



世達科技(控股)有限公司

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

(incorporated in the Cayman Islands with limited liability)

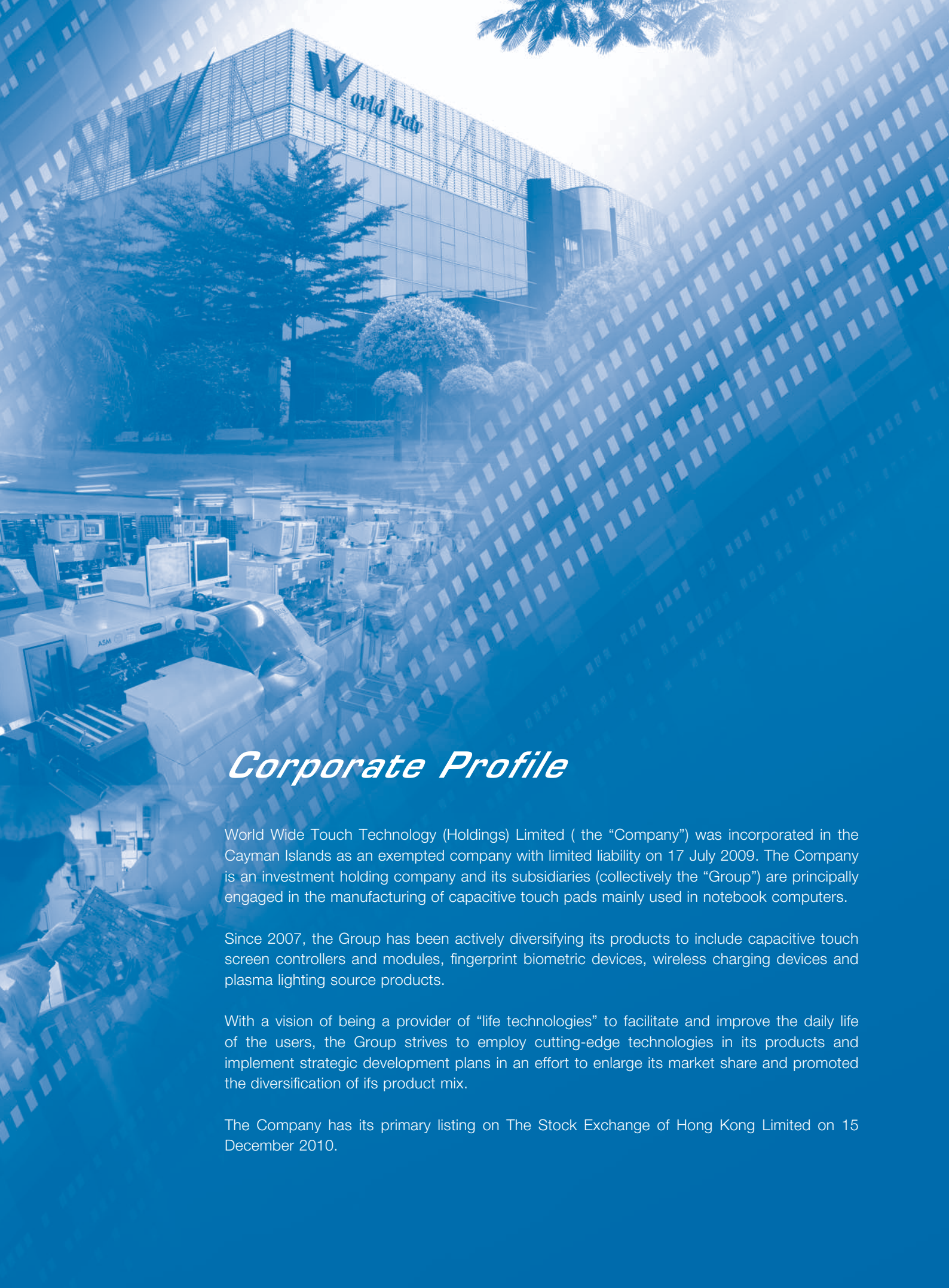
Stock Code: 1282

Interim Report **2011**

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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 is an investment holding company and its subsidiaries (collectively the “Group”) are principally engaged in the manufacturing of capacitive touch pads mainly used in notebook computers.

Since 2007, the Group has been actively diversifying its products to include capacitive touch screen controllers and modules, fingerprint biometric devices, wireless charging devices and plasma lighting source products.

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 promoted the diversification of ifs product mix.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited on 15 December 2010.

# 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 (*Senior Operations Director*)  
Mr. Cheung Wing Keung (*resigned on 30 June 2011*)

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

## 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

## COMPLIANCE ADVISER

CMB International Capital Limited

## LEGAL ADVISERS

Pang & Co. in association with Salans LLP

## 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

## CORPORATE INFORMATION

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1107  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### LISTING VENUE

Main board of The Stock Exchange of Hong Kong Limited

### STOCK CODE

01282

### WEBSITE

<http://www.wvtt.hk>

## FINANCIAL HIGHLIGHTS

	<b>As at 30 June 2011 HK\$'000</b>	As at 31 December 2010 HK\$'000	+/-
<b>FINANCIAL POSITION</b>			
Total assets	<b>1,704,689</b>	1,645,235	4%
Net assets	<b>1,111,374</b>	1,006,324	10%
Net Current assets	<b>511,728</b>	552,306	-7%
Net (cash)/debt (Note)	<b>(349,360)</b>	(320,671)	9%
Current ratio	<b>2.0</b>	1.9	0.1
Quick ratio	<b>1.6</b>	1.6	—
Gearing ratio (Note)	<b>N/A</b>	N/A	N/A

