group and IDEX are in the business of the development and sales of information technology-related products and in particular fingerprint biometric systems, the investment represents a valuable opportunity to foster long-term strategic business collaboration with IDEX.

IDEX specialises in fingerprint imaging and recognition technology. IDEX’s vision is to ensure individuals have safe, secure, and user-friendly uses of their personal ID. IDEX developed an award-winning SmartFinger® technology platform based on the company’s core intellectual property, including the patented fingerprint imaging principle, sensing scheme and chip design. SmartFinger® solutions can be seamlessly integrated into a variety of embedded applications such as mobile phones, One Time Password devices, Smartcards, payment and ID cards, payment terminals, access control devices and biometric security and login tokens.

Synaptics Incorporated

During the first half of 2014, the Group disposed of a total of 282,602 shares of Synaptics Incorporated for an aggregate consideration of approximately HK\$131.1 million and recognised a gain of approximately HK\$25.3 million. The proceeds from the disposal help to further strengthen the Group’s cash flow position for its long term business operation.

Wireless Data Transmission Technology

The wider application of smartphones and tablets not only spurs a strong demand for data security technology, it also comes with massive and intensive data transfer, in which the support of ultra high-speed wireless data transmission becomes inevitable.

Keyssa Inc. (previously known as WaveConnex)

Keyssa Inc. is a US privately-held company whose principal business is developing wireless technology for data transfer which changed its name from WaveConnex to Keyssa during the review period. This investment is expected to strengthen the Group’s position in the wireless data transfer and mobile internet market.

Communication Technology

Anticipating the strong demand for high-speed wireless data transmission infrastructure driven by 3G and 4G deployment, in 2012 the Group had invested in two companies engaged in wireless telecommunications systems and components.



Advanced Radio Device Technologies, Inc.

The principal business of Advanced Radio Device Technologies, Inc. ("ARDT") is the research and development, sales and marketing of semiconductor solutions for communications and related equipment. The management expects that ARDT's technology and lean operations can benefit the Group by bolstering its position in the Radio Frequency ("RF") communications applications market.

Tekmar, Inc.

As a result of the continued loss sustained by and the financial difficulties currently faced by Tekmar, the Group, after strategic consideration, decided to make a provision for the impairment of its interest in Tekmar in the amount of HK\$6.1 million. Tekmar specializes in the development, manufacturing and sale of carrier-grade wireless telecommunication systems and components, including RF filters for 4G LTE FDD and TDD infrastructure.

FINANCIAL REVIEW

Revenue

The revenue of the group for the six months ended 30 June 2014 amounted to HK\$423.7 million (corresponding period in 2013: HK\$537.5 million), analysed by business segments as follows:

	For the six months ended 30 June		2013		% change
	2014 HK\$ million		HK\$ million		
Automation	199.6	47.1%	175.2	32.6%	13.9%
Life Energy	24.6	5.8%	16.2	3.0%	51.9%
Life Security	88.7	20.9%	53.9	10.0%	64.6%
Life Touch	53.4	12.6%	223.9	41.7%	(76.2)%
Other Segments	57.4	13.6%	68.3	12.7%	(16.0)%
	423.7	100%	537.5	100.0%	(21.2)%

During the period under review, the Group's revenue fell by 21.2% to HK\$423.7 million as compared with the corresponding period in 2013.

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 2014 amounted to HK\$11.9 million, a decrease of HK\$31.3 million as compared with the corresponding period in 2013. For the same reason, the gross profit margin for the six months ended 30 June 2014 has decreased from 8.0% to 2.8% as compared with the corresponding period in 2013.



Other gain – net

The net other gain decreased by HK\$100.5 million as compared with the corresponding period in 2013 mainly due to the gain from the disposals by the Group of shares in investee companies is significantly less than the same period in 2013.

Distribution Costs

During the period under review, distribution costs increased slightly to HK\$15.8 million from HK\$12.2 million. The increase was mainly caused by the increase in data storage fee for FingerQ and PrivacQ.

Administrative Expenses

During the period under review, administrative expenses decreased slightly to HK\$75.4 million from HK\$82.0 million due to a reduction in staff costs and no share option expenses have been incurred.

Finance Costs – net

The net finance costs decreased by HK\$1.0 million as compared with the corresponding period in 2013 due to less interest expense from bank loans.

Loss for the Period

Loss for the period was HK\$68.1 million, as compared to a profit of HK\$61.2 million during the corresponding period in 2013.

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 2014, the Group's cash and cash equivalents totalled HK\$245.1 million (31 December 2013: HK\$325.9 million). Working capital represented by net current assets amounted to HK\$165.1 million (31 December 2013: HK\$214.3 million). The Group's current ratio was 1.4 (31 December 2013: 1.4).

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\$73.1 million (31 December 2013: HK\$64.0 million) and bank loans amounting to HK\$144.1 million (31 December 2013: HK\$240.6 million). These bank borrowings were secured by corporate guarantees provided by the Company and certain of its subsidiaries. As at 30 June 2014 and 31 December 2013, 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 2014, the Group did not have any contracted but not provided for capital commitments (31 December 2013: HK\$2.2 million) and authorised but not contracted for capital commitments (31 December 2013: 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 2014, the Group did not have capital commitments.

EMPLOYEES

As of 30 June 2014, the Group employed approximately 960 (31 December 2013: 1,500) 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 adopted on 24 November 2010.

