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

Annual Report 2011

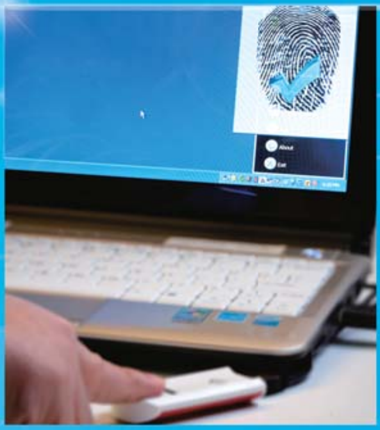
Corporate Profile

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 promote the diversification of its product mix.

The Company has been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 15 December 2010.



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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[1] *(Chief Technology 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)*[2]
Mr. Wong Kwok Fong[2]
Mr. Wong Chun Bong

STRATEGIC INTELLECTUAL PROPERTY AND TECHNOLOGY COMMITTEE

Mr. Wong Kwok Fong[3] *(Chairman)*
Mr. Tan Hui Kiat[4]
Professor Lee Kwok On, Matthew
Mr. Cheung Wing Keung[1]

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 ADVISER

As to Hong Kong law:
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

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
Hong Kong

LISTING VENUE

Main Board of The Stock Exchange of Hong Kong Limited

STOCK CODE

1282

COMPANY WEBSITE

http://www.wwtt.hk

Notes:

1. Resigned on 30 June 2011
2. Mr. Chan Wai was appointed as the chairman of the Remuneration Committee in place of Mr. Wong Kwong Fong on 16 March 2012
3. Appointed as chairman on 30 June 2011
4. Appointed as member on 30 June 2011

FINANCIAL SUMMARY

FINANCIAL HIGHLIGHTS

	As at 31 December				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
FINANCIAL POSITION					
Total assets	1,622,879	1,645,235	848,071	460,684	318,205
Net assets	1,116,369	1,006,324	242,107	152,202	64,020
Net current assets / (liabilities)	438,184	552,306	(69,649)	(93,213)	(90,037)
Net (cash) / debt	(269,426)	(320,671)	171,065	47,916	56,347
Current ratio	1.9	1.9	0.9	0.7	0.6
Quick ratio	1.5	1.6	0.7	0.6	0.4
Gearing ratio	N/A	N/A	41%	24%	47%

	For the year ended 31 December				
	2011 HK$'000	2010 HK$'000	2009 HK$'000	2008 HK$'000	2007 HK$'000
OPERATING RESULTS					
Revenue	1,164,122	1,391,647	888,348	749,788	674,293
Gross profit	213,630	376,366	258,546	164,087	152,448
EBITDA	166,798	318,684	206,658	121,033	127,034
Profit from operations	83,466	262,069	171,882	101,476	108,115
Profit for the year	71,102	213,667	153,130	86,045	79,626
Profit attributable to equity shareholders	71,102	213,667	151,655	86,045	79,626
KEY STATISTICS					
Gross profit margin	18%	27%	29%	22%	23%
EBITDA margin	14%	23%	23%	16%	19%
Operating profit margin	7%	19%	19%	14%	16%
Net profit margin	6%	15%	17%	11%	12%
Return on equity	6%	21%	62%	57%	124%
Interest coverage	8.1	25.9	20.4	21.3	9.7
Inventory turnover days	71	54	40	24	30
Debtors' turnover days	59	59	56	27	25
Creditors' turnover days	66	83	108	77	87

CHAIRMAN'S STATEMENT

Wong Kwok Fong
Chairman

"The key initiative for 2012 is the reorganisation of the Group's businesses into three units, allowing for a streamlining of the cost structure and a more efficient use and allocation of resources."

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of World Wide Touch Technology (Holdings) Limited (the "Company"), I am pleased to present the results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011.

The second half of 2011 saw persisting challenges to the global economic recovery. The lingering European debt crisis has caused fears of national defaults or even the breakup of the Eurozone resulting in calls for tight fiscal measures. The U.S. faced an unprecedented downgrade of its credit rating, renewing worries over the country's debt management. Elsewhere, floods in Thailand impeded the supply of hard drives and other storage devices, and China continued to face surging raw material prices and high inflation, adding pressure to the operating environment.

In response to such challenging conditions, the Group took a two-pronged approach to stabilise its existing businesses and to expand its business when opportunities arose. On one hand, the Group endeavored to entrench its core businesses without exposing itself to significant risk from the worsening macro-economic conditions. On the other hand, the Group tried to capture opportunities to develop the business either organically through product expansion and diversification, or through acquisitions and joint ventures. As a result of this focused and strategic response, the Group has weathered the current difficult environment.

In 2011, touch screen modules continued to perform well as demand for smartphone products remained robust, offsetting a softening in the capacitive touch pads for use in the laptop market. Overall touch products sales were HK$602.6 million, comprising the largest share of the Group's business, with 51.8% of total revenue.

Sales of fingerprint biometric products increased by 62.5% to HK$246.8 million, driven by the increasing demand for security. The sales of other products, including communications and automotives related products, also increased by 44.5%.

CHAIRMAN'S STATEMENT

Revenues in the energy-related business, consisting of wireless power charging products and plasma lighting products, declined by 68.6% to HK$102.2 million. The plasma lighting products business continued to develop as the Group expanded its presence in key Chinese and South-east Asian lighting markets by participating in six major Green Energy Lighting Exhibitions. In addition, China's 12th Five Year Plan, launched in 2011, established a comprehensive energy saving and emission reduction programme, which encouraged the use of advanced technologies and would probably benefit the plasma lighting product segment. The wireless charging segment, however, was in a state of transition as a new industry standard known as Qi has been introduced and implemented. As a result, orders within the segment had been reduced significantly in the short-term. The Group believe in the long-term potential of this segment, as the adoption of the new standard drives interoperability and consumer adoption. The Group believes that its strategic partnership with PowerMat Technologies Ltd, a leader in the global wireless power and charging market with close global consumer brand relationships, will provide a long-term competitive advantage as the segment emerges from transition and growth returns.

Overall, the difficult macro-economic environment and weak consumer demand in 2011 caused a contraction in the Group's revenue and profit, with revenue dropping by 16.3% year-on-year to HK$1,164.1 million and profit falling by 66.7% to HK$71.1 million.

Looking ahead, the global economy and business environment is expected to remain challenging with continued volatility and uncertainty. To best defend against such macro volatility and take advantage of emerging opportunities, the Group intends to continue with its two-pronged approach of entrenching current businesses and pursuing growth opportunities. The key initiative for 2012 is the reorganisation of the Group's businesses into three units. This will streamline the cost structure through more efficient use and allocation of resources, and will help focus resources and effort on new products and market opportunities, including potential acquisitions and joint ventures.

The three new business units will be Life-Technology, i-Manufacturing, and Electronic Manufacturing Services. Life-Technology will be the combination of the Group's various technology platforms, which will result in a single unit focused on cutting-edge technologies that facilitate and improve the daily life of users. i-Manufacturing will be the expansion of our know-how in factory automation through acquisitions and joint ventures, combined with existing sales and customer networks to exploit growing opportunity in China and beyond. And lastly, Electronic Manufacturing Services will result from the combination of our electronics OEM and ODM services in existing capacitive touch, communication and automotive related products as well as potential new markets.

The Group will use this broad reorganisation as a springboard for strong organic growth of the sales of existing products as well as a platform for diversifying into attractive new business segments like medical and healthcare technologies and infotainment products.

Moreover, the new streamlined structure will allow the Group to better assess and exploit merger and acquisition opportunities that arise in the generally weak macro-economic conditions. This is a key component of the Group's expansion effort as evidenced by the Group's acquisition of Gallant Tech Limited and an equity stake in DDS Inc. in early 2012.

No enterprise can succeed without the concerted efforts and cooperation of its many stakeholders. I would therefore like to thank the members of the Board and all of our staff for their relentless hard work and dedication over the past year and also our shareholders and business partners for their tireless support. With their help, and with our sound strategic focus, the Group will continue to provide cutting-edge life-technologies, achieve sustainable growth, and create shareholder value.

Wong Kwok Fong
Chairman

Hong Kong, 16 March 2012

MANAGEMENT DISCUSSION AND ANALYSIS

a SOUND strategy, a BALANCED approach...
building TECHNOLOGIES that ease daily LIFE.....

OVERVIEW

The manufacturing and technology sectors encountered a difficult and challenging environment in 2011 due to a number of unfavorable economic factors, including the Eurozone debt crisis, fiscal woes in the United States, as well as increased raw material prices, appreciation of Renminbi and high inflation in China. These factors, combined with a change in product mix, inevitably affected the Group's performance. The Group's revenue dropped by 16.3% to HK$1,164.1 million, and its profit dropped by 66.7% to HK$71.1 million. Nevertheless, the Group recorded strong growth in the sales of certain products, including fingerprint biometric devices, capacitive touch screen modules and communication products.

In 2011, the Group diversified its product portfolio, resulting in a more balanced revenue structure. Of the total revenue, capacitive touch products accounted for 51.8% (2010: 55.1%); fingerprint biometric devices accounted for 21.2% (2010: 10.9%); plasma lighting source products and wireless charging devices accounted for 8.8% (2010: 23.4%) while the remaining 18.2% (2010: 10.6%) came from other products including communication and automotive related products.

BUSINESS REVIEW

Despite a decline of 21.4% in segment revenue, capacitive touch products continued to contribute the largest share of the Group's revenue in 2011. Sales of touch screen controllers and modules increased by 64.5% compared to the previous year, because of the strong demand from ODM/OEM partners for smart consumer devices, especially smartphones, which offset the 33.8% decline in the sales of capacitive touch pads in the same period. The Group believes that the demand for touch screen controllers and modules used in smart consumer devices will continue its strong upward trend.

Fingerprint biometric devices remained as the Group's growth driver in 2011, delivering excellent performance with revenue increased by 62.6% to HK$246.8 million compared to the previous year. Fingerprint biometric devices have huge growth potential. Their application can dispense with the uses of passwords and provide a higher level of security across different devices and applications. We expect fingerprint access will become more and more popular among consumers because of its unmatched convenience and security for identity recognition in high security transactions.

In 2011, the revenue from plasma lighting source products decreased by 22.2% to HK$70.7 million. In spite of this, the Group made great strides in the future of its plasma lighting source products segment in 2011. Plasma lighting, widely known for its high energy efficiency, is a revolutionary new lighting source that generates the full spectrum of natural white light with very little infrared and less than 1% ultraviolet light emission, making it ideal for high quality lighting applications like art galleries and museums. Its very high efficacy and long light throw makes it well suited for outdoor lighting. Because it consumes far less energy, generates less heat and magnetic interference, and as a result lasts much longer than comparable lighting solutions, it is well suited for use in high lumens outdoor street lightings and high ray lighting application. Unlike other high-efficiency lighting, plasma lighting contains no mercury or fluorescents and so does not pollute the environment on disposal. With these advantages and potential uses, the Group believes that the market for plasma lighting is set to develop significantly in the future as the technology continues to evolve.

Believing that its early participation in plasma lighting source segment provides it with a significant competitive advantage, the Group continued in 2011 to work hard at establishing a foundation for future growth by participating in six major green energy lighting exhibitions in Shanghai, Jiangmen, Guangzhou, Urumqi, Suzhou and Malaysia. In 2011, the inception of China's 12th Five Year Plan launched a comprehensive energy saving and emission reduction programme that encouraged the use of advanced technologies. The Group believes that this will boost the demand for plasma lighting in China. While still developing, the Group remains confident in the future growth of the plasma lighting segment, and has already secured several major orders in 2012.

The Group saw a decline of 86.6% in revenue from wireless charging products during the year under review. The creation of the Qi standard for wireless charging by the Wireless Power Consortium ("WPC") and its subsequent industry adoption have created a period of transition in the market that dampened the demand for the Group's products in 2011. The transition to the Qi standard by PowerMat Ltd. ("PowerMat"), the Group's main strategic partner in this segment which joined WPC in May 2011, further contributed to this temporary reduction in demand. The Group however remains optimistic about the outlook for the wireless charging segment as the industry emerges from its period of transition, and the assumption of a global standard helps drive device adoption.

In May 2011, Cyber Vision Technology Limited, a wholly-owned subsidiary of the Company, acquired a 2.35% stake in PowerMat for a consideration of approximately US$5 million. The Group believes this strategic investment in PowerMat, a technology and market leader in the wireless charging market, will strengthen its position in the segment. Since launching its products in 2009, PowerMat has sold millions of units and established itself as a leader in device compatibility, retail availability, technological advancement, consumer experience and brand. Recently, it entered into a joint venture with a global consumer goods company to leverage the Duracell brand and drive consumer adoption, and it has many partnerships with international consumer goods manufacturers to help it expand its product ubiquity. The Group believes its strategic partnership with PowerMat will create new relationships and opportunities that will facilitate growth in its wireless charging business.

Revenue from the communication- and automotives-related products grew by 47.9% to HK$160.1 million in 2011, and accounted for 13.8% of total revenue. The market for communication products used in wireless base stations is expected to continue to grow as wireless networks expand their capacity to handle increasing amount of data transmission. The demand for automotive GPS and security systems is also expected to grow as the global automotive industry recovers. The Group's expansion into automotive infotainment systems is expected to bolster the product line up for this segment and to drive growth further. Overall, communication products are expected to drive future revenue growth for the Group. Furthermore, these newer, with healthy growth horizons are expected to help balancing the Group's product portfolio and better insulate it from future demand shocks in any of its segments or from a general economic downturn.