	<b>For the Six months ended 30 June</b>		
	<b>2011 HK\$'000</b>	2010 HK\$'000	+/-
<b>OPERATING RESULTS</b>			
Turnover	<b>644,300</b>	668,705	-4%
Gross profits	<b>130,578</b>	187,664	-30%
EBITDA	<b>103,181</b>	154,042	-33%
Profit from operations	<b>64,025</b>	130,184	-51%
Profit for the period	<b>51,120</b>	104,313	-51%
Profit attributable to equity shareholders	<b>51,120</b>	104,313	-51%
<b>KEY STATISTICS</b>			
Gross profit margin	<b>20%</b>	28%	-8%
EBITDA margin	<b>16%</b>	23%	-7%
Operating profit margin	<b>10%</b>	19%	-9%
Net profit margin	<b>8%</b>	16%	-8%
Return on equity	<b>5%</b>	34%	-29%
Interest coverage	<b>9.5</b>	17.4	-7.9
Inventory turnover days	<b>70</b>	56	14
Debtors' turnover days	<b>55</b>	67	-12
Creditors' turnover days	<b>71</b>	99	-28

Note: Gearing ratio is defined as net debt by total capital as at the end of the respective period/year. Net debt is calculated as total borrowings including finance lease obligations less cash and cash equivalents and pledged bank deposits. The Group has no net debt as at 30 June 2011 and 31 December 2010.

# 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 7 to 30, which comprises the condensed consolidated balance sheet of World Wide Touch Technology (Holdings) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2011 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period 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.



## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

### 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, 26 August 2011



## CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	517,506	462,232
Land use right	7	5,096	5,154
Intangible assets	7	34,318	27,421
Available-for-sale financial assets	8	39,007	—
Deferred income tax assets		104	104
Prepayments and deposits	10	61,654	6,883
		657,685	501,794
<b>Current assets</b>			
Inventories		199,864	193,692
Trade receivables	9	159,657	225,549
Prepayments, deposits and other receivables	10	20,099	96,806
Financial assets at fair value through profit or loss		1,210	1,251
Pledged bank deposits		—	75,832
Cash and cash equivalents		666,174	550,311
		1,047,004	1,143,441
<b>Total assets</b>		1,704,689	1,645,235

## CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
<b>EQUITY</b>			
<b>Owner's equity attributable to the Company's equity holders</b>			
Share capital	11	292,708	287,000
Share premium		565,489	517,267
Reserves	12	253,177	202,057
		1,111,374	1,006,324
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	13	52,726	44,000
Deferred tax liabilities		5,313	3,776
		58,039	47,776
<b>Current liabilities</b>			
Trade and bills payables	15	188,547	210,917
Accruals and other payables	16	59,081	95,835
Bank borrowings	13	242,098	223,181
Finance lease obligations	14	21,990	38,291
Current income tax liabilities		23,560	22,911
		535,276	591,135
<b>Total liabilities</b>		593,315	638,911
<b>Total equity and liabilities</b>		1,704,689	1,645,235
<b>Net current assets</b>		511,728	552,306
<b>Total assets less current liabilities</b>		1,169,413	1,054,100

The notes on pages 12 to 30 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Note	Six months ended 30 June	
		2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Revenue	6	644,300	668,705
Cost of sales		(513,722)	(481,041)
Gross profit		130,578	187,664
Other income/(losses) — net	17	109	(35)
Distribution costs		(4,123)	(5,168)
Administrative expenses		(62,539)	(52,277)
Operating profit	18	64,025	130,184
Finance income	19	3,342	23
Finance costs	19	(7,108)	(7,479)
Finance costs — net	19	(3,766)	(7,456)
Profit before income tax		60,259	122,728
Income tax expense	20	(9,139)	(18,415)
Profit attributable to equity holders of the Company and total comprehensive income during the period		51,120	104,313
Earnings per share for profit attributable to equity holders of the Company			
— basic (expressed in HK cents per share)	21	1.75	4.85
— diluted (expressed in HK cents per share)	21	N/A	N/A

The notes on pages 12 to 30 form an integral part of this condensed consolidated interim financial information.

Dividends	22	15,000	15,390
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# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	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	Statutory reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
					issuance costs HK\$'000			
(Unaudited)								
<b>For the period ended 30 June 2011</b>								
At 1 January 2011	287,000	517,267	(215,150)	12,411	—	23,049	381,747	1,006,324
Profit for the period	—	—	—	—	—	—	51,120	51,120
Transfer to statutory reserve	—	—	—	—	—	3,849	(3,849)	—
Exercise of share over-allotment	5,708	48,522	—	—	—	—	—	54,230
Professional fees in relation to the initial public offering	—	—	—	—	(300)	—	—	(300)
Transfer to share premium	—	(300)	—	—	300	—	—	—
At 30 June 2011	292,708	565,489	(215,150)	12,411	—	26,898	429,018	1,111,374
(Audited)								
<b>For the period ended 30 June 2010</b>								
At 1 January 2010	215,250	—	(215,150)	12,411	(17,924)	12,578	234,942	242,107
Profit for the period	—	—	—	—	—	—	104,313	104,313
Transfer to statutory reserve	—	—	—	—	—	3,845	(3,845)	—
Professional fees in relation to the initial public offering	—	—	—	—	(21,829)	—	—	(21,829)
Dividends	—	—	—	—	—	—	(15,390)	(15,390)
At 30 June 2010	215,250	—	(215,150)	12,411	(39,753)	16,423	320,020	309,201