BUSINESS OUTLOOK

Mobile biometric security has evolved from an interesting concept to a must-have feature for all smart mobile devices. The trend to incorporate more convenient authentication and identity verification on mobile devices has driven the increasing importance of biometrics authentication in consumer technology. This includes many biometric modalities such as fingerprint, facial and voice verification technologies. The Group is transforming itself into a pioneering biometric security solutions provider by extending the scope of its technology and product offerings from hardware and applications to comprehensive solutions beyond mere lock and unlock functions.



Technology leadership and solid execution of its business strategy have advanced the Group to a leading position in the biometric security market. In the years ahead, the Group will continue with its transformation strategy by gradually winding down its low profit margin electronic manufacturing business and investing in leading technology companies engaged in targeted industries. Furthermore, the Group is placing immense effort in making its FingerQ platform more user-friendly by attracting more App developers and strategic partners to integrate more features onto the FingerQ's secure platform, and supporting top-tier mainstream operating systems including iOS, Android, and Windows PC. The Group is determined to expand its business development around the world by enhancing its product quality and technology offerings that bring greater convenience and improved security to people's lives.

In the first half of 2014, the Group has been an active participant in internationally recognised exhibitions and trade shows, obtaining numerous awards as well as intellectual property and these efforts will continue. In the second half of 2014, the Group will expand awareness of its biometric security brand internationally by joining Biometrics 2014 and Apps World Europe 2014 in London later this year to gain European market exposure and attract more App developers to the Group's developer network. This direction will advance the Group's transformation from a hardware and applications provider to a virtual platform operator with multi-factor biometric authentication solutions.

Investments in technology companies during the past years are beginning to bear fruit, and gain traction in the market. The Group is exploring the area of mobile payment, as mobile commerce is creating a brand new ecosystem and value chain, presenting a more favorable environment in which biometrics applications on mobile devices can flourish. The Group is therefore continuing to focus on bolstering its leadership position in applying biometric authentication technology in order to address the rising market demand for data privacy and security. Correspondingly, the Group is directing its capital and resources towards securing more patents and establishing strategic partnerships to foster new growth niches and competitive advantages. The Group believes that it is investing in the right areas to catch the market wave of mobile payment and increasing demand for secured virtual operations. All these investments are expected to bring meaningful synergies to the Group over time.

Looking ahead, the Group will continue to drive product innovation, making further investments in technology companies internationally which are in-line with the Group's strategies. Ultimately, the Group's goal is to become one of the world's leading biometric security solutions providers. Management remains confident in the long-term prospects of the Group, and its ability to continue delivering favorable returns to its shareholders.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2014 (2013: HK\$0.4 cents per share).

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 2014.

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

As at 30 June 2014, 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 noticed 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 ^(Note)	Interest in controlled corporation	1,927,778,827	65.86%
	Beneficial owner	83,268,000	2.84%
	Interest of spouse	30,700,061	1.05%
Ms. Ching Pui Yi ^(Note)	Interest in controlled corporation	1,927,778,827	65.86%
	Beneficial owner	30,700,061	1.05%
	Interest of spouse	83,268,000	2.84%
Mr. Tan Hui Kiat	Beneficial owner	8,836,017	0.30%

Notes:

Mr. Wong Kwok Fong and Ms. Ching Pui Yi hold as to 50% each in the issued share capital of Anglo Solution Limited, which in turn holds the entire issued share capital of Soar Plan Holdings Limited. Soar Plan Holdings Limited is the beneficial owner of 1,927,778,827 shares in the Company.



Save as disclosed above, as at 30 June 2014, 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 noticed 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 2014 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 2014.

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

As at 30 June 2014, 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
Anglo Solution Limited ^(Note)	Interest in a controlled corporation	1,927,778,827	65.86%
Soar Plan Holdings Limited ^(Note)	Beneficial owner	1,927,778,827	65.86%

Notes:

The entire issued share capital of Soar Plan Holdings Limited is held by Anglo Solution Limited which is in turn held as to 50% each by Mr. Wong Kwok Fong and Ms. Ching Pui Yi.

Save as disclosed above, as at 30 June 2014, the Company has not been noticed 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 the following:

- (i) Full-time or part-time employees; and
- (ii) Full-time or part-time executive directors and independent non-executive directors of any member of the Group.

As of the date of this report, the total number of shares of the Company available for issue under the Scheme is 274,980,000, representing approximately 9.39% of the issued share capital of the Company as of 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 (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.

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.

Details of the share options outstanding as at 30 June 2014 which have been granted under the scheme are as follows:

	Number of options (in thousands)				Held at 30 June 2014	Exercise price per share HK\$	Exercisable period
	Held at 1 January 2014	Granted during the year	Expired during the year	Exercised during the year			
Executive directors							
Wong Kwok Fong	2,920	–	–	–	2,920	0.420	17 June 2013 to 16 June 2023
Ching Pui Yi	2,000	–	–	–	2,000	0.420	17 June 2013 to 16 June 2023
Tan Hui Kiat	800	–	–	–	800	0.420	17 June 2013 to 16 June 2023
Total for directors	5,720	–	–	–	5,720		
Employees	6,300	–	–	–	6,300	0.420	17 June 2013 to 16 June 2023
Total	12,020	–	–	–	12,020		

At 16 June 2013, the date before the options were granted, the market value per share was HK\$0.395. The value of the options granted to the respective parties is as follows:

	HK\$'000
Wong Kwok Fong	540
Ching Pui Yi	370
Tan Hui Kiat	148
Employees	1,166
	2,224

CORPORATE GOVERNANCE

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well as 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 Corporate Governance Code (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 2014, 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 and the external auditors of the Company 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 2014.

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, 22 August 2014