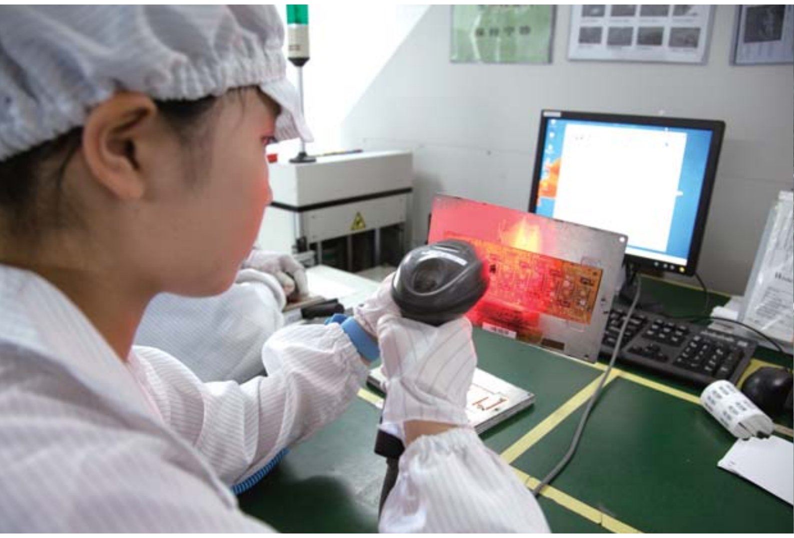
FINANCIAL REVIEW

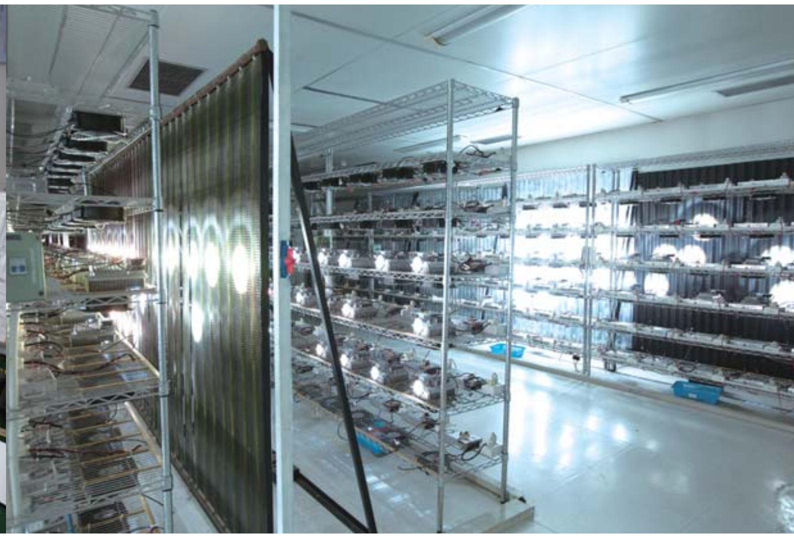
Revenue

The revenue for the year ended 31 December 2011 amounted to HK$1,164.1 million (2010: HK$1,391.6 million), analysed by product category as follows:

	2011 HK$ million		2010 HK$ million		% change
Capacitive touch products	602.6	51.8%	766.9	55.1%	-21.4%
Fingerprint biometric devices	246.8	21.2%	151.8	10.9%	+62.6%
Lighting source	70.7	6.1%	90.9	6.5%	-22.2%
Wireless charging devices	31.5	2.7%	234.9	16.9%	-86.6%
Other segments	212.5	18.2%	147.1	10.6%	+44.5%
	1,164.1	100.0%	1,391.6	100.0%	-16.3%

During the year under review, the Group's revenue fell by 16.3% to HK$1,164.1 million as compared with last year. Such fall is mainly due to the decline in revenue from wireless charging devices caused by to the technological 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 year ended 31 December 2011 amounted to HK$213.6 million, a decrease of HK$162.8 million or 43.2% as compared with last year.

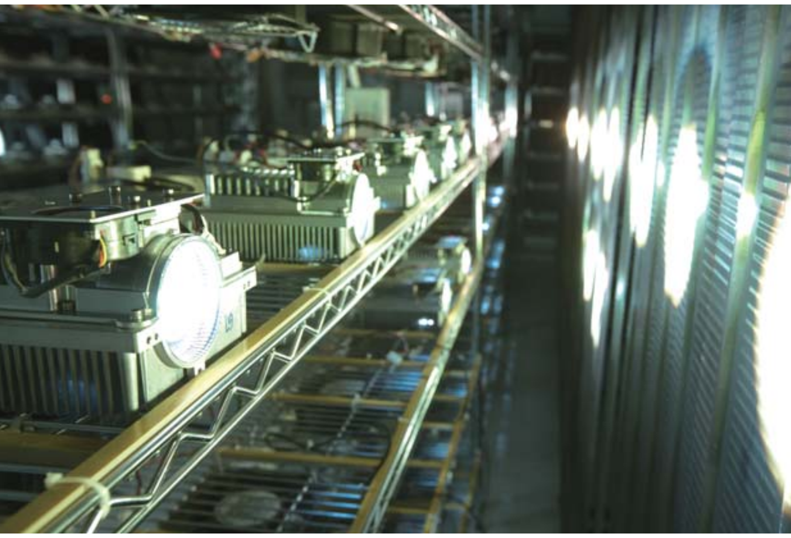
The analysis of the gross profit and gross profit margin for each product category is set out below:

	2011		2010	
	HK$ million		HK$ million	
Capacitive touch products	131.1	21.8%	183.8	24.0%
Fingerprint biometric devices	23.2	9.4%	54.6	36.0%
Lighting source	14.0	19.8%	33.4	36.7%
Wireless charging devices	4.8	15.2%	68.6	29.2%
Other segments	40.5	19.1%	36.0	24.5%
	213.6	18.3%	376.4	27.0%

The overall gross profit margin for the year decreased from 27.0% to 18.3%, as a result of the change in product mix, decrease in the sales of the products, increase in production costs and the appreciation of Renminbi.

Distribution Costs

Distribution cost for the year amounted to HK$8.7 million, accounting for 0.7% of the total revenue. This represents a year-on-year decrease of 14.8%, reflecting the decline in turnover, in particular of the wireless charging devices.



Administrative Expenses

During the year under review, administrative expenses increased to HK$122.0 million from HK$105.4 million, mainly attributable to the increase in rental and general depreciation as additional office space and fixed assets were rented and acquired since the second half of 2010, additional legal and professional fees for compliance and communication purposes, and the appreciation of Reminibi.

Finance Costs — net

The net finance costs decreased by HK$7.8 million or 78.0% as compared with last year. The decrease was primarily caused by increase in interest income.

Income Tax Expense

Income tax expense decreased by 73.5% to HK$10.2 million as compared with last year, which was due to the decline in profit for the year.

Profit for the Year

Profit for the year was HK$71.1 million, representing a decrease of HK$142.6 million or 66.7% as compared with last year.

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 31 December 2011, the Group's cash and cash equivalents and pledged bank deposits totalled HK$563.4 million (2010: HK$626.1 million). Working capital represented by net current assets amounted to HK$438.2 million (2010: HK$552.3 million). The Group's current ratio was 1.9 (2010: 1.9).

Bank borrowings included trust receipt loans amounting to HK$216.1 million (2010: HK$91.3 million) and term loans amounting to HK$60.4 million (2010: HK$175.9 million) and were secured by corporate guarantees provided by the Company and certain of its subsidiaries. As at 31 December 2011 and 2010, the Group was in a net cash position, representing the bank balances and cash exceeded total debts at the end of each reporting period.

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 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 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. By its letter dated 7 May 2010 the IRD granted an unconditional holdover of the above additional profits tax.

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 has 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 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 31 December 2011, which may arise from tax adjustments made as a result of the above tax audit. Mr. Wong Kwok Fong and Ms. Ching Pui Yi, the controlling shareholders of the Company, 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.

Capital Commitments

At 31 December 2011, the Group had contracted but not provided for capital commitments of HK$59.3 million (2010: HK$3.7 million), and did not have any authorised but not contracted for capital commitments (2010: Nil).

Subsequent Events

In January 2012, the Group acquired the entire equity interest of Gallant Tech Limited for a consideration of approximately US$8,000,000 (equivalent to approximately HK$62,240,000) plus the net assets value as of the completion date. Please see the announcement of the Company dated 15 January 2012 for the particulars of this acquisition.

During February and March 2012, the Group acquired a 5% equity interest of DDS, Inc., a company listed on the Tokyo Stock Exchange in Japan for a consideration of approximately JPY48,263,000 (equivalent to approximately HK$4,900,000). Please see the announcement of the Company dated 26 January 2012 for the particulars of this acquisition.

In March 2012, the Group has entered into an agreement to acquire the entire equity interest of Celestix Networks Pte Ltd, a company incorporated in Singapore, which is engaged in the provision of network security technology solution services, for a consideration of approximately S$17,800,000 (equivalent to approximately HK$110,182,000) (subject to adjustment). The acquisition is expected to be completed by 30 April 2012. Please see the announcement of the Company dated 12 March 2012 for the particulars of this acquisition.

Currency Exposure and Management

During the year, 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 are denominated in Renminbi. Therefore, the appreciation of Renminbi adversely has affected the Group's profitability. The Group will closely monitor the Renminbi exchange rate 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 31 December 2011, the Group had total capital commitments of HK$59.3 million mainly for the purchase of machineries, and the construction of additional production plants and research and development centre.

Use of Proceeds from Initial Public Offering

The Company was listed on the Main Board of the Stock Exchange on 15 December 2010 and the proceeds raised by the placing and public offering, net of listing expenses, amounted to approximately HK$642 million. During the period from the listing date to 31 December 2011, the net proceeds were utilised as follows:

		HK$' million
1	Purchase of equipment for the production of capacitive touch screen products and upgrading production capacity	101
2	Research and development costs on company products	41
3	Acquisitions of new technology or cooperation	0
4	Acquisitions for vertical integration	39
5	Construction of additional production plants	55
6	General working capital purpose	64
Total net proceeds utilised		300

The remaining balance of the net proceeds was deposited in banks in the PRC and Hong Kong and will be used for the intended uses as set out in the prospectus of the Company dated 2 December 2010.

BUSINESS OUTLOOK

The global economy will remain clouded with uncertainty as developed economies continue to teeter on the verge of renewed recession. The debt crisis in Europe still threatens the Eurozone with a potential break-up. Fiscal worries and anemic growth in the United States and the United Kingdom continue to depress demand. Even developing economies, until now a bulwark of the global economy, are showing signs of cooling. The challenges facing any global enterprise in such an environment are substantial and daunting.

The electronics manufacturing industry faces substantial challenges of its own. The floods in Thailand in 2011 caused shortages and supply disruptions that will continue to be felt well into 2012. The devastating earthquake in Japan in 2011 worsened the appreciation of the yen that was then already underway, and seriously dented Japanese exports. Meanwhile the operating environment in China remains challenging with the steady appreciation of the Renminbi and increases in labor and raw material costs well in excess of average consumer inflation.

Notwithstanding these global macro-economic uncertainties and industry-wide challenges, the Group remains optimistic that the strategies and measures it has implemented will allow it to deliver revenue growth. While profit pressure is expected be immense, the Group believes its cost controlling measures, portfolio rebalancing and growth initiatives will help it maintain its margins as much as possible. Overall, the Group believes its focus on "life-technologies", combined with its strategic and operational response to the current situation, positions it well for strong growth once the global economy begins to recover.

As a response to these global and local challenges, the Group will reorganise its business into three business units. This new structure will allow the Group to allocate and use its resources more efficiently, thereby helping control costs throughout the organization. The new structure will also allow the units to focus resources and effort on new products and market opportunities, including potential acquisitions and joint ventures. The three business units will be:

- Life-technology: combining the Group's various technology businesses into a single unit focused on cutting-edge technologies that facilitate and improve the daily life of users.

- i-manufacturing: expanding the Group's know-how in factory automation through acquisitions and joint ventures, and leveraging existing sales and customer networks to exploit growing opportunity in China and beyond.

- Electronic manufacturing services ("EMS"): combining the Group's electronics OEM and ODM services in existing touch and automotive segments as well as potential new markets.

The Group expects its life-technology business to provide solid revenue growth.

Fingerprint biometric devices are expected to remain solid drivers of growth as the demand for transactional security continues to rise. During the first quarter of 2012, the Group has purchased approximately 5% of the equity interest of DDS Inc., a Japanese company that designs, manufactures and markets, among other things, fingerprint authentication systems. The Group believes that this strategic investment will foster cooperation between the two companies and provide valuable new business opportunities in the fingerprint biometrics segment.

Increasing environmental awareness in China and the continuation of the comprehensive energy saving and emission reduction programme launched in 2011 is expected to present a considerable opportunity for the Group's plasma lighting products. In 2012, the Group will pursue joint ventures opportunities with property developers and government agencies across China to bring the many advantages of plasma lighting to market and increase its own market share.

The broader adoption of the Qi standard in the wireless charging industry, combined with the advantages the Group's strategic partnership with PowerMat, is expected to bring recovery and growth to the wireless charging segment in 2012.