The notes on pages 12 to 30 form an integral part of this condensed consolidated interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Net cash generated from operating activities	93,746	42,450
Net cash used in investing activities	(58,206)	(75,925)
Net cash generated from financing activities	72,809	21,447
Net increase/(decrease) in cash and cash equivalents	108,349	(12,028)
Cash and cash equivalents at beginning of the period	550,311	29,620
Exchange gain on cash and cash equivalents	7,514	—
Cash and cash equivalents at end of the period	666,174	17,592
Analysis of the balances of cash and cash equivalents		
Cash at banks and on hand	666,174	17,647
Bank overdrafts	—	(55)
	666,174	17,592

The notes on pages 12 to 30 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.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

Pursuant to a group reorganisation, which was completed on 27 November 2009 (the “Reorganisation”), the Company became the holding company of the subsidiaries now comprising the Group. Prior to the completion of the Reorganisation, the business of the Group was carried out by World Fair International Limited (a Hong Kong incorporated company) and its subsidiaries. Before the completion of the Reorganisation, World Fair International Limited was beneficially wholly owned by Mr. Wong Kwok Fong and Ms. Ching Pui Yi (collectively, the “Controlling Shareholders”).

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 26 August 2011.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2011 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 2010, 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 2010, as described in those annual financial statements.

Exceptional items are disclosed and described separately in the financial information where it is necessary to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 ACCOUNTING POLICIES *(continued)*

#### (a) New and amended standards adopted by the Group

The following standards, amendments and interpretations to existing standards have been published by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and are effective for 2011:

HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendment)	Classification of rights issues
HKAS 34 (Amendment)	Interim financial reporting
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a minimum funding requirement
HK(IFRIC) — Int 19	Extinguishing financial liabilities with equity instruments
Third improvements to Hong Kong Financial Reporting Standards (2010)	Certain third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by both IASB and the HKICPA

#### (b) Amendments and interpretations to existing standards issued but not effective for the financial year beginning 1 January 2011 and have not been early adopted

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets	1 January 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
HKFRS 7 (Amendment)	Disclosures — Transfers of financial assets	1 July 2011
HKFRS 9	Financial instruments	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013

### 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 2010.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT

#### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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 2010.

#### 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.

#### 5.3 Fair value estimation

The fair value measurements of financial instruments of the Group that are measured at fair value are disclosed by level of the following fair value measurement hierarchy:

- 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).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Instruments included in level 1 comprise listed shares classified as financial assets at fair value through profit or loss.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT *(continued)*

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

None of financial instruments of the Group is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 30 June 2011, the Group had available-for-sale financial assets of HK\$39,007,000 (2010: Nil) that are within this category. The available-for-sale financial assets represent the investment in equity instruments that do not have a quoted market price in an active market. As fair value cannot be measured reliably, such investment cost is measured at cost. The Group does not intend to dispose of the available-for-sale financial assets within 12 months from the period-end date.

In 2011 there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

In 2011 there were no reclassifications of financial assets.

### 6 SEGMENT INFORMATION

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

The CEO considers the business from a product perspective.

The reportable operating segments derive their revenue primarily from the manufacturing and sale of capacitive touch products, fingerprint biometric devices, lighting source products and wireless charging devices.

Other products include automotive parts and high power amplifiers. 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".

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION *(continued)*

Reportable segment information is reconciled to profit before income tax as follows:

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
<b>Revenue from external customers</b>		
Capacitive touch products	362,351	383,267
Fingerprint biometric devices	107,452	67,212
Lighting source products	35,807	42,279
Wireless charging devices	8,910	122,896
Other segments	129,780	53,051
Segment revenue for reportable and other segments	644,300	668,705
<b>Segment gross profit</b>		
Capacitive touch products	81,071	90,774
Fingerprint biometric devices	19,134	24,697
Lighting source products	10,585	15,819
Wireless charging devices	1,802	36,725
Other segments	17,986	19,649
Segment gross profit for reportable and other segments	130,578	187,664
<b>Other segment item – amortisation of intangible assets</b>		
Fingerprint biometric devices	—	(1,131)
Lighting source products	—	(259)
Wireless charging devices	—	(64)
Other segments	—	(455)
	—	(1,909)
<b>Unallocated:</b>		
Depreciation shared by various reportable segments	(7,396)	(4,497)
Amortisation of land use right	(58)	(58)
Other income/(losses) – net	109	(35)
Other distribution costs and administrative expenses	(59,208)	(50,981)
Finance costs – net	(3,766)	(7,456)
	(70,319)	(63,027)
Profit before income tax	60,259	122,728



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 SEGMENT INFORMATION *(Continued)*

The revenue from external parties reported to the CEO is measured in a manner consistent with that in the condensed consolidated interim financial information.

The CEO assesses the performance of the operating segments based on a measure of gross profit margin, which are in a manner consistent with that of the condensed consolidated interim statement of comprehensive income.

Reportable segments' assets are reconciled to total assets as follows:

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
<b>Segment assets</b>		
Capacitive touch products	195,494	218,726
Fingerprint biometric devices	147,589	98,934
Lighting source products	48,545	89,323
Wireless charging devices	76,177	117,267
Other segments	106,779	70,098
Segment assets for reportable and other segments	574,584	594,348
<b>Unallocated:</b>		
Property, plant and equipment shared by various reportable segments	260,394	205,702
Land use right	5,096	5,154
Deferred income tax assets	104	104
Inventories shared by various reportable segments	123,157	108,844
Prepayments, deposits and other receivables	73,970	103,689
Financial assets at fair value through profit or loss	1,210	1,251
Pledged bank deposits	—	75,832
Cash and cash equivalents	666,174	550,311
	1,130,105	1,050,887
Total assets	1,704,689	1,645,235