The Group is prepared to capture the business opportunities in the expanding wireless and automotive GPS and security systems markets for organic growth of existing products. The Group has diversified its product base in this segment to boost overall competitiveness and further drive growth. In keeping with its overall strategy of pursuing creative technologies that improve everyday life, the Group has expanded the automotive products business to include infotainment systems that provide security, information and entertainment to car occupants. The Group has also branched out into the healthcare market with its unique patient monitoring products, which are due to be introduced in 2012.

In January 2012, the Group acquired Gallant Tech Limited, a company that supplies equipment and services for manufacturing automation in the printed circuit board assembly and semiconductor packaging market. The business of Gallant Tech Limited, combined with the Group's own manufacturing expertise, will form the basis of the new i-manufacturing business unit and will allow the Group to diversify its business portfolio into the automation equipment and service market. The Group believes that this new business will not only broaden its revenue base, but will become a significant driver of growth as manufacturers in China and elsewhere gradually turn to automation in response to rising labor costs.

The EMS business unit will work to solidify its existing business while striving to expand its client base and seek new OEM/ODM business both within its traditional products including capacitive touch, communication and automotive related products, as well as new potential electronic manufacturing markets.

Across all its businesses the Group has always emphasized the importance of its research and development ("R&D") activities. The Group has an established history of investing heavily in R&D, which it believes is a fundamental driver of future growth and performance. During the year under review, and in line with this corporate philosophy, the Group started the construction of a new, state-of-the-art R&D center, which is due to be opened in 2012. Once opened, the center is expected to support all business units within the Group to improve existing products and processes, and bring new products and innovations to market faster.

In addition to the individual activities of the business units, and their combined R&D efforts, the Group will continue to seek investment and business opportunities, including potential mergers and acquisitions, that are in line with its growth strategy to offer innovative technologies, particularly life-technologies. This, combined with the Group's ongoing activities to entrench existing businesses, pursue strong organic growth where possible, accelerate market leadership in new businesses, and continuously renew its business portfolio, will help the Group expand its margins, strengthen cash flow and maintain best-in-class returns on invested capital.

The Group will continue to focus on providing life-technologies that will make daily life easier, simpler and more secure. By ceaselessly improving both our product quality and management efficacy, and by seeking always to expand on this guiding principle with new investments and new research, the Group will strive to foster long-term growth and maintain its industry leadership.

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

Hong Kong, 16 March 2012

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wong Kwok Fong (王國芳), aged 48, is the Group's co-founder, Chairman, Chief Executive Officer and was appointed as the Company's Executive Director on 17 July 2009. He is also the Chairman of the Nomination Committee and Strategic Intellectual Property and Technology Committee of the Company, and a member of the Remuneration Committee. Mr. Wong established the Group's business in 1997. He is the spouse of Ms. Ching Pui Yi, the Group's Chief Operating Officer and Executive Director of the Company. Mr. Wong has also been a director of World Fair International Limited and Cybertouch-Tech Company Limited, both subsidiaries of the Company, since July 2002 and November 2002 respectively. Since the establishment of the Group's business in 1997, Mr. Wong played a significant part in the substantial growth of business of the Group. Mr. Wong has over 13 years of senior management experience in manufacturing, supply chain and marketing functions in electronics and technology industries from the Group. He was responsible for setting up the Group's manufacturing plants in Hong Kong and China. Mr. Wong has established the Group's extensive network in the electronics and technology industry.

Mr. Wong is currently the legal representative of Heshan World Fair Electronics Technology Ltd. He is primarily responsible for the overall corporate strategies, planning, management and business development of the Group. Mr. Wong is a standing committee member of the 9th Session of the Chinese People's Political Consultative Conference, Heshan, and the vice president and the president of the Association of Information Industry and the Manufacturing Branch Association of Information Industry of Jiangmen City respectively. He is also an Honorary Citizen of Jiangmen City. Mr. Wong obtained a higher certificate in Accountancy from the Hong Kong Polytechnic (香港理工學院), currently known as the Hong Kong Polytechnic University (香港理工大學), in October 1992. He has not held any directorships in other listed companies in the last three years.

Ms. Ching Pui Yi (程佩儀), aged 42, is the Group's co-founder, Chief Operating Officer and was appointed as the Company's Executive Director on 17 July 2009. She is the spouse of Mr. Wong Kwok Fong, the Chairman, Chief Executive Officer and Executive Director of the Company. Ms. Ching has also been a director of World Fair International Limited and Cybertouch-Tech Company Limited, both subsidiaries of the Company, since March 2004 and August 2009 respectively. Ms. Ching is primarily responsible for the Group's overall strategic implementation, business development, daily operations and management and she has been dedicated to the development, design, operation and improvement of the Group's systems of production. She has gained substantial experience in the Group's industry through the development of the Group's business. Ms. Ching has over 17 years of experience in the electronics sector. Ms. Ching obtained a higher certificate in Company Secretaryship and Administration from the Hong Kong Polytechnic (香港理工學院), currently known as the Hong Kong Polytechnic University (香港理工大學), in 1994. She has not held any directorships in other listed public companies in the last three years.

Mr. Tan Hui Kiat (陳輝傑), aged 50, is the Group's Senior Operations Director and was appointed as the Company's Executive Director on 28 November 2009. He joined the Group in September 2005. Mr. Tan is responsible for the Group's programme management and interface with customers as well as being in charge of Group's materials division, including procurement, purchasing, PMC, logistics and warehousing in the Group's production facilities in Heshan City, the PRC. Mr. Tan has over 18 years of experience in operations in the electronics sector. Mr. Tan obtained a technician diploma in Electronics and Communication Engineering from the Singapore Polytechnic (新加坡理工學院) in 1981. He later obtained a certificate and a diploma in Industrial Management from the same polytechnic in 1986 and 1989, respectively. He has not held any directorships in other listed public companies in the last three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Chun Bong (王振邦), aged 53, was appointed as an Independent Non-Executive Director of the Company on 28 November 2009. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services, which the Company believes will enhance in the overall financial control and management of the Group. Mr. Wong holds a higher diploma in Accountancy from the Hong Kong Polytechnic (香港理工學院), currently known as the Hong Kong Polytechnic University (香港理工大學). Mr. Wong is currently the managing partner of a firm of certified public accountants in Hong Kong. He is the ex-chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong, respectively. Mr. Wong is also an associate of the Institute of Chartered Accountants in England and Wales. He is currently an independent non-executive director of QPL International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0243).

Professor Lee Kwok On, Matthew (李國安), aged 52, Ph.D., was appointed as an Independent Non-Executive Director of the Company on 28 November 2009. He is the chair professor of Information Systems & E-Commerce at the College of Business of the City University of Hong Kong (香港城市大學). He is also the Director of the Communications & Public Relations Office of the City University of Hong Kong. Prof. Lee is currently a member of the Hong Kong Research Grant Council (RGC) Business Studies Panel. He is an independent non-executive director of Computer And Technologies Holdings Limited (科聯系統集團有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 0046). Prof. Lee holds a first class honour bachelor's degree in electronic engineering from the University of Sheffield, a master's degree in science from the University of Oxford, a Ph.D. from the University of Manchester, a master's degree in business administration from the University of Sheffield and a law degree from the University of London. He has been a chartered engineer of the UK Engineering Council since October 1995 through his membership as a professional member of the British Computer Society since May 1995.

Mr. Chan Wai (陳偉), aged 42, was appointed as an Independent Non-Executive Director of the Company on 28 November 2009. Mr. Chan has over 18 years of experience in professional accounting, including over nine years of experience in financial control with companies listed on the Main Board and the Growth Enterprise Market of the Stock Exchange, which the Company believes will enhance the overall financial control and management of the Group. Mr. Chan obtained a master's degree in Professional Accounting from the Hong Kong Polytechnic University (香港理工大學) in 2004. He has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since April 1997 and a fellow of the Association of Chartered Certified Accountants since December 2002. Mr. Chan has also been an associate member of the Institute of Chartered Accountants in England & Wales since March 2007.

SENIOR MANAGEMENT

Ms. Kwok Ling Yee, Pearl Elizabeth (郭凌而), aged 43, is the Group's Chief Financial Officer and Company Secretary. She joined the Group in November 2010. Ms. Kwok is responsible for financial management and implementation of corporate governance practices of the Group. Ms. Kwok has over 20 years of experience in accounting and auditing. She is a member of CPA Australia and the Hong Kong Institute of Certified Public Accountants. Ms. Kwok graduated with a bachelor's degree of Business from Queensland University of Technology, Australia.

Mr. Tseng Yin Hoong, Allen (曾元宏), aged 49, is the Group's Chief Information Officer. He joined the Group in June 2009. Mr. Tseng is responsible for overseeing the Group's information technology and computer systems. Mr. Tseng has extensive experience in information technology and electronics manufacturing. Mr. Tseng obtained a bachelor's degree of Science from the State University of New York at Buffalo, the United States.

Mr. Joel Tongo Decena, aged 43, is the Group's Test Director. He joined the Group in August 1998. Mr. Decena is responsible for the Group's creation, implementation and monitoring of testing strategies for the development of test software, hardware and procedures. Mr. Decena has over 21 years of experience in the assembly and testing of electronic products, and he has worked for the Group for over 13 years. He obtained a bachelor' degree in Electronics and Communication Engineering from the University of Santo Tomas, Philippines.

The biographical details of the Directors and senior management of the Company can be found on the Company's website.

REPORT OF THE DIRECTORS

The Directors are pleased to present this annual report together with the audited consolidated financial statements of World Wide Touch Technology (Holdings) Limited and its subsidiaries for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of its principle subsidiaries are set out in Note 11 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2011 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 39 to 106.

An interim dividend of HK0.512 cents per ordinary share was paid on 30 September 2011. The Board recommends the payment of a final dividend of HK0.216 cents per ordinary share in respect of the year to shareholders on the register of members on 9 May 2012. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the statement of financial position. Subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on Friday, 4 May 2012, the said final dividend will be paid in cash on or around Friday, 18 May 2012. Details of dividends for the year ended 31 December 2011 are set out in Note 30 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 2 May 2012 to Friday, 4 May 2012 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to attend and vote at the forthcoming annual general meeting, 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, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 April 2012.

In order to qualify for entitlement to the final dividend, 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, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 May 2012.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the past five financial years, as extracted from the consolidated financial statements, and restated as appropriate, is set out on pages 3. This summary does not form part of the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital for the year ended 31 December 2011 are set out in Note 16 to the consolidated financial statements.

DONATIONS

During the year ended 31 December 2011, there were no charitable and other donations (2010: Nil) made by the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

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 year ended 31 December 2011.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 17 to the consolidated financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

At 31 December 2011, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) ("Companies Law") of the Cayman Islands, amounted to approximately HK$600.3 million (2010: HK$552.7 million), of which HK$6.3 million dividend (2010: Nil) has been proposed for the year. Under the Companies Law, the share premium account of the Company of approximately HK$565.5 million as at 31 December 2011 (2010: HK$517.3 million) is distributable to the shareholders of the Company provided that immediately following the date on which the dividend, if any, is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year 78.9% (2010: 87.9%) of the Group's turnover and 54.7% (2010: 40.8%) of the Group's purchases, were attributable to the Group's five largest customers and five largest suppliers, respectively; and 51.1% (2010: 56.0%) of the Group's turnover and 23.9% (2010: 16.5%) of the Group's purchases were attributable to the Group's largest customer and supplier, respectively.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the year were:

Executive Directors

Mr. Wong Kwok Fong
Ms. Ching Pui Yi
Mr. Cheung Wing Keung *(resigned on 30 June 2011)*
Mr. Tan Hui Kiat

Independent Non-Executive Directors

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

The Company has received from each of the Independent Non-Executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and considers all the Independent Non-Executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

The biographical details of the Directors and the senior management of the Company are set out on pages 19 to 21 of the annual report and can be found on the Company's website.

DIRECTORS' SERVICE CONTRACTS

Mr. Wong Kwok Fong, Ms. Ching Pui Yi and Mr. Tan Hui Kiat have entered into service contracts with the Company for a term of 3 years which commenced on 15 December 2010.

Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Chan Wai have entered into appointment with the Company for a term of 3 years which commenced on 28 November 2009.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

REMUNERATION OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five highest paid individuals are set out in Note 26 to the consolidated financial statements.

The remuneration of the Directors is determined with reference to the Directors' duties, responsibilities and performance and the Group's results.

DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year.

MANAGEMENT CONTRACTS

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

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

As at 31 December 2011, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of 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)*	Settlor of The KW Trust	1,927,778,827	65.86%
	Beneficial owner	50,304,000	1.72%
	Interest of spouse	28,700,061	0.98%
Ms. Ching Pui Yi *(Note)*	Beneficiary of The KW Trust	1,927,778,827	65.86%
	Beneficial owner	28,700,061	0.98%
	Interest of spouse	50,304,000	1.72%
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 31 December 2011, none of the Directors or chief executives of the Company or their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the Scheme (as define below), at no time during the year ended 31 December 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 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 year ended 31 December 2011.

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

As at 31 December 2011, the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the shares and underlying shares of the Company

Name of substantial shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of shareholding
Credit Suisse Trust Limited *(Note)*	Interest in a controlled corporation	1,927,778,827	65.86%
Swan Hills Holdings 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 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 31 December 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.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2011, the Group employed approximately 2,335 (2010: 5,000) 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 and other individual performance bonuses are awarded to staff based on the financial performance of the Group and performance of individual staff.