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHT AND INTANGIBLE ASSETS

	Intangible assets		Total intangible assets HK\$'000	Property, plant and equipment HK\$'000	Land use right HK\$'000	Total HK\$'000
	Trademark and patents HK\$'000	Development Costs HK\$'000				
<b>(Unaudited)</b>						
<b>Six months ended 30 June 2011</b>						
Opening net book amount as at 1 January 2011	2,842	24,579	27,421	462,232	5,154	494,807
Additions	359	14,377	14,736	83,325	—	98,061
Disposal	—	—	—	(134)	—	(134)
Depreciation and amortisation	(772)	(7,067)	(7,839)	(27,917)	(58)	(35,814)
Closing net book amount as at 30 June 2011	2,429	31,889	34,318	517,506	5,096	556,920
<b>(Audited)</b>						
<b>Six months ended 30 June 2010</b>						
Opening net book amount as at 1 January 2010	1,273	10,110	11,383	340,526	5,270	357,179
Additions	1,060	10,912	11,972	68,738	—	80,710
Depreciation and amortisation	(220)	(1,689)	(1,909)	(21,868)	(58)	(23,835)
Closing net book amount as at 30 June 2010	2,113	19,333	21,446	387,396	5,212	414,054

### 8 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The available-for-sale financial assets represent the investment in equity instruments that do not have a quoted market price in an active market. As the fair value cannot be measured reliably, such investment cost is measured at cost. The Group does not intend to dispose of the available-for-sale financial assets within 12 months from the period-end date.

### 9 TRADE RECEIVABLES

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
Trade receivables	159,657	225,549
Less: Provision for impairment of receivables	—	—
Trade receivables — net	159,657	225,549

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 9 TRADE RECEIVABLES *(Continued)*

The Group generally grants a credit period of 30 to 90 days to its customers. The aging analysis of trade receivables is as follows:

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
0 to 30 days	154,119	102,177
31 to 60 days	1,118	74,311
61 to 90 days	43	21,511
91 to 120 days	—	9,849
Over 120 days	4,377	17,701
	159,657	225,549

### 10 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
<b>Current</b>		
Prepayment for purchase of inventories	780	15,796
Utility and other deposits	3,705	3,012
Value-added tax recoverable	8,617	20,431
Receivable in relation to the Global Offering	—	46,945
Others	6,997	10,622
	20,099	96,806
<b>Non-current</b>		
Prepayments for purchase of property, plant and equipment	61,654	6,883

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 11 SHARE CAPITAL

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
Authorised capital: 3,500,000,000 shares of HK\$0.1 each	350,000	350,000
Issued capital:		
At 1 January ( <i>Note a</i> )	287,000	215,250
Shares issued pursuant to the Global Offering ( <i>Note b</i> )	—	71,750
Shares issued upon the exercise of the over-allotment option of the Global Offering ( <i>Note c</i> )	5,708	—
	292,708	287,000

*Notes:*

- (a) The Company was incorporated on 17 July 2009, with an authorised share capital of 3,500,000,000 shares of HK\$0.1 each were issued for cash. On 27 November 2009, the Company issued 2,152,490,000 shares of HK\$0.1 each pursuant to the Reorganisation.
- (b) On 15 December 2010, the Company issued 717,500,000 shares of HK\$0.1 each pursuant to the global offering launched on 2 December 2010 (the “Global Offering”). The excess of issue price over the par value of the ordinary shares was credited to the share premium.
- (c) On 4 January 2011 and 11 January 2011, the Company issued 54,000,000 and 3,084,000 shares respectively, totalling 57,084,000 shares of HK\$0.1 each upon the exercise of the over-allotment option of the Global Offering.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 12 RESERVES

	Merger reserve HK\$'000	Capital reserve HK\$'000	Share issuance costs HK\$'000	Statutory reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
(Unaudited)						
<b>For the period ended</b>						
<b>30 June 2011</b>						
At 1 January 2011	(215,150)	12,411	—	23,049	381,747	202,057
Profit for the period	—	—	—	—	51,120	51,120
Transfer to statutory reserve	—	—	—	3,849	(3,849)	—
Professional fees in relation to the initial public offering	—	—	(300)	—	—	(300)
Transfer to share premium	—	—	300	—	—	300
At 30 June 2011	(215,150)	12,411	—	26,898	429,018	253,177
(Audited)						
<b>For the period ended</b>						
<b>30 June 2010</b>						
At 1 January 2010	(215,150)	12,411	(17,924)	12,578	234,942	26,857
Profit for the period	—	—	—	—	104,313	104,313
Transfer to statutory reserve	—	—	—	3,845	(3,845)	—
Professional fees in relation to the initial public offering	—	—	(21,829)	—	—	(21,829)
Dividends	—	—	—	—	(15,390)	(15,390)
At 30 June 2010	(215,150)	12,411	(39,753)	16,423	320,020	93,951



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13 BANK BORROWINGS

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
<b>Non-current</b>		
Bank loans	52,726	44,000
<b>Current</b>		
Bank loans	39,737	131,860
Trust receipts loans	202,361	91,321
	242,098	223,181
Total bank borrowings	294,824	267,181

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

### 14 FINANCE LEASE OBLIGATIONS

Details of finance lease obligations are analysed as follows:

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
Total minimum lease payments under finance leases: – not later than one year	22,583	40,617
Less: Future finance charges	(593)	(2,326)
Finance leases obligations	21,990	38,291
Analysis of present value of finance lease obligations: – not later than one year	21,990	38,291

Finance lease obligations are denominated in Hong Kong dollar.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 15 TRADE AND BILLS PAYABLES

At 30 June 2011, the aging analysis of the trade and bills payables is as follows:

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
0 to 30 days	117,996	70,989
31 to 60 days	44,125	66,599
61 to 90 days	20,073	57,641
91 to 120 days	3,033	13,161
Over 120 days	3,320	2,527
	188,547	210,917

### 16 ACCRUALS AND OTHER PAYABLES

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
Payable for purchase of property, plant and equipment	7,163	16,658
Salary and wages payable	13,028	14,066
Accrued operating expenses	3,832	37,530
Advance receipts from customers	5,345	1,925
Provision for value-added tax and other taxes in the PRC	20,287	16,456
Other accruals and other payables	9,426	9,200
	59,081	95,835

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 17 OTHER INCOME/(LOSSES) – NET

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Fair value losses on financial asset at fair value through profit or loss	(42)	(262)
Others	151	227
	109	(35)

### 18 OPERATING PROFIT

The following items have been charged to the operating profit during the period:

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Loss on disposal of property, plant and equipment	134	—
Depreciation of property, plant and equipment	27,917	21,868
Amortisation of land use right	58	58
Amortisation of intangible assets	7,839	1,909

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 19 FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Finance income		
— Interest income on bank deposits	3,342	23
Finance costs:		
— Bank loans	4,789	4,580
— Finance lease obligations	694	1,285
— Bank overdrafts and trust receipt loans	1,625	1,614
	7,108	7,479
Finance costs — net	3,766	7,456

### 20 INCOME TAX EXPENSE

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Current income tax		
— Hong Kong profits tax	4,507	12,259
— Taxation outside Hong Kong	3,096	2,025
	7,603	14,284
Deferred income tax	1,536	4,131
	9,139	18,415

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period ended 30 June 2011 (For the period ended 30 June 2010: 16.5%).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 20 INCOME TAX EXPENSE *(continued)*

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 immediate subsequent years. 5% withholding income tax is also imposed on dividends relating to profits remitted from the PRC subsidiary.

The first profit-making year (after offsetting prior year losses) of World Fair Electronics Technology (Heshan) Limited is the year ended 31 December 2008.

### 21 EARNINGS PER SHARE

#### (a) Basic

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

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Profit attributable to equity holders of the Company	51,120	104,313
Weighted average number of ordinary shares in issue (thousands)	2,926,019	2,152,500
Basic earnings per share (HK cents)	1.75	4.85

#### (b) Diluted

As the Company had no dilutive ordinary shares for the period (For the period ended 30 June 2010: Nil), diluted earnings per share for the period is not presented.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 22 DIVIDENDS

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Interim dividend	15,000	15,390

At the Board meeting held on 26 August 2011, the Board declared an interim dividend of HK 0.512 cents (2010: HK 0.536 cents) per ordinary share. This condensed consolidated interim financial information does not reflect this dividend payable.

### 23 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 are as follows:

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
	Not later than one year	5,544
Later than one year and not later than five years	5,142	9,180
	10,686	15,439

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 24 CAPITAL COMMITMENTS

Capital commitments for property, plant and equipment as at the balance sheet date are as follows:

	As at 30 June 2011 HK\$'000 (Unaudited)	As at 31 December 2010 HK\$'000 (Audited)
Contracted but not provided for: Property, plant and equipment	106,283	3,656

### 25 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's banking facilities were secured by personal guarantees and pledge of properties provided and owned by Mr. Wong Kwok Fong and Ms. Ching Pui Yi, directors of the Company. These personal guarantees have been released in February 2011 and are replaced by corporate guarantees provided by the Company and certain of its subsidiaries.
- (b) The Group has entered into a three-year residential premises lease agreement with Mr. Wong Kwok Fong which will take effect upon 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 a monthly rental of HK\$99,000 as residences for the Group's senior management (For the period ended 30 June 2010: Nil).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 25 RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management compensation

	Six months ended 30 June	
	2011 HK\$'000 (Unaudited)	2010 HK\$'000 (Audited)
Directors' fees	945	831
Basic salaries, housing allowances, other allowances and benefits in kind	3,574	5,576
Contributions to pension plans	21	42
	4,540	6,449

- (d) 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 licenses and permits and any demolish costs for certain properties of the Group.
- (e) In November 2010, the Group entered into agreement with the Controlling Shareholders who agreed to indemnify the Group in respect of any costs or liabilities that may arise out of the additional tax assessments of a subsidiary (as disclosed in Note 26).

### 26 CONTINGENT LIABILITIES

In April 2010, World Fair International Limited ("World Fair Hong Kong") a subsidiary of the Group received an additional assessment dated 30 March 2010 from the Hong Kong Inland Revenue Department ("IRD") demanding an additional profits tax in the amount of HK\$1.75 million for the year of assessment 2003/04. This subsidiary also received a notice from the IRD of even date requesting an interview in relation to the tax audit of its tax affairs for the years of assessment 2003/04 to 2008/09.

The directors of the Company believe that the additional assessment is of a protective nature and was issued to keep the year of assessment 2003/04 technically open in view of the statutory time bar. An objection against the above additional assessment was lodged on 20 April 2010 and by a letter dated 7 May 2010 issued by the IRD an unconditional holdover of the above additional profits tax had been granted by the IRD.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 26 CONTINGENT LIABILITIES *(continued)*

A meeting between World Fair Hong Kong and the IRD in relation to the tax audit was held in June 2010. On 17 September 2010, a settlement proposal was submitted to the IRD for consideration but the settlement of the tax audit is still under negotiation with the IRD. As part of the settlement proposal, a deposit of HK\$3 million had been placed with the IRD. On 14 January 2011, the IRD issued an additional assessment in the amount of HK\$0.7 million to World Fair Hong Kong for the 2004/05 tax year. After the lodgment of an objection against the said assessment, the IRD agreed to partially holdover HK\$0.3 million of the additional assessment unconditionally on 16 February 2011. The remaining balance of HK\$0.4 million, which has been included in the additional tax offered in the settlement proposal dated 17 September 2010, has been paid by World Fair Hong Kong.