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

RETIREMENT SCHEMES

The Group participates in several defined contribution retirement plans which cover the Group's eligible employees in the PRC, and a mandatory provident fund scheme for the employees in Hong Kong. Particulars of these retirement plans are set out in Note 25 to the consolidated financial statements.

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 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,

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 annual report, no option has been granted or agreed to be granted under the Scheme.

CONTINUING CONNECTED TRANSACTIONS

Heshan World Fair Electronics Technology Limited ("World Fair Heshan"), an indirect wholly-owned subsidiary of the Company, has entered into a transaction with Mr. Wong Kwok Fong ("Mr. Wong"), a connected person of the Company which constitutes a continuing connected transaction of the Company under the Listing Rules.

World Fair Heshan entered into a residential premises lease agreement with Mr. Wong on 16 November 2009, pursuant to which World Fair Heshan has agreed to lease from Mr. Wong 28 residential premises in Jiangmen, the PRC (the "Premises"), as residences in Jiangmen for the senior management and other personnel (the "Lease"). The term of the Lease is three years effective on 15 December 2010. The yearly rent is RMB1,044,000, exclusive of management fees, water and electricity charges, and is fixed throughout the term of the Lease. The Directors estimate that the annual rent payable by World Fair Heshan to Mr. Wong for each of the three years commencing on 15 December 2010 will not exceed the annual cap of HK$1.2 million (which is equivalent to the annual rent of RMB1,044,000). The Lease is renewable at the option of World Fair Heshan by giving three months' notice to Mr. Wong prior to the expiry of the Lease. In the event the Company renew the term of the Lease, the Company shall comply with Chapter 14A of the Listing Rules, if applicable.

Details of the Lease are set out in Note 34 to the consolidated financial statements.

The aggregate amount of rent payable by the Group to Mr. Wong in respect of the Lease for the year ended 31 December 2011 amounted to HK$1,188,000. The Independent Non-Executive Directors have confirmed that the continuing connected transaction was entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available from independent third parties; and (c) in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Other than the aforementioned continuing connected transaction, the related party transactions disclosed in Note 34 to the consolidated financial statements are either exempted connected continuing transactions or non-exempt continuing connected transaction which have complied with the requirement of Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Each of the Group's Executive Directors and Independent Non-Executive Directors has confirmed that none of them is engaged in, or interested in any business which, directly or indirectly, competes or may compete with the business of the Group.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintained a sufficient public float as required under the Listing Rules as at the date of this annual report.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established on 28 November 2009 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Group's financial reporting process and internal control systems.

At present, the Audit Committee comprises three Independent Non-Executive Directors, being 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 has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters, including the review of the audited financial statements of the Group for the year ended 31 December 2011. The consolidated financial statements for the year ended 31 December 2011 have been audited by the Company's independent auditor, PricewaterhouseCoopers.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events occurring after the balance sheet date are set out in Note 36 to the consolidated financial statements.

CORPORATE GOVERNANCE

Details of the corporate governance of the Group are set out in the section headed "Corporate Governance Report" in this annual report.

AUDITOR

PricewaterhouseCoopers, the independent auditor of the Company, will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting. A resolution to re-appoint it as independent auditor of the Company will be proposed at the forthcoming annual general meeting.

By order of the Board
Wong Kwok Fong
Chairman

Hong Kong, 16 March 2012

CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining a high standard of corporate governance. The Board believes that sound corporate governance principles, increased transparency and independence of corporate operation, and an effective shareholder communication mechanism will promote the healthy growth of the Company and enhance shareholder value.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 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 has been and will be maintained.

THE BOARD

The Board provides leadership and guidance to the Group's activities, overseeing the Group's businesses, strategic decisions and financial performances. The Board has delegated its powers to the management for the Group's daily management and operations.

The Board met 7 times during the year ended 31 December 2011. Its composition and the attendance of individual Directors at these Board meetings were as follows:

Name of Directors	Number of meetings attended/held
Executive Directors:	
Mr. Wong Kwok Fong *(Note)*	7/7
Ms. Ching Pui Yi *(Note)*	7/7
Mr. Cheung Wing Keung *(resigned on 30 June 2011)*	1/4
Mr. Tan Hui Kiat	4/7
Independent Non-Executive Directors:	
Mr. Wong Chun Bong	4/7
Mr. Lee Kwok On, Matthew	3/7
Mr. Chan Wai	4/7

(Note: Ms. Ching Pui Yi is the spouse of Mr. Wong Kwok Fong)

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Wong Kwok Fong is the Chairman and the Chief Executive Officer of the Company. He is mainly responsible for the Group's overall strategies, planning, management and business development. The CG Code recommends that the role of the Chairman and that of the Chief Executive Officer should be separated and should not be performed by the same individual. The Company deviates from this provision of the CG Code with Mr. Wong Kwok Fong being the Chairman and the Chief Executive Officer of the Company concurrently. The Board considers this arrangement appropriate as it allows for efficient discharge of the executive functions of the Chief Executive Officer. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals including three Independent Non-Executive Directors offering independent and different perspectives. In addition, all major decisions are made in full consultation with the Board and appropriate Board Committees, as well as senior management. The Board is therefore of the view that there is adequate balance and safeguards in place.

BOARD COMMITTEE

The Board has established an Audit Committee, a Remuneration Committee, a Nomination Committee and a Strategic Intellectual Property and Technology Committee with clearly defined written terms of reference. Each committee reports back to the Board on its decisions or recommendations, unless there are legal or regulatory restrictions on its ability to do so.

Audit Committee

The Company established an Audit Committee on 28 November 2009, 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.

During the year ended 31 December 2011, two meetings for the Audit Committee were held and all the committee members attended both of the meetings.

Nomination Committee

The Company established a Nomination Committee on 28 November 2009, with written terms of reference as set out in CG Code.

The principal duties of the Nomination Committee are to consider and recommend to the Board on the appointment of Executive Directors and senior management staff. The Nomination Committee comprises three members, namely Mr. Wong Kwok Fong, Mr. Wong Chun Bong and Mr. Chan Wai, of which Mr. Wong Kwok Fong is the chairman.

During the year ended 31 December 2011, one meeting for the Nomination Committee was held and all committee members attended the meeting.

Remuneration Committee

The Company established a Remuneration Committee on 28 November 2009, with written terms of reference as set out in CG Code.

The principal duties of the Remuneration Committee includes determining and reviewing the remuneration packages of the Directors. The Remuneration Committee comprises three members, namely Mr. Chan Wai, Mr. Wong Kwok Fong and Mr. Wong Chun Bong, of which Mr. Chan Wai was appointed as the chairman on 16 March 2012 in place of Mr. Wong Kwok Fong. Under the Remuneration Committee's terms of reference, a member of the Remuneration Committee shall abstain from voting and shall not be counted in the quorum in the meeting in respect of resolution regarding the remuneration payable to him.

During the year ended 31 December 2011, two meetings for the Remuneration Committee were held and all the committee members attended both of the meetings.

Strategic Intellectual Property and Technology Committee

The Company established a Strategic Intellectual Property and Technology Committee on 28 November 2009. The principal duties of the Strategic Intellectual Property and Technology Committee are to monitor the applications and protection of all the intellectual property rights of the Group and to consider and recommend to the Board on the Group's research and development. The Strategic Intellectual Property and Technology Committee comprises three members, namely Mr. Wong Kwok Fong, Mr. Tan Hui Kiat and Professor Lee Kwok On, Matthew, of which Mr. Wong Kwok Fong is the chairman. Mr. Cheung Wing Keung resigned as the chairman of the Strategic Intellectual Property and Technology Committee on 30 June 2011. On the same day, Mr. Tan Hui Kiat was appointed as a member and Mr. Wong Kwok Fong was appointed as the chairman of the Strategic Intellectual Property and Technology Committee.

During the year ended 31 December 2011, one meeting for the Strategic Intellectual Property and Technology Committee was held and all committee members attended the meeting.

MODEL CODE

The Board has adopted the Model Code as the code of conduct of the Group regarding securities transactions of the Directors. All Directors have confirmed that throughout the year ended 31 December 2011 they had complied with the provisions of the Model Code.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the Independent Non-Executive Directors has been appointed for an initial term of 3 years commencing from 28 November 2009. Upon the expiry of the aforesaid term of 3 years, the appointments shall be subject to the approval by the Board of the Company. The term of appointment shall be terminable by either the Independent Non-Executive Director or the Company by giving the other party not less than 3 months' prior notice in writing.

DIRECTORS' REMUNERATION

During the year ended 31 December 2011, the Directors' remuneration is as follows:

	2011 HK$'000	2010 HK$'000
Fees	1,815	1,779
Other emoluments:		
Salaries, allowances and benefits in kind	3,903	4,311
Pension scheme contributions	17	37
	5,735	6,127

There was no bonuses payable to the Executive Directors for the year ended 31 December 2011 (2010: Nil)

(a) Independent Non-Executive Directors

The fees paid to Independent Non-Executive Directors during the year ended on 31 December 2011 were as follows:

	2011 HK$'000	2010 HK$'000
Mr. Wong Chun Bong	240	240
Professor Lee Kwok On, Matthew	180	180
Mr. Chan Wai	210	210
	630	630

(b) Executive Directors

The fees paid to Executive Directors during the year ended on 31 December 2011 were as follows:

Year 2011	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Share-based compensation HK$'000	Pension Scheme HK$'000	Total Remuneration HK$'000
Mr. Wong Kwok Fong	2,750	–	–	–	2,750
Ms. Ching Pui Yi	1,200	–	–	12	1,212
Mr. Cheung Wing Keung[#]	453	–	–	5	458
Mr. Tan Hui Kiat	685	–	–	–	685

Year 2010	Basic salaries, housing benefits, other allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Share-based compensation HK$'000	Pension Scheme HK$'000	Total Remuneration HK$'000
Mr. Wong Kwok Fong	2,669	–	–	12	2,681
Ms. Ching Pui Yi	1,200	–	–	12	1,212
Mr. Cheung Wing Keung	106	–	–	3	109
Mr. Tan Hui Kiat	692	–	–	–	692
Mr. Lam Ho Sang*	681	–	–	9	690
M. Cheung To Keung*	112	–	–	1	113

resigned on 30 June 2011

* resigned on 30 September 2010

INTERNAL CONTROL

The Board has overall responsibility for establishing and maintaining an adequate and effective system of internal control of the Group to safeguard the shareholders' investments and the Group's assets.

The Group's internal control system includes a management structure with defined lines of responsibility and limits of authority. It aims to provide reasonable, but not absolute, assurance that assets are safeguarded against misappropriations, transactions are executed in accordance with the management's authorisation, and accounting records are reliable and proper for preparing financial information and are not materially misstated. The system is designed to identify, evaluate and manage effectively risks rather than to eliminate all risks of failure.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system, including the financial, operational, compliance controls and risk management functions of the Group, the adequacy of resources, qualifications and experience of the staff of the Group's accounting and financial reporting function. No material deficiencies have been identified. The management will deal with the areas for improvement which come to the attention of the Board and the Audit Committee. The Board is committed to improving the Group's internal control system on a going-concern basis.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of accounts of each financial year, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the accounts for the year ended 31 December 2011, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all Hong Kong Financial Reporting Standards, made judgment and estimates that were appropriate, and prepared the accounts on a going-concern basis.

The Group has announced its annual results in a timely manner within the limits of three months after the end of the relevant period, as laid down in the Listing Rules.

AUDITOR'S REMUNERATION

For the year ended 31 December, 2011, approximately HK$2,000,000 was incurred as remuneration to PricewaterhouseCoopers for the provision of audit services and approximately HK$19,000 was paid to Jiangmen City Yuanyang C.P.A. Partnership for the provision of audit services of the subsidiary of the Company incorporated in Mainland China. During the year, the following amounts were paid as remuneration to PricewaterhouseCoopers for the provision of the following non-audit related services to the Group.

	HK$'000
Taxation	1,632
Others	300
Total	1,932

COMMUNICATION WITH SHAREHOLDERS

The Group establishes and maintains different communication channels with its shareholders. Annual reports and other corporate communication are published on the websites of the Company and the Stock Exchange. General meetings and investor meetings were held either face-to-face or via telephone conference. The Group reports to the shareholders twice a year and maintains a regular dialogue with investors.

The annual general meeting provides a useful forum for shareholders to exchange their views with the Board.

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT

All Directors acknowledge their responsibility for preparing the accounts for the year ended 31 December 2011.

The auditor of the Company acknowledge its reporting responsibilities in the auditor's report on the consolidated financial statements for the year ended 31 December 2011.

The Directors present their report and the consolidated financial statements of the Company for the year ended 31 December 2011.

On behalf of the Board

Wong Kwok Fong
Chairman

Hong Kong, 16 March 2012

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE SHAREHOLDERS OF WORLD WIDE TOUCH TECHNOLOGY (HOLDINGS) LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of World Wide Touch Technology (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 39 to 106, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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

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

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 March 2012

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	557,750	462,232
Land use right	7	5,038	5,154
Intangible assets	8	33,696	27,421
Available-for-sale financial assets	9	39,007	—
Deferred income tax assets	20	2,192	104
Prepayments	13	54,581	6,883
		692,264	501,794
Current assets			
Inventories	10	176,296	193,692
Trade receivables	12	149,089	225,549
Prepayments, deposits and other receivables	13	40,922	96,806
Financial assets at fair value through profit or loss	14	926	1,251
Pledged bank deposits	15(a)	—	75,832
Cash and cash equivalents	15(b)	563,382	550,311
		930,615	1,143,441
Total assets		1,622,879	1,645,235
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	16	292,708	287,000
Share premium	16	565,489	517,267
Other reserves and retained earnings	17	258,172	202,057
		1,116,369	1,006,324

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	18	13,759	44,000
Deferred income tax liabilities	20	320	3,776
		14,079	47,776
Current liabilities			
Trade and bills payables	21	135,412	210,917
Accruals and other payables	22	61,078	95,835
Bank borrowings	18	262,751	223,181
Finance lease obligations	19	17,446	38,291
Current income tax liabilities		15,744	22,911
		492,431	591,135
Total liabilities		506,510	638,911
Total equity and liabilities		1,622,879	1,645,235
Net current assets		438,184	552,306
Total assets less current liabilities		1,130,448	1,054,100

The consolidated financial statements were approved by the Board of Directors on 16 March 2012 and were signed on its behalf.