As the final outcome of the tax audit is still uncertain, the directors of the Company are of the view that except for those which have already been provided for in the accounts based on the Company's best estimate as prepared in the settlement proposal, there is no reliable basis for estimating and making additional provision for potential tax liabilities, if any, and the corresponding penalty and interest, if any, as at 30 June 2011, which may arise from tax adjustments made as a result of the above tax audit. The Controlling Shareholders have agreed to indemnify the Group in respect of any costs or liabilities arising out of additional assessment for which the Group may be liable.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

Uncertainties continued to overshadow the global economic recovery in the first half of 2011. The Group's performance over the period has been adversely affected by the tough operating environment in the People's Republic of China (the "PRC") hit by inflation, appreciation of Renminbi, rise in production costs, as well as change in the Group's product mix. The Group's revenue slightly dropped by 3.6% to HK\$644.3 million, and the profit over the period dropped by 51.0% to HK\$51.1 million. Nevertheless, the Group recorded high growth in certain revenue segments, including capacitive touch screen modules and fingerprint biometric devices. The Group will strive to improve its results for the full year of 2011.

In the first half of 2011, capacitive touch products revenue accounted for 56.2% (corresponding period in 2010: 57.3%) of the total revenue, while the remaining 43.8% (corresponding period in 2010: 42.7%) came from fingerprint biometric devices, wireless charging devices, light source products and other products.

## BUSINESS REVIEW

Capacitive touch products continued to take up the largest share of the Group's total revenue in the first half of 2011. Sales of capacitive touch pads for use in notebook computers fell by 20.1% as compared with the corresponding period in 2010. Sales of touch screen controllers and modules climbed significantly by 165.6% as compared with the corresponding period in 2010 due to the increase in demand for smart consumer devices such as tablet PCs and smartphones from ODM/OEM partners, offsetting the drop in sales in capacitive touch pads. During the period, the Group delivered over 8 million units of touch screen controllers and modules, representing over 1.4 times of increment as compared to the corresponding period in 2010. As users around the world are switching from old-fashioned mobile phones to highly versatile devices to perform daily tasks like shopping and banking, the Group believes the touch screen modules sector will continue to grow.

Fingerprint biometric devices, the growth driver for the Group in the first half of 2011, delivered excellent performance with revenue increased by 60.0% to HK\$107.5 million as compared to the corresponding period in 2010. In the consumer sector, fingerprint access is arguably the best identity recognition tool as it offers unmatched convenience and security. It saves the hassle of memorising passwords for different devices and applications.

The Group's plasma lighting source products generated a revenue of HK\$35.8 million during the period under review, representing a fall of 15.4% from that for the corresponding period in 2010 .

## MANAGEMENT DISCUSSION AND ANALYSIS

Despite the reduction in the revenue from the lighting source products during the period, the Group believes that this segment has a promising prospect in a long run. Plasma lighting products, with their high reliability, long lifetime, high efficiency and energy-saving capacity, are applicable to areas including but not limited to highways/freeways, residential living areas, and manufacturing facilities, are regarded as energy efficient products. To promote conservation of energy, the State Council released a comprehensive energy saving and emission reduction programme in July 2011 as part of its 12th Five-year Plan. According to the programme, the PRC government encourages the use of advanced technology and plans to strengthen energy saving management. The Group believes these initiatives would favour the growth in its plasma lighting product segment.

The Group saw a 92.8% decline in revenue from wireless charging devices compared to the corresponding period in 2010 as the market was undergoing a transition after the Wireless Power Consortium (“WPC”), an organisation which is established to set a universal power charging standard, announced the implementation of a new standard known as “Qi” to ensure product interoperability regardless of manufacturer or brand for electronic products such as mobile phones, music players and digital cameras. The Group’s strategic partner, Powermat Limited (“Powermat”), an Israel-based firm specialising in wireless electric charging technology, became a WPC member in May 2011 and would be adopting Qi for its products. During this period of transition, the orders for the Group’s wireless charging devices had reduced significantly. But the Group is optimistic about the outlook of its wireless charging devices since the market is likely to expand with the adoption of Qi. Moreover, the Group believes its partnership with Powermat, as an industry leader in wireless charging, will bring competitive advantage to the Group in the future when Qi is widely adopted by leading handset OEMs.

In order to strengthen its position in the wireless charging market, Cyber Vision Technology Limited, a subsidiary of the Company entered into an agreement on 11 May 2011 with Powermat for the subscription for 958 preferred shares of Powermat at a consideration of approximately US\$5 million. The Group believes the strategic partnership with Powermat will facilitate the growth in its wireless charging business.

During the first half of 2011, the revenue from other segments, including automotive parts and high power amplifiers, accounted for HK\$129.8 million, representing an increase of 144.4% as compared to the corresponding period in 2010. The growth was mainly due to the increased number of sales orders.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

## Revenue

The revenue for the six months ended 30 June 2011 amounted to HK\$644.3 million (corresponding period in 2010: HK\$668.7 million), analysed by product category as follows:

	For the period ended 30 June				% change
	2011		2010		
	HK\$ million		HK\$ million		
Capacitive touch products	362.3	56.2%	383.2	57.3%	-5.5%
Fingerprint biometric devices	107.5	16.7%	67.2	10.1%	+60.0%
Lighting source products	35.8	5.6%	42.3	6.3%	-15.4%
Wireless charging devices	8.9	1.4%	122.9	18.4%	-92.8%
Other segments	129.8	20.1%	53.1	7.9%	+144.4%
	644.3	100.0%	668.7	100.0%	-3.6%

During the period under review, the Group's revenue fell slightly by 3.6% to HK\$644.3 million as compared with the corresponding period in 2010. Such fall is mainly due to the decline in revenue from wireless charging devices due to the transition which has been partly offset by the rise in the revenue from fingerprint biometric devices and other segments as more sales orders were received.