Wong Kwok Fong
Chairman

Tan Hui Kiat
Director

The notes on pages 46 to 106 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	11	250,000	250,000
Current assets			
Other receivables	13	1,100	47,152
Amounts due from subsidiaries	11	376,200	40,310
Cash and cash equivalents	15(b)	272,012	529,420
		649,312	616,882
Total assets		899,312	866,882

BALANCE SHEET

As at 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	16	292,708	287,000
Share premium	16	565,489	517,267
Other reserves	17	34,769	35,480
		892,966	839,747
LIABILITIES			
Current liabilities			
Accrual and other payables	22	6,346	27,135
		6,346	27,135
Total equity and liabilities		899,312	866,882
Net current assets		642,966	589,747
Total assets less current liabilities		892,966	839,747

The financial statements were approved by the Board of Directors on 16 March 2012 and were signed on its behalf.

Wong Kwok Fong
Chairman

Tan Hui Kiat
Director

The notes on pages 46 to 106 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT — BY FUNCTION OF EXPENSE

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	5	1,164,122	1,391,647
Cost of sales	24	(950,492)	(1,015,281)
Gross profit		213,630	376,366
Other income — net	23	513	1,273
Distribution costs	24	(8,682)	(10,190)
Administrative expenses	24	(121,995)	(105,380)
Operating profit		83,466	262,069
Finance income	27	9,241	105
Finance costs	27	(11,438)	(10,107)
Finance costs — net	27	(2,197)	(10,002)
Profit before income tax		81,269	252,067
Income tax expense	28	(10,167)	(38,400)
Profit for the year		71,102	213,667
Earnings per share for profit attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	29	2.43	9.77
— diluted (expressed in Hong Kong cents per share)	29	N/A	N/A

No statement of comprehensive income is presented as there is no other comprehensive income during the year (2010: Same).

The notes on pages 46 to 106 are an integral part of these consolidated financial statements.

Dividends	30	21,309	56,391

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Share capital (Note 16) HK$'000	Share premium HK$'000	Merger reserve (Note 17) HK$'000	Capital reserve (Note 17) HK$'000	Share issuance cost HK$'000	Statutory reserve (Note 17) HK$'000	Retained earnings HK$'000	Total HK$'000
For the year ended 31 December 2010								
At 1 January 2010	215,250	–	(215,150)	12,411	(17,924)	12,578	234,942	242,107
Profit for the year	–	–	–	–	–	–	213,667	213,667
Issuance of shares pursuant to the Global Offering	71,750	609,875	–	–	–	–	–	681,625
Professional fees in relation to the Global Offering	–	–	–	–	(74,684)	–	–	(74,684)
Transfer to share premium	–	(92,608)	–	–	92,608	–	–	–
Transfer to statutory reserve	–	–	–	–	–	10,471	(10,471)	–
Dividends	–	–	–	–	–	–	(56,391)	(56,391)
At 31 December 2010	287,000	517,267	(215,150)	12,411	–	23,049	381,747	1,006,324
For the year ended 31 December 2011								
At 1 January 2011	287,000	517,267	(215,150)	12,411	–	23,049	381,747	1,006,324
Profit for the year	–	–	–	–	–	–	71,102	71,102
Exercise of share over-allotment option of the Global Offering	5,708	48,522	–	–	–	–	–	54,230
Professional fees in relation to the Global Offering	–	–	–	–	(300)	–	–	(300)
Transfer to share premium	–	(300)	–	–	300	–	–	–
Transfer to statutory reserve	–	–	–	–	–	7,475	(7,475)	–
Dividends	–	–	–	–	–	–	(14,987)	(14,987)
At 31 December 2011	292,708	565,489	(215,150)	12,411	–	30,524	430,387	1,116,369

The notes on pages 46 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flow from operating activities			
Cash generated from operations	31	112,800	188,725
Interest paid		(11,438)	(15,629)
Hong Kong profits tax paid		(12,492)	(22,621)
PRC enterprise income tax paid		(10,276)	(3,079)
Overseas tax paid		(110)	—
Net cash generated from operating activities		78,484	147,396
Cash flows from investing activities			
Purchase of property, plant and equipment		(153,474)	(154,714)
Additions of intangible assets		(22,939)	(25,250)
Acquisition of a subsidiary	11	(1,500)	—
Proceed received on disposal of property, plant and equipment and intangible assets	31	663	180
Interest received		8,578	105
Decrease in pledged bank deposits		75,832	7,599
Net cash used in investing activities		(92,840)	(172,080)
Cash flows from financing activities			
New bank borrowings		670,641	270,035
Repayments of bank borrowings		(661,312)	(233,829)
Increase in finance lease obligations		—	830
Capital repayment of finance lease obligations		(20,845)	(24,332)
Proceeds from issuance of ordinary shares in relation to the exercise of share over-allotment option of the Global Offering/the Global Offering		54,230	634,680
Payment for share issuance costs		(300)	(45,618)
Dividends paid		(14,987)	(56,391)
Net cash generated from financing activities		27,427	545,375
Net increase in cash and cash equivalents		13,071	520,691
Cash and cash equivalents at beginning of the year		550,311	29,620
Cash and cash equivalents at end of the year		563,382	550,311

The notes on pages 46 to 106 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 the 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 (together the "Group") are principally engaged in the trading and manufacturing of electronic products.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2010 pursuant to the global offering (the "Global Offering").

The consolidated financial statements are presented in thousands of units of Hong Kong dollars, unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Changes in accounting policy and disclosures

(a) Amended standards and interpretations adopted by the Group

(i) The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2011. The adoption of these amendments to standards does not have any significant impact to the results and financial position of the Group:

		Effective for accounting period beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 January 2011
HKAS 24 (Revised)	Related party disclosures	1 January 2011
HKAS 27 (Amendment)	Consolidated and separate financial statements	1 July 2010
HKAS 34 (Amendment)	Interim financial reporting	1 January 2011
HKFRS 3 (Amendment)	Business combinations	1 July 2010

(ii) The following amendments to standards and interpretations are mandatory for accounting periods beginning on or after 1 January 2011 but are not relevant to the Group's operations:

		Effective for accounting period beginning on or after
HKAS 32 (Amendment)	Classification of rights issues	1 February 2010
HKFRS 1 (Amendment)	First time adoption of Hong Kong Financial Reporting Standards	1 January 2011
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7disclosures for first-time adopters	1 July 2010
HKFRS 1 (Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
HKFRS 7 (Amendment)	Financial instruments: Disclosures	1 January 2011
HK (IFRIC) — Int 13 (Amendment)	Customer loyalty programmes	1 January 2011
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a minimum funding requirement	1 January 2011
HK(IFRIC) — Int 19 (Amendment)	Extinguishing financial liabilities with equity instruments	1 July 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

2.1.2 Changes in accounting policy and disclosures *(continued)*

(b) *New standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2011 and have not been early adopted:*

		Effective for annual periods beginning on or after
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
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013

The Group is in the process of making an assessment on the impact of these new standards, amendments and interpretations and does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

2.2 Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise from circumstances such as enhanced minority rights or contractual terms between shareholders, etc.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

(a) Consolidation *(continued)*

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is United States ("US") dollar. The consolidated financial statements are presented in Hong Kong dollar.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

All other foreign exchange gains and losses are presented in the income statement within "other (losses)/gains — net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Foreign currency translation *(continued)*

(b) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Property, plant and equipment *(continued)*

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	2.5%
Leasehold improvements, furniture and fixtures and office equipment	10 to 50%
Machinery and factory equipment	10 to 50%
Computer equipment	20 to 50%
Motor vehicles	10 to 25%

Construction-in-progress represents buildings, plant and machinery on which construction work has not been completed and which, upon completion, management intend to hold for the use of the Group. They are carried at cost which includes development and construction expenditure incurred and other direct costs attributable to the development less any accumulated impairment losses. On completion, the amounts are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement.

2.6 Land use right

The up-front prepayments made for land use right are accounted for as operating leases. They are expensed in the consolidated income statement on a straight-line basis over the periods of lease, or when there is impairment, the impairment is expensed in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Intangible assets

(a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) *Trademarks and patents*

Separately acquired trademarks and patents are shown at historical cost. Trademarks and patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and patents over their estimated useful lives.

(c) *Research and developments costs*

Costs associated with research activities are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable assets controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Intangible assets *(continued)*

(c) Research and developments costs (continued)

Directly attributable costs that are recognised as part of the product include the product development employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Product development costs recognised as assets are amortised over their estimated useful lives of three years.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

2.9.1 Classification (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within — "other income — net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available—for-sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

2.9.2 Recognition and measurement *(continued)*

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

2.9.3 Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held—to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Financial assets *(continued)*

2.9.4 Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

In the consolidated cash flow statements, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, in the consolidated balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset. Other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent it relates to items recognised in equity. In this case, the tax is also recognised in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Current and deferred income tax *(continued)*

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Employee benefits

(a) Pension obligations

The Group maintains defined contribution plans in both Hong Kong and the People's Republic of China ("PRC"). A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Under the Group's defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plan

Provisions for bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a legal or construction obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(c) Sundry income

Sundry income is recognised when the right to receive payment is established.

2.20 Leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for land use right, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Leases (as the lessee) *(continued)*

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.21 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks on behalf of subsidiaries to secure banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Company.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 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 program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group under policies approved by the directors of the Company.

(a) Market risk

Foreign exchange risk

The Group operates principally in Hong Kong and in the PRC. It is exposed to foreign exchange risk primarily with respect to Hong Kong dollar and Chinese Renminbi ("RMB") denominated transactions. Foreign exchange risk arises where future commercial transactions, recognised assets and liabilities are denominated in currency that is not the Company's functional currency. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2011 and 2010, the Group's borrowings are denominated in Hong Kong dollar, US dollar or RMB. Since Hong Kong dollar is pegged to US dollar, the Group believes the exposure of transactions denominated in Hong Kong dollar which are entered into the Group to be insignificant.

As at 31 December 2011, if RMB had strengthened/weakened by 5% with all other variables held constant, the post tax profit for the year would have been HK$9,260,000 higher/lower, mainly as a result of foreign exchange gains/losses on revaluation of RMB denominated bank deposits, receivables, payables and bank borrowings (2010: HK$1,153,000 lower/higher, mainly as a result of foreign exchange losses/gains on revaluation of RMB denominated receivables, payables and bank borrowings).

The Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Group also regularly reviews the portfolio of suppliers and the currencies in which the transactions are denominated so as to minimise the Group's exposure to foreign exchange risk.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) ***Market risk*** *(continued)*

Price risk

The Group is exposed to equity price change arising from its financial assets at fair value through profit or loss. The Group's financial instruments are equity securities which are subject to change in market prices of the securities. The Group is not exposed to significant equity price risk as the amounts of financial assets at fair value through profit or loss as at 31 December 2011 are not significant.

The Group does not expose to significant commodity price risk as at 31 December 2011 (2010: Same).

Interest rate risk

Except for the cash held at banks, the Group has no other significant interest bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

At 31 December 2011, if interest rates on cash held at banks had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK$4,792,000 (2010: HK$1,354,000) higher/lower, mainly as a result of higher/lower interest income on cash at banks.

The Group's interest rate risk arises from bank borrowings which are interest bearing at floating rates and are repayable based on the bank repayment schedule. Borrowings issued at floating rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

At 31 December 2011, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK$2,468,000 (2010: HK$2,614,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group does not expose to any fair value interest-rate risk as the Group does not have any fixed rates borrowings as at 31 December 2011 (2010: Same).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

Credit risk mainly arises from trade and other receivables, financial assets at fair value through profit or loss and cash and cash equivalents.

As at 31 December 2011, the top five customers and the largest customer accounted for approximately 69.0% (2010: 77%) and 22% (2010: 12%) of the Group's trade receivables balance, respectively. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group normally conducts credit checks on new customers and requires them, and other customers with credit histories that the management is not satisfied with, to pay a deposit of on average of 30% of the sales amount, or to provide the Group with a letter of credit when placing orders. In order to minimise the credit risk of the Group, the management has implemented internal control procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debtor at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts.

Based on the Group's historical experience in collection of trade and other receivables, the directors and the management are of opinion that adequate provision has been made for uncollectible receivables.

The financial assets at fair value through profit or loss of the Group are placed in a financial institution which is independently rated with a high credit rating. Management does not expect any losses from non-performance by this financial institution as it has no default history in the past.

Cash and cash equivalents were deposited in over ten financial institutions, which management believes are reputable and without significant credit risk.

(c) 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.