## Gross Profit and Margin

The gross profit for the six months ended 30 June 2011 amounted to HK\$130.6 million, a decrease of HK\$57.1 million or 30.4% as compared with the corresponding period in 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS

Below set out is the analyse of gross profit and gross profit margin for each product category:

	For the period ended 30 June			
	2011		2010	
	HK\$ million		HK\$ million	
Capacitive touch products	81.1	22.4%	90.8	23.7%
Fingerprint biometric devices	19.1	17.8%	24.7	36.8%
Lighting source products	10.6	29.6%	15.8	37.4%
Wireless charging devices	1.8	20.2%	36.7	29.9%
Other segments	18.0	13.9%	19.7	37.1%
	130.6	20.3%	187.7	28.1%

The overall gross profit margin for the period decreased from 28.1% to 20.3%, as a result of the change in product mix, increase in production costs and the appreciation of Renminbi.

### Distribution Costs

Distribution cost for the period amounted to HK\$4.1 million, amounting to 0.6% of the total revenue. This represents a decrease of 20.2% when compared to the corresponding period in 2010 reflecting the decline in turnover, in particular of the wireless charging devices.

### Administrative Expenses

During the period under review, administrative expenses increased to HK\$62.5 million from HK\$52.3 million, mainly attributable to the increase in rental and general depreciation as additional office space and fixed assets were rented and acquired since latter half of 2010, legal and professional fees for compliance and communication purpose, and appreciation of Renminbi.

### Finance Costs – net

The net finance costs decreased by HK\$3.7 million or 49.5% as compared with the corresponding period in 2010. The decrease was primarily resulted from an increase in interest income.

### Income Tax Expense

Income tax expense decreased by 50.4% to HK\$9.1 million as compared to the corresponding period 2010, which was due to the decline in the profit for the period.

### Profit for the Period

Profit for the period was HK\$51.1 million, representing a decrease of HK\$53.2 million or 51.0% as compared with the corresponding period in 2010.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 2011, the Group's cash and cash equivalents and pledged bank deposits totalled HK\$666.2 million (31 December 2010: HK\$626.1 million). Working capital represented by net current assets amounted to HK\$511.7 million (31 December 2010: HK\$552.3 million). The Group's current ratio was 2.0 (31 December 2010: 1.9).

Bank borrowings included trust receipt loans amounting to HK\$202.3 million (31 December 2010: HK\$91.3 million) and term loans amounting to HK\$92.5 million (31 December 2010: HK\$175.9 million) and are secured by corporate guarantees provided by the Company and certain of its subsidiaries. As at 30 June 2011, the gearing ratio of the Group, which is calculated as net debt (total borrowings less cash and cash equivalents) divided by capital and reserves attributable to the Company's equity holders, was 0% (31 December 2010: 0%), since the Group has no net debt.

#### Contingent Liabilities

In April 2010, World Fair International Limited ("World Fair Hong Kong"), a subsidiary of the Company, received an additional assessment dated 30 March 2010 from the Hong Kong Inland Revenue Department ("IRD") demanding an additional profits tax in the amount of HK\$1.75 million for the year of assessment 2003/04. This subsidiary also received a notice from the IRD of even date requesting an interview in relation to the tax audit of its tax affairs for the years of assessment 2003/04 to 2008/09.

The directors of the Company believe that the additional assessment is of a protective nature and was issued to keep the year of assessment 2003/04 technically open in view of the statutory time bar. An objection against the above additional assessment was lodged on 20 April 2010 and by a letter dated 7 May 2010 issued by the IRD an unconditional holdover of the above additional profits tax had been granted by the IRD.

A meeting between World Fair Hong Kong and the IRD in relation to the tax audit was held in June 2010. On 17 September 2010, a settlement proposal was submitted to the IRD for consideration but the settlement of the tax audit is still under negotiation with the IRD. As part of the settlement proposal, a deposit of HK\$3 million had been placed with the IRD. On 14 January 2011, the IRD issued an additional assessment in the amount of HK\$0.7 million to World Fair Hong Kong for the year of assessment 2004/05. After the lodgment of an objection against the said assessment, the IRD agreed to partially holdover HK\$0.3 million of the additional assessment unconditionally on 16 February 2011. The remaining balance of HK\$0.4 million, which has been included in the additional tax offered in the settlement proposal dated 17 September 2010, has been paid by World Fair Hong Kong.

As the final outcome of the tax audit is still uncertain, the directors of the Company are of the view that except for those which have already been provided for in the accounts based on the Company's best estimate as prepared in the settlement proposal, there is no reliable basis for estimating and making additional provision for potential tax liabilities, if any, and the corresponding penalty and interest, if any, as at 30 June 2011, which may arise from tax adjustments made as a result of the above tax audit. The Controlling Shareholders have

## MANAGEMENT DISCUSSION AND ANALYSIS

agreed to indemnify the Group in respect of any costs or liabilities arising out of additional assessment for which the Group may be liable.

### Capital Commitments

At 30 June 2011, the Group had contracted but not provided for capital commitments of HK\$106.3 million (31 December 2010: HK\$3.7 million), and did not have any authorised but not contracted for capital commitments (2010: 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 labor costs and manufacturing overheads were denominated in Renminbi. Therefore, the appreciation of Renminbi adversely affected 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 2011, the Group had total capital commitments of HK\$106.3 million mainly for the purchase of machineries, and the construction of additional production plants and R&D centre.