Management monitors rolling forecasts of the Group's liquidity reserve which comprise undrawn borrowing facilities and cash and cash equivalents on the basis of expected cash flow. The Group aims to maintain flexibility in funding while minimising its overall costs by keeping a mix of committed and uncommitted credit lines available.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) *Liquidity risk* *(continued)*

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. 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. 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
Group:					
At 31 December 2011					
Trade and bills payables	—	135,412	—	—	135,412
Accruals and other payables	—	33,243	—	—	33,243
Bank borrowings	10,235	258,687	14,215	—	283,137
Finance lease obligations	17,859	—	—	—	17,859
	28,094	427,342	14,215	—	469,651
At 31 December 2010					
Trade and bills payables	—	210,917	—	—	210,917
Accruals and other payables	—	75,655	—	—	75,655
Bank borrowings	232,322	—	22,519	24,482	279,323
Finance lease obligations	40,617	—	—	—	40,617
	272,939	286,572	22,519	24,482	606,512

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) ***Liquidity risk*** *(continued)*

	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
Company:					
At 31 December 2011					
Financial guarantee contract to a subsidiary	286,781	14,216	–	–	300,997
At 31 December 2010					
Financial guarantee contract to a subsidiary *(Note)*	93,244		–	–	93,244

Note:

These amounts are financial guarantees from the Company to its subsidiary relating to certain banking facilities representing the hypothetical payment should the guarantees be crystallised. However based on the operating results, the Company does not expect them to be crystallised.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern in order to provide returns for shareholders and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or dispose of assets to reduce debt.

The Group monitors capital by maintaining a net cash position throughout the year. Net cash position is calculated as cash and cash equivalents and pledged bank deposits less total bank borrowings and finance lease obligations. As at 31 December 2011, the Group maintained a net cash position of HK$269,426,000 (2010: HK$320,671,000).

3.3 Fair value estimation

The fair value measurements of financial instruments of the Group that are measured at fair value in the consolidated balance sheet 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).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

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.

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. As at 31 December 2011 and 2010, the Group has no financial instruments of the Group 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. Instruments included in level 3 comprise available-for-sale financial assets which represent investment in equity instruments that do not have a quoted market price in an active market as at 31 December 2011 (2010: None).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the year ended 31 December 2011:

	Available-for-sale financial assets HK$'000
As at 1 January 2011	—
Additions	39,007
As at 31 December 2011	39,007

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to changes in market conditions. Management reassesses these estimates at each balance sheet date.

(b) Impairment of property, plant and equipment, land use right and intangible assets

Property, plant and equipment, land use right and intangible assets are reviewed for impairment whenever events or change in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations. The calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(c) Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives, and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will increase the depreciation and amortisation charges where useful lives are less than previously estimated lives. It will write off or writedown technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable and amortisation lives and therefore affect the depreciation and amortisation charges in future periods.

(d) Estimated recoverability of trade and other receivables

The Group's management determines the provision for impairment of trade and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgements and estimates. Management reassesses the provision at each balance sheet date.

(e) Income taxes

The Group is mainly subject to income taxes in jurisdictions in Hong Kong and the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred income tax assets and income tax charges in the period in which such estimates are changed.

(f) Research and development costs

Critical judgement by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgements are based on the best information available at each balance sheet date. In addition, all internal activities related to the research and development of new products is continuously monitored by the Group's management.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

(g) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(h) Impairment of available-for-sale equity investments

The Group follows the guidance of HKAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5 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 devices, communication devices, medical equipment products and mining and drilling machine system 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".

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

	2011 HK$'000	2010 HK$'000
Revenue from external customers		
Capacitive touch products	602,578	766,907
Fingerprint biometric devices	246,803	151,849
Lighting source	70,688	90,929
Wireless charging devices	31,525	234,860
Other segments	212,528	147,102
Segment revenue for reportable and other segments	1,164,122	1,391,647

5 SEGMENT INFORMATION *(continued)*

	2011 HK$'000	2010 HK$'000
Segment gross profit		
Capacitive touch products	131,091	183,769
Fingerprint biometric devices	23,243	54,564
Lighting source	13,953	33,436
Wireless charging devices	4,838	68,647
Other segments	40,505	35,950
Segment gross profit for reportable and other segments	213,630	376,366
Unallocated:		
Amortisation of intangible assets	—	(9,212)
Depreciation shared by various reportable segments	(15,418)	(9,688)
Amortisation of land use right	(116)	(116)
Other income — net	513	1,273
Other distribution costs and administrative expenses	(115,143)	(96,554)
Finance costs — net	(2,197)	(10,002)
	(132,361)	(124,299)
Profit before income tax	81,269	252,067
Other profit and loss disclosures by segment		
Depreciation		
Capacitive touch products	(24,162)	(20,662)
Fingerprint biometric devices	(8,208)	(4,091)
Lighting source	(2,809)	(2,450)
Wireless charging devices	(1,668)	(6,328)
Other segments	(4,735)	(3,963)
	(41,582)	(37,494)
Amortisation of intangible assets		
Fingerprint biometric devices	(14,495)	(5,795)
Lighting source	(499)	(1,372)
Wireless charging devices	(1,981)	(448)
Other segments	—	(1,597)
	(16,975)	(9,212)

5 SEGMENT INFORMATION *(continued)*

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

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 consolidated financial statements.

Other income — net, distribution and administrative expenses are not allocated to segments, as they are inseparable for each product and not attributable to particular reportable segments.

Finance income and costs 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.

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

	2011 HK$'000	2010 HK$'000
Segment assets		
Capacitive touch products	135,706	218,726
Fingerprint biometric devices	120,156	98,934
Lighting source	53,987	89,323
Wireless charging devices	32,359	117,267
Other segments	174,875	70,098
Segment assets for reportable and other segments	517,083	594,348
Unallocated:		
Property, plant and equipment shared by various reportable segments	306,026	205,702
Land use right	5,038	5,154
Available-for-sale financial assets	39,007	—
Goodwill	1,500	—
Deferred income tax assets	2,192	104
Inventories shared by various reportable segments	99,993	108,844
Prepayments, deposits and other receivables	87,732	103,689
Financial assets at fair value through profit or loss	926	1,251
Pledged bank deposits	—	75,832
Cash and cash equivalents	563,382	550,311
Total assets	1,622,879	1,645,235

5 SEGMENT INFORMATION *(continued)*

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

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

Reportable segments liabilities are reconciled to total liabilities as follows:

	2011 HK$'000	2010 HK$'000
Segment liabilities		
Capacitive touch products	70,093	116,232
Fingerprint biometric devices	28,708	23,014
Lighting source	8,223	13,781
Wireless charging devices	3,667	35,595
Other segments	24,721	22,295
Segment liabilities for reportable and other segments	135,412	210,917
Unallocated:		
Accruals and other payables	61,078	95,835
Bank borrowings	276,510	267,181
Finance leases obligations	17,446	38,291
Current income tax liabilities	15,744	22,911
Deferred income tax liabilities	320	3,776
Total liabilities	506,510	638,911

The amounts provided to the CEO with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. Segment liabilities represented trade payables which are allocated based on the operations of the segment.

5 SEGMENT INFORMATION *(continued)*

Unallocated segment liabilities comprise accruals and other payables, interest-bearing liabilities, current income tax liabilities and deferred income tax liabilities, which are inseparable for each product and not attributable to particular reportable segments.

Revenue from externals customers are derived from the sales of goods net of returns and rebates.

The Group's entities are mainly domiciled in Hong Kong and the PRC while its major customers are mainly located in the United States of America.

The result of its revenue from external customers located in the United States of America is HK$639,215,000 (2010: HK$992,740,000), while the remaining revenue are derived from customers located in other countries.

The total of non-current assets other than deferred income tax assets located in the PRC is HK$624,283,000, (2010: HK$475,508,000), and the total of these non-current assets located in other countries is HK$65,789,000 (2010: HK$26,182,000).

For the year ended 31 December 2011, revenue of approximately HK$595,183,000 (2010: HK$779,133,000) is derived from a customer in the capacitive touch products segment. For the year ended 31 December 2010, revenue of approximately HK$779,133,000 and HK$213,606,000 were derived from a customer in the capacitive touch products segment and another customer in the wireless charging devices segment, respectively.

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements, furniture and fixtures and office equipment HK$'000	Machinery and factory equipment HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Construction -in-progress HK$'000	Total HK$'000
At 1 January 2010							
Cost	77,918	26,974	290,584	13,393	8,615	44,012	461,496
Accumulated depreciation	(5,724)	(10,214)	(94,096)	(7,209)	(3,727)	—	(120,970)
Net book amount	72,194	16,760	196,488	6,184	4,888	44,012	340,526
For the year ended 31 December 2010							
Opening net book amount	72,194	16,760	196,488	6,184	4,888	44,012	340,526
Additions	11,609	6,671	89,240	4,849	—	56,519	168,888
Transfers	41,604	41	8,296	—	—	(49,941)	—
Depreciation	(2,136)	(4,554)	(37,494)	(2,292)	(706)	—	(47,182)
Closing net book amount	123,271	18,918	256,530	8,741	4,182	50,590	462,232
At 31 December 2010							
Cost	131,131	33,686	388,120	18,242	7,297	50,590	629,066
Accumulated depreciation	(7,860)	(14,768)	(131,590)	(9,501)	(3,115)	—	(166,834)
Net book amount	123,271	18,918	256,530	8,741	4,182	50,590	462,232
For the year ended 31 December 2011							
Opening net book amount	123,271	18,918	256,530	8,741	4,182	50,590	462,232
Additions	1,410	5,970	59,542	2,903	483	83,166	153,474
Transfers	70,529	960	1,474	—	—	(72,963)	—
Depreciation	(4,517)	(5,397)	(43,673)	(2,823)	(590)	—	(57,000)
Disposal	—	(102)	—	—	(854)	—	(956)
Closing net book amount	190,693	20,349	273,873	8,821	3,221	60,793	557,750
At 31 December 2011							
Cost	203,070	37,234	449,136	21,145	5,858	60,793	777,236
Accumulated depreciation	(12,377)	(16,885)	(175,263)	(12,324)	(2,637)	—	(219,486)
Net book amount	190,693	20,349	273,873	8,821	3,221	60,793	557,750

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation expense of HK$41,582,000 (2010: HK$37,494,000) has been charged to cost of sales and HK$15,418,000 (2010: HK$9,688,000) has been charged to administrative expenses, respectively.

The Group's buildings are situated outside Hong Kong under medium term leases.

Machinery with a carrying amount of HK$34,030,000 (2010: HK$70,782,000) is held under finance leases.

The Group is in the process of applying for real estate ownership certificates of certain factory buildings and the carrying amounts of such construction-in-progress and buildings amounted to HK$165,020,000 (2010: HK$87,422,000) as at 31 December 2011.

7 LAND USE RIGHT

The Group's interest in land use right represent prepaid operating lease payments and its net book amount is analysed as follows:

	2011 HK$'000	2010 HK$'000
In the PRC held on:		
Lease between 10 and 50 years	5,038	5,154

Movements during the year are as follows:

	2011 HK$'000	2010 HK$'000
At beginning of year	5,154	5,270
Amortisation	(116)	(116)
At end of year	5,038	5,154

Amortisation expense of HK$116,000 (2010: HK$116,000) has been charged to administrative expenses.

8 INTANGIBLE ASSETS

	Goodwill HK$'000	Trademarks and patents HK$'000	Development costs HK$'000	Total HK$'000
For the year ended 31 December 2010				
Opening net book amount	—	1,273	10,110	11,383
Additions	—	2,783	22,467	25,250
Amortisation	—	(1,214)	(7,998)	(9,212)
Closing net book amount	—	2,842	24,579	27,421
At 31 December 2010				
Cost	—	4,374	33,700	38,074
Accumulated amortisation	—	(1,532)	(9,121)	(10,653)
Net book amount	—	2,842	24,579	27,421
For the year ended 31 December 2011				
Opening net book amount	—	2,842	24,579	27,421
Additions	1,500	493	22,446	24,439
Amortisation	—	(1,572)	(15,403)	(16,975)
Disposal	—	(124)	(1,065)	(1,189)
Closing net book amount	1,500	1,639	30,557	33,696
At 31 December 2011				
Cost	1,500	4,441	52,801	58,742
Accumulated amortisation	—	(2,802)	(22,244)	(25,046)
Net book amount	1,500	1,639	30,557	33,696

Development costs were recognised as intangibles assets and are amortised over three years on a straight-line basis. Amortisation expense of HK$16,975,000 (2010: HK$9,212,000) has been charged to cost of sales in the consolidated income statement.

8 INTANGIBLE ASSETS *(continued)*

Impairment test for goodwill

The recoverable amount is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering five-year period with an average growth rate of 11%. Management determined forecast profitability based on its expectation of future changes in costs and sales prices. Future cash flows are discounted at 12%. The discount rate used is pre-tax and reflect specific risks relating to this cash generating unit. From the impairment testing, no impairment charge was identified.

9 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The available-for-sale financial assets approximate their fair values. The available-for-sale financial assets are unlisted 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. These financial assets are denominated in US dollars.

10 INVENTORIES

	2011 HK$'000	2010 HK$'000
Raw materials	99,994	108,844
Work in progress	20,160	26,054
Finished goods	56,142	58,794
	176,296	193,692

Cost of inventories of HK$766,475,000 (2010: HK$824,135,000) has been included in cost of sales.

11 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	2011 HK$'000	2010 HK$'000
The Company		
Investment in unlisted subsidiaries, at cost	250,000	250,000
Amounts due from subsidiaries	376,200	40,310

11 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES *(continued)*

The amounts due from subsidiaries are unsecured, interest-free and denominated in US dollars. The amounts approximate their fair value.

Details of the subsidiaries of the Company are set out as follows.

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Effective interest held by the Group	Principal activities
Directly held:					
Success Charm Holdings Limited	11 May 2009	British Virgin Islands	27,774,264 shares of US$1 each	100%	Investment holding
Indirectly held:					
Charming Lion Limited	6 May 2009	British Virgin Islands	2 shares of US$1 each	100%	Investment holding
Cherry Light Limited	11 May 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Cybertouch-Tech Company Limited	13 October 2000	Hong Kong	10,000 shares of HK$1 each	99.99%	Inactive
Cyber Energy Limited	18 December 2009	Hong Kong	1 share of HK$1 each	100%	Inactive
Ever Firm Limited	6 May 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Golden Vast Commercial Offshore Limited (Note i)	16 August 2011	Macau	1 share of MOP $1,000,000 each	100%	Trading of electronic products
Shining Union Limited	9 July 2009	Hong Kong	1 share of HK$1 each	100%	Management and holding of patents, trademarks and designs
Silkray Limited	11 May 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Up Castle Limited	9 July 2009	Hong Kong	1 share of HK$1 each	100%	Research and development

11 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES *(continued)*

Name of subsidiary	Date of incorporation/ establishment	Place of incorporation/ establishment	Issued and fully paid up share capital/ registered capital	Effective interest held by the Group	Principal activities
Indirectly held: *(continued)*					
World Design Technology Limited	4 November 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
He Shan World Fair Electronics Technology Limited	18 November 2004	The PRC	US$57,250,000	100%	Manufacturing of printed circuit board touch pad
World Fair International Limited	27 December 1996	Hong Kong	100,000 shares of HK$1 each	100%	Trading of electronic products
Golden Vast Limited	11 April 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Grand Sheen Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Majestic Fortune Limited	11 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Smart Riches Limited	13 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Cyber Vision Technology Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Inactive
Cyber Lighting Technology Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Inactive
Cyber Products Technology Company Limited	2 March 2011	Hong Kong	1 share of HK$1 each	100%	Inactive
Cyber Communications Company Limited	24 February 2011	Hong Kong	1 share of HK$1 each	100%	Inactive
Cyber Medics Company Limited	24 February 2011	Hong Kong	1 share of HK$1 each	100%	Inactive
鶴山市世達光電科技有限公司	1 November 2011	The PRC	HK$1,000,000	100%	Research and development

11 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES *(continued)*

Note i

On 16 August 2011, the Group acquired from a third party 100% of the share capital of Golden Vast Commercial Offshore Limited, which was an inactive company based in Macau before acquisition.

The acquired business contributed turnover of approximately HK$163,000 and loss attributable to shareholders of HK$466,000 to the Group for the period from its date of acquisition to 31 December 2011. Details of net assets acquired and goodwill are as follows:

	2011 HK$'000
Cash consideration	1,500
Less: fair value of total identifiable net assets acquired	—
Goodwill (Note 8)	1,500

Acquisition-related costs of HK$876,000 have been charged to administrative expenses in the consolidated income statement.

12 TRADE RECEIVABLES

	2011 HK$'000	2010 HK$'000
Trade receivables	149,575	225,549
Less: Provision for impairment of receivables	(486)	—
Trade receivables — net	149,089	225,549

The carrying amounts of trade receivables approximate their fair values.

The Group generally grants a credit period of 30 to 90 days to its customers. The ageing analysis of trade receivables based on invoice date is as follows:

	2011 HK$'000	2010 HK$'000
0 to 30 days	63,964	102,177
31 to 60 days	50,182	74,311
61 to 90 days	28,480	21,511
91 to 120 days	6,368	9,849
Over 120 days	581	17,701
	149,575	225,549

12 TRADE RECEIVABLES *(continued)*

As at 31 December 2011, trade receivables of HK$128,945,000 (2010: HK$187,911,000) are neither past due nor impaired. These relate to customers for whom there is no recent history of default.

As at 31 December 2011, trade receivables of HK$20,144,000 (2010: HK$37,638,000) were past due but not impaired. No provision has been made against these balances as the directors consider the amounts being recoverable and there is no recent history of default. The ageing analysis of these debtors based on invoice date is as follows:

	2011 HK$'000	2010 HK$'000
0 to 30 days	262	—
31 to 60 days	4,335	6,295
61 to 90 days	9,445	3,793
91 to 120 days	6,007	9,849
Over 120 days	95	17,701
	20,144	37,638

As of 31 December 2011, trade receivables of HK$486,000 (2010: Nil) were impaired and provided for. Amounts due from this customer were aged over 120 days.

Trade receivables are denominated in the following currencies:

	2011 HK$'000	2010 HK$'000
US dollar	125,224	162,352
Hong Kong dollar	—	11
RMB	23,865	63,186
	149,089	225,549

12 TRADE RECEIVABLES *(continued)*

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

	2011 HK$'000	2010 HK$'000
At 1 January	—	—
Provision for impairment of trade receivables	486	—
At 31 December	486	—

The maximum exposure to credit risk at the reporting date is the fair value of trade receivables. The Group does not hold any collateral in respective of these balances.

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Current				
Prepayments for purchase of inventories	292	15,796	—	—
Utility and other deposits	1,779	3,012	—	—
Value-added tax recoverable	19,442	20,431	—	—
Receivable in relation to the Global Offering	—	46,945	—	46,945
Others	19,409	10,622	1,100	207
	40,922	96,806	1,100	47,152
Non-current				
Prepayments for purchase of property, plant and equipment	54,581	6,883	—	—

The directors consider the balances of prepayments, deposits and other receivables are recoverable by reference to the nature of these balances and credit history of counterparties where applicable. The receivable in relation to the Global Offering has been fully settled subsequent to 31 December 2011.

The carrying amounts of prepayments, deposits and other receivables approximate their fair values.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011 HK$'000	2010 HK$'000
Listed shares	926	1,251

The Group's financial assets at fair value through profit or loss are denominated in Hong Kong dollar.

The fair values of listed shares are determined by using valuation techniques and current bid prices in an active market respectively. Changes in fair values of financial assets at fair value through profit or loss are recorded in other income — net in the consolidated income statement. Financial assets at fair value through profit or loss are presented within 'investing activities' in the consolidated cash flow statement.

The balance is denominated in Hong Kong dollar.

15 CASH AND BANK BALANCES

(a) Pledged bank deposits

As at 31 December 2010, pledged bank deposits were pledged for the Group's banking facilities.

(b) Cash and cash equivalents

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Cash in hand	112	304	—	—
Cash at banks	563,270	550,007	272,012	529,420
	563,382	550,311	272,012	529,420

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
RMB	229,225	2,481	11,013	—
US dollar	81,738	6,481	20,476	—
Hong Kong dollar	252,337	541,217	240,524	529,420
Others	82	132	—	—
	563,382	550,311	272,013	529,420

16 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands)	Nominal value of ordinary shares HK$'000	Share premium	Total HK$'000
Authorised capital — ordinary shares of HK$0.1 each				
At 1 January 2010, 31 December 2010 and 31 December 2011	3,500,000	350,000	—	350,000
Issued and fully paid:				
At 17 July 2009 (date of incorporation) (Note a)	2,152,500	215,250	—	215,250
Shares issued pursuant to the Global Offering (Note b)	717,500	71,750	609,875	681,625
Transfer of share issuance costs to share premium	—	—	(92,608)	(92,608)
At 31 December 2010 and 1 January 2011	2,870,000	287,000	517,267	804,267
Shares issued upon the exercise of the over-allotment option of the Global Offering (Note c)	57,084	5,708	48,522	54,230
Transfer of share issuance costs to share premium	—	—	(300)	(300)
At 31 December 2011	2,927,084	292,708	565,489	858,197

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 and on the same date, 10,000 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 group reorganisation in 2009.

(b) On 15 December 2010, the Company issued 717,500,000 shares of HK$0.1 each pursuant to 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 pursuant to the exercise of the over-allotment option of the Global Offering.

17 OTHER RESERVES AND RETAINED EARNINGS

The Group:

	Other reserves						
	Merger reserve (Note a) HK$'000	Capital reserve (Note b) HK$'000	Share issuance cost HK$'000	Statutory reserve (Note d) HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Total HK$'000
For the year ended 31 December 2010							
At 1 January 2010	(215,150)	12,411	(17,924)	12,578	(208,085)	234,942	26,857
Profit for the year	—	—	—	—	—	213,667	213,667
Professional fees in relation to the Global Offering	—	—	(74,684)	—	(74,684)	—	(74,684)
Transfer to share premium	—	—	92,608	—	92,608	—	92,608
Transfer to statutory reserve	—	—	—	10,471	10,471	(10,471)	—
Dividends	—	—	—	—	—	(56,391)	(56,391)
At 31 December 2010	(215,150)	12,411	—	23,049	(179,690)	381,747	202,057
For the year ended 31 December 2011							
At 1 January 2011	(215,150)	12,411	—	23,049	(179,690)	381,747	202,057
Profit for the year	—	—	—	—	—	71,102	71,102
Professional fees in relation to the Global Offering	—	—	(300)	—	(300)	—	(300)
Transfer to share premium	—	—	300	—	300	—	300
Transfer to statutory reserve	—	—	—	7,475	7,475	(7,475)	—
Dividends	—	—	—	—	—	(14,987)	(14,987)
At 31 December 2011	(215,150)	12,411	—	30,524	(172,215)	430,387	258,172

17 OTHER RESERVES AND RETAINED EARNINGS *(continued)*

The Company:

	Capital reserve (Note c) HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
At 1 January 2010	34,750	(50)	34,700
Profit for the year	—	57,171	57,171
Dividends	—	(56,391)	(56,391)
At 31 December 2010	34,750	730	35,480
At 1 January 2011	34,750	730	35,480
Profit for the year	—	14,276	14,276
Dividends	—	(14,987)	(14,987)
At 31 December 2011	34,750	19	34,769

(a) Merger reserve represents the difference between the share capital of the Company and the combined share capital of the subsidiaries (after eliminating intra-group investments and share capital) acquired by the Company pursuant to the group reorganisation in 2009.

(b) Capital reserve of the Group represents the net assets attributable to non-controlling shareholders which were acquired pursuant to the group reorganisation in 2009, and is treated as a deemed contribution from equity holders and the release of share-based compensation reserve upon the incentive shares under share incentive scheme approved and adopted by the Group in 2008.

(c) Capital reserve of the Company arising from the group reorganisation in 2009 represents the difference between the nominal value of shares issued by the Company pursuant to the reorganisation and the aggregated net assets values of subsidiaries acquired.

17 OTHER RESERVES AND RETAINED EARNINGS *(continued)*

(d) The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the net profit (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holder. All statutory reserves are created for specific purposes. PRC company is required to appropriate 10% of statutory net profits to statutory surplus reserves, upon distribution of its post-tax profits of the current year. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the companies, to expand the companies' production operations, or to increase the capital of the companies. In addition, a company may make further contribution to the discretional surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

18 BANK BORROWINGS

	2011 HK$'000	2010 HK$'000
Non-current		
Bank loans, secured	13,759	44,000
Current		
Bank loans, secured	46,668	131,860
Trust receipts loans, secured	216,083	91,321
	262,751	223,181
Total bank borrowings	276,510	267,181

The Group's borrowings at the balance sheet date were repayable as follows:

	2011 HK$'000	2010 HK$'000
Within one year	262,751	223,181
Between one and two years	13,759	22,000
Between two and five years	—	22,000
	13,759	44,000
	276,510	267,181

18 BANK BORROWINGS *(continued)*

The effective interest rates per annum were as follows:

	2011			2010		
	RMB	HK$	US$	RMB	HK$	US$
Bank loans	2.90%	3.29%	—	4.78%	3.36%	—
Trust receipt loans	—	1.85%	2.71%	4.59%	4.44%	4.29%

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

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The fair values of non-current borrowings, are determined by discounting the future cash flows at the current market interest rate available to the Group.

Bank borrowings are denominated in the following currencies:

	2011 HK$'000	2010 HK$'000
US dollar	209,049	73,364
Hong Kong dollar	67,461	165,561
RMB	—	28,256
	276,510	267,181

19 FINANCE LEASE OBLIGATIONS

Details of finance lease obligations are analysed as follows:

	2011 HK$'000	2010 HK$'000
Total minimum lease payments under finance leases:		
— not later than one year	17,859	40,617
Less: Future finance charges	(413)	(2,326)
Finance leases obligations	17,446	38,291
Analysis of present value of finance lease obligations:		
— not later than one year	17,446	38,291

Finance lease obligations are denominated in Hong Kong dollar.