## EMPLOYEES

As at 30 June 2011, the Group had approximately 4,600 (31 December 2010: 5,000) full time employees in Hong Kong and the PRC. The Group recognises the importance of human resources to its success, therefore qualified and experienced personnel are recruited, with remuneration maintained at competitive levels.

## OUTLOOK

Following the earthquake and tsunami that hit Japan on 11 March 2011, the disorder and instability in the Middle East, the Eurozone debt crisis, and the fiscal problem as well as slow recovery in the US, the global economy is expected to remain sluggish. The overall market sentiment may thereby become conservative and volatile from time to time. Furthermore, with the tough operating conditions in the PRC, the future business environment is expected to become more challenging. Nevertheless, the Group is prudently optimistic about the second half of this year and is committed to adhering to its mission of being a provider of "life-technologies".



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group will also strive to maintain its leading position in its current business and further diversify its product mix to seek new growth drivers. The expansion of the Group's production capacity planned for this year is underway as scheduled and is not affected by the challenging operating conditions. Since the Group is one of the pioneers in some emerging sectors such as plasma lighting source products, it has gained the first-mover advantage in these segments.

The Group expects capacitive touch products, especially touch screen controllers and modules, as well as fingerprint biometric devices, to maintain their momentum in the second half of this year. Amid the increasing awareness of energy saving and environmental protection in the PRC which is expected to present a great opportunity to the Group's plasma lighting products, the Group will seek to increase the market share in plasma lighting source products by seeking joint venture opportunities with property developers as well as government agencies across the PRC, so as to secure more sales orders for the second half of this year, with the sales contribution likely to be reflected in 2012. In addition, the Group has started to incorporate Qi into the wireless charging devices.

With a view to reducing operating costs and boosting its competitiveness, the Group will enhance cost control by optimizing the operation of every aspects of business and production procedures. The Group does not only focus on prices in its competitive strategy, but to provide quality services as well as added value to customers. The Group will continue to reinforce lean manufacturing to provide newly added values and services to customers. At the same time, the Group will also continue to maintain a close communication with customers as to understand their needs for reaching a mutually beneficial win-win partnership.

Moving ahead, the Group will continue to seek investment and business opportunities in various ways including mergers and acquisitions that are in line with its strategies. The Group will also seek to fulfil the vision of offering products with cutting-edge technologies which would facilitate and improve the users' daily life experience, as well as to further develop and launch products that would pave the way for the Group's long-term growth.



## OTHER INFORMATION

### INTERIM DIVIDEND

The Board recommends the payment of an interim dividend of HK0.512 cents per ordinary share for the six months ended 30 June 2011 (2010: HK0.536 cents per share). The interim dividend will be paid in cash on or around Friday, 30 September 2011 to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 21 September 2011.

### CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 September 2011 to Wednesday, 21 September 2011, (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 2011, all completed 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 not later than 4:30 p.m. on Friday, 16 September 2011.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 2011.

## OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, the interests and short positions of the directors and chief executive 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 Appendix 10 to 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%
	Interest of spouse	28,700,061	0.98%
Ms. Ching Pui Yi <sup>(Note)</sup>	Beneficiary of The KW Trust	1,927,778,827	65.86%
	Beneficial owner	28,700,061	0.98%
Mr. Tan Hui Kiat	Beneficial owner	8,036,017	0.27%

*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 2011, none of the directors or chief executive 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.

## OTHER INFORMATION

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme (as define below), at no time during the six months ended 30 June 2011 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 executive 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 executive 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 2011.

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

As at 30 June 2011, the persons, other than the directors or chief executive 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 shareholder	Capacity and nature of interest	Number of shares held	Approximate percentage of shareholding
Credit Suisse Trust Limited <i>(Note)</i>	Interest in a controlled corporation	1,927,778,827	65.86%
Swan Hills Holdings Limited <i>(Note)</i>	Interest in a controlled corporation	1,927,778,827	65.86%
Soar Plan Holdings Limited <i>(Note)</i>	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 2011, the Company had 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.

## OTHER INFORMATION

## 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 provide 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 independent non-executive directors 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 287,000,000, representing 9.8% 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,

## OTHER INFORMATION

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.

As of the date of this interim report, no option has been granted or agreed to be granted under the Scheme.

## UPDATE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of directors of the Group subsequent to the date of the Annual Report 2010 are set out below:

1. Mr. Wong Kwok Fong was appointed as the Chairman of the Strategic Intellectual Property and Technology Committee of the Company on 30 June 2011.
2. Mr. Tan Hui Kiat was appointed as the committee member of the Strategic Intellectual Property and Technology Committee of the Company on 30 June 2011.
3. Mr. Cheung Wing Keung was resigned as an executive director, Chief Technology Officer, Chairman and committee member of the Strategic Intellectual Property and Technology Committee of the Company on 30 June 2011.

The biographical details of the directors and senior management of the Company are set out in the Company's website.

## OTHER INFORMATION

### 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 Listing Rules, except that there is no separation of the roles of Chairman and Chief Executive Officer as stipulated in the code provision A2.1. Mr. Wong Kwok Fong (“Mr. Wong”) currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. He 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 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 2011, they have complied with the provisions of such Model Code.

### AUDIT COMMITTEE

The Company has established an audit committee, with written terms of reference as set out in 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, of which Mr. Wong Chun Bong is the chairman.

The audit committee of the Company has reviewed the interim results for the six months ended 30 June 2011.

### PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.wwt.hk](http://www.wwt.hk)). The 2011 Interim Report will be dispatched to the shareholders of the Company and available on the same websites in due course.

## OTHER INFORMATION

### 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, 26 August 2011