The effective interest rates per annum were as follows:

	2011	2010
Effective interest rates	2.15%	4.93%

20 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following balances, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2011 HK$'000	2010 HK$'000
Deferred income tax assets to be recovered after more than 12 months	(2,192)	(104)
Deferred income tax liabilities to be settled after more than 12 months	320	3,776
	(1,872)	3,672

20 DEFERRED INCOME TAX *(continued)*

The gross movements on the deferred income tax assets and liabilities are as follows:

	2011 HK$'000	2010 HK$'000
At beginning of year	3,672	(278)
(Derecognised)/recognised in the consolidated income statement (Note 28)	(5,544)	3,950
At end of year	(1,872)	3,672

The movement in deferred income tax assets and liabilities during the years 2011 and 2010, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation allowance		Unrealised (profits)/ losses in inventories		Total	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Deferred income tax (assets)/liabilities						
At 1 January 2010	(104)	(278)	3,776	—	3,672	(278)
Recognised/ (derecognised) in the consolidated income statement	424	174	(5,968)	3,776	(5,544)	3,950
At 31 December 2011	320	(104)	(2,192)	3,776	(1,872)	3,672

Deferred income tax liabilities of HK$13,302,000 (2010: HK$10,642,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted retained earnings of the Group's PRC subsidiary amounting to HK$266,041,000 (2010: HK$212,844,000). In the opinion of the directors of the Company, these retained earnings are to be reinvested.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. There are no significant unrecognised tax losses as at 31 December 2011 (2010: Nil).

21 TRADE AND BILLS PAYABLES

	2011 HK$'000	2010 HK$'000
Trade payables	134,445	184,866
Bills payables	967	26,051
	135,412	210,917

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

	2011 HK$'000	2010 HK$'000
0 to 30 days	78,326	70,989
31 to 60 days	39,162	66,599
61 to 90 days	14,111	57,641
91 to 120 days	839	13,161
Over 120 days	2,974	2,527
	135,412	210,917

The carrying amounts of trade and bills payables approximate their fair values.

The carrying amounts of the trade and bills payables are denominated in the following currencies:

	2011 HK$'000	2010 HK$'000
RMB	8,880	34,353
US dollar	114,806	159,431
Hong Kong dollar	11,726	17,133
	135,412	210,917

22 ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2011	2010	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000
Payable for purchase of property, plant and equipment	6,956	16,658	—	—
Salary and wages payable	9,634	14,066	258	—
Accrued operating expenses	9,822	37,530	6,088	27,135
Advance receipts from customers	2,991	1,925	—	—
Provision for value-added tax and other taxes in the PRC	19,951	16,456	—	—
Other accruals and other payables	11,724	9,200	—	—
	61,078	95,835	6,346	27,135

The carrying amounts of accruals and other payables approximate their fair values. As at 31 December 2011, approximately 68% (2010: 58%) of the carrying amounts of accruals and other payables are denominated in RMB.

23 OTHER INCOME — NET

	2011	2010
	HK$'000	HK$'000
Fair value losses on financial assets at fair value through profit or loss	(325)	(152)
Others	838	1,425
	513	1,273

24 EXPENSES BY NATURE

	2011 HK$'000	2010 HK$'000
Employee benefit expenses (Note 25)	162,398	174,847
Cost of inventories (Note 10)	766,475	824,135
Auditor's remuneration	2,000	1,486
Depreciation of property, plant and equipment (Note 6)	57,000	47,182
Operating lease rentals — office premises, factory and warehouse	7,861	7,136
Amortisation of land use right (Note 7)	116	116
Consumables and factory supplies	5,333	5,827
Electricity, water and utilities expenses	17,315	19,732
Freight and transportation	7,216	7,715
Bank charges	4,650	5,381
Other taxes levies	4,880	4,297
Research and development expenses		
— Employee benefit expenses (Note 25)	4,052	4,936
— Amortisation of intangible assets (Note 8)	16,975	9,212
Others	24,898	18,849
Total cost of sales, distribution costs and administrative expenses	1,081,169	1,130,851

25 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2011 HK$'000	2010 HK$'000
Wages and salaries	170,585	187,961
Other employee benefits	10,363	9,594
Pension costs — defined contribution plans and social security costs	7,948	4,695
	188,896	202,250
Less: amount recorded in research and development expenses (Note 24)	(4,052)	(4,936)
Less: amount capitalised as intangible assets (Note 8)	(22,446)	(22,467)
	162,398	174,847

25 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) *(continued)*

(i) The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its Hong Kong employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The monthly contributions of each of the employer and the employee are subject to a cap of HK$1,000 and thereafter contributions are voluntary.

(ii) As stipulated by the rules and regulations in the PRC, the subsidiary operating in the PRC contributes to state-sponsored retirement plans for its employees. The employees contribute approximately 8% of their basic salaries, while the subsidiary contributes approximately 17% of the basic salaries of its employees and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees.

26 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The remuneration of every director of the Company paid/payable by the Group for the year ended 31 December 2011 is set out below:

Name of director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive directors:					
Wong Kwok Fong	480	2,270	–	–	2,750
Ching Pui Yi	480	720	–	12	1,212
Tan Hui Kiat	150	535	–	–	685
Cheung Wing Keung	75	378	–	5	458
Independent non-executive directors:					
Wong Chun Bong	240	–	–	–	240
Lee Kwok On, Matthew	180	–	–	–	180
Chan Wai	210	–	–	–	210
	1,815	3,903	–	17	5,735

26 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

The remuneration of every director of the Company paid/payable by the Group for the year ended 31 December 2010 is set out below:

Name of director	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
Executive directors:					
Wong Kwok Fong	480	2,189	–	12	2,681
Ching Pui Yi	480	720	–	12	1,212
Cheung To Keung	13	99	–	1	113
Lam Ho Sang	50	631	–	9	690
Tan Hui Kiat	88	604	–	–	692
Cheung Wing Keung	38	68	–	3	109
Independent non-executive directors:					
Wong Chun Bong	240	–	–	–	240
Lee Kwok On, Matthew	180	–	–	–	180
Chan Wai	210	–	–	–	210
	1,779	4,311	–	37	6,127

Notes:

(i) No directors waived or agreed to waive any emoluments during the year. No inducement for joining the Group or compensation for loss of office was paid or payable to any directors during the year (2010: Same).

(ii) The remuneration shown represented remuneration received from the Group by these directors in their capacity as employee to the Group and/or in their capacity as directors of the Company.

26 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS *(continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include three directors (2010: two directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two individuals (2010: three individuals) during the year are as follows:

	2011 HK$'000	2010 HK$'000
Basic salaries, bonuses, other allowances and benefits in kind	1,553	2,706
Retirement benefit — defined contribution scheme	12	13
	1,565	2,719

The emoluments fell within the following bands:

	Number of individuals	
	2011 HK$'000	2010 HK$'000
Emolument bands		
Under HK$1,000,000	2	2
HK$1,000,001 — HK$1,500,000	—	1

No inducement for joining the Group or compensation for loss of office was paid or payable to any five highest paid individuals during the year (2010: Same).

27 FINANCE INCOME AND COSTS

	2011 HK$'000	2010 HK$'000
Finance income		
— Interest income on bank deposits	9,241	105
Finance costs:		
— Bank loans	(6,614)	(4,889)
— Finance lease obligations	(904)	(2,386)
— Bank overdrafts and trust receipt loans	(3,920)	(2,832)
	(11,438)	(10,107)
Net finance costs	(2,197)	(10,002)

28 INCOME TAX EXPENSE

	2011 HK$'000	2010 HK$'000
Current income tax		
— Hong Kong profits tax	9,255	17,569
— PRC enterprise income tax	8,291	16,881
— Overseas income tax	110	—
	17,656	34,450
Over-provision in prior years	(1,945)	—
	15,711	34,450
Deferred income tax (Note 20)	(5,544)	3,950
	10,167	38,400

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year (2010: 16.5%).

28 INCOME TAX EXPENSE *(continued)*

The statutory income tax rate applicable to Heshan World Fair Electronics Technology Limited, a subsidiary, is 25% (2010: 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 Heshan World Fair Electronics Technology Limited is the year ended 31 December 2008.

Overseas income tax has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the country in which the Group operates.

The effective tax rate of the Group is 12.5% for the year ended 31 December 2011 (2010: 15.2%).

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits in the respective jurisdiction as follows:

	2011 HK$'000	2010 HK$'000
Profit before income tax	81,269	252,067
Tax calculated at domestic tax rates applicable to profits in the respective jurisdiction	14,198	55,617
Income not subject to tax	(824)	(20)
Expenses not deductible for tax purposes	1,061	1,934
Effect of tax exemption granted to a subsidiary in the PRC	(2,323)	(19,131)
Overprovision in prior years	(1,945)	—
Income tax expense	10,167	38,400

29 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.

	2011 HK$'000	2010 HK$'000
Profit attributable to equity holders of the Company (HK$'000)	71,102	213,667
Weighted average number of ordinary shares in issue (thousands)	2,926,547	2,185,918
Basic earnings per share (expressed in HK cents per share)	2.43	9.77

(b) Diluted

As the Company had no dilutive ordinary shares for the year (2010: Nil), diluted earnings per share for the year is not presented.

30 DIVIDENDS

	2011 HK$'000	2010 HK$'000
Interim dividend paid of HK 0.512 cents per share	14,987	56,391
Proposed final dividend of HK 0.216 cents per share (2010: Nil) *(Note a)*	6,322	—
	21,309	56,391

Note:

(a) Proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

31 CASH GENERATED FROM OPERATIONS

	2011 HK$'000	2010 HK$'000
Profit before income tax	81,269	252,067
Adjustments for:		
— Finance income	(9,241)	(105)
— Finance costs	11,438	10,107
— Depreciation of property, plant and equipment (Note 6)	57,000	47,182
— Amortisation of land use right (Note 7)	116	116
— Amortisation of intangible assets (Note 8)	16,975	9,212
— Loss/(gain) on disposal of property, plant and equipment and intangible assets	1,482	(180)
— Fair value losses on financial assets at fair value through profit or loss (Note 23)	325	152
— Provision of impairment loss on trade receivables	486	—
— Write-off of non-current prepayment	311	—
Operating profit before working capital changes	160,161	318,551
Changes in working capital:		
— Inventories	17,396	(88,001)
— Trade receivables	51,357	2,383
— Prepayments, deposits and other receivables	(5,852)	(20,644)
— Amounts due from directors	—	(614)
— Trade and bills payables	(75,505)	(37,508)
— Accruals and other payables	(34,757)	14,558
Cash generated from operations	112,800	188,725

31 CASH GENERATED FROM OPERATIONS *(continued)*

In the consolidated cash flow statements, proceeds from disposal of property, plant and equipment and intangible assets comprise:

	2011 HK$'000	2010 HK$'000
Net book amount of property, plant and equipment (Note 6)	956	—
Net book amount of intangible assets (Note 8)	1,189	—
(Loss)/gain on disposal of property, plant and equipment and intangible assets	(1,482)	180
Proceeds from disposal of property, plant and equipment and intangible assets	663	180

Major non-cash transactions

During the year ended 31 December 2011, the Group acquired available-for-sale financial assets of HK$39,007,000 which was settled through offsetting against the trade and other receivables from a customer.

During the year ended 31 December 2010, the Group entered into finance lease arrangements in respect of machinery with a total capital amount at the inception of the lease of HK$8,652,000.

32 OPERATING LEASE COMMITMENTS

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The lease expenditure expensed in the consolidated income statement during the year is disclosed in Note 24 to the consolidated financial statements.

The future aggregate minimum lease payments under non-cancellable operating leases of the Group were as follows:

	2011 HK$'000	2010 HK$'000
Not later than one year	5,742	6,259
Later than one year and not later than five years	3,848	9,180
	9,590	15,439

The Company has no operating lease commitment as at 31 December 2011 (2010: Nil).

33 CAPITAL COMMITMENTS

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

	2011 HK$'000	2010 HK$'000
Not later than one year	59,270	3,656

The Company has no capital commitment as at 31 December 2011 (2010: Nil).

34 RELATED PARTY TRANSACTIONS

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

(a) The Group has entered into a three-year residential premises lease agreement with Mr. Wong Kwok Fong which has taken effect since the listing of the Company on 15 December 2010, pursuant to which Heshan World Fair Electronics Technology Limited agreed to lease from Mr. Wong's residential premises in Jiangmen, the PRC, at an annual rental of HK$1,188,000 as residences for the Group's senior management (2010: Same).

(b) Key management compensation

	2011 HK$'000	2010 HK$'000
Directors' fees	1,815	1,778
Basic salaries, housing allowances, other allowances and benefits in kind	7,426	8,864
Contributions to pension plans	35	69
	9,276	10,711

(c) During the year, Mr. Wong Kwok Fong provided certain premises to the Group's employees as staff quarters at no charge (2010: Same).

34 RELATED PARTY TRANSACTIONS *(continued)*

(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 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 35) to the consolidated financial statements.

35 CONTINGENT LIABILITIES

In April 2010, World Fair International Limited, a subsidiary of the Group, received an additional assessment dated 30 March 2011 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 is 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 has been granted by the IRD.

A meeting between World Fair International Limited 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$3,000,000 has been placed with the IRD. 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 31 December 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.

36 SUBSEQUENT EVENTS

(a) In January 2012, the Group acquired the entire equity interest of Gallant Tech Limited for a consideration of approximately US$8,000,000 (equivalent to approximately HK$62,240,000) plus the net assets value as at the completion date.

(b) During February and March 2012, the Group acquired 5% equity interest of DDS, Inc., a company listed on the Tokyo Stock Exchange in Japan for a consideration of approximately JPY48,263,000 (equivalent to approximately HK$4,900,000).

(c) In March 2012, the Group entered into an agreement to acquire the entire equity interest of Celestix Networks Pte Ltd, a company incorporated in Singapore, which is engaged in the provision of network security technology solution services, for a consideration of approximately S$17,800,000 (equivalent to approximately HK$110,182,000). The acquisition is expected to be completed by 30 April 2012.