World Wide Touch Technology (Holdings) Limited
世達科技（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1282)

2012 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of World Wide Touch Technology (Holdings) Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012.

The interim consolidated results are unaudited but have been reviewed by the Company's audit committee and the Company's independent auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Note	Six months ended 30 June **2012** *HK$'000* (Unaudited)	2011 *HK$'000* (Unaudited)
Revenue	*4*	**604,028**	644,300
Cost of sales		**(542,454)**	(513,722)
Gross profit		**61,574**	130,578
Other income – net		**892**	109
Distribution costs		**(9,325)**	(4,123)
Administrative expenses		**(80,532)**	(62,539)
Operating (loss)/profit	*5*	**(27,391)**	64,025
Finance income	*6*	**5,496**	3,342
Finance costs	*6*	**(3,405)**	(7,108)
Finance income/(costs) – net	*6*	**2,091**	(3,766)
(Loss)/profit before income tax		**(25,300)**	60,259
Income tax expense	*7*	**(3,190)**	(9,139)
(Loss)/profit attributable to equity holders of the Company		**(28,490)**	51,120
Other comprehensive (loss)/income			
Fair value loss on available-for-sale financial assets		**(100)**	–
Currency translation differences		**22**	–
Other comprehensive loss for the period		**(78)**	–
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		**(28,568)**	51,120
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
– basic (expressed in HK cents per share)	*8*	**(0.97)**	1.75
– diluted (expressed in HK cents per share)	*8*	**N/A**	N/A
Dividends	*9*	**–**	14,987

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2012 HK$'000 (Unaudited)	As at 31 December 2011 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**617,072**	557,750
Land use right		**4,980**	5,038
Intangible assets		**90,155**	33,696
Available-for-sale financial assets	*10*	**53,111**	39,007
Deferred income tax assets		**3,214**	2,192
Prepayments and deposits		**17,122**	54,581
		785,654	692,264
Current assets			
Inventories		**191,053**	176,296
Trade receivables	*11*	**227,555**	149,089
Prepayments, deposits and other receivables		**24,433**	40,922
Financial assets at fair value through profit or loss		**1,076**	926
Cash and cash equivalents		**451,251**	563,382
		895,368	930,615
Total assets		**1,681,022**	1,622,879
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	*12*	**292,708**	292,708
Share premium	*12*	**565,489**	565,489
Reserves		**223,281**	258,172
		1,081,478	1,116,369

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

	Note	As at 30 June 2012 *HK$'000* (Unaudited)	As at 31 December 2011 *HK$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Bank borrowings		**–**	13,759
Deferred income tax liabilities		**3,335**	320
		3,335	14,079
Current liabilities			
Trade and bills payables	*13*	**185,285**	135,412
Accruals and other payables		**103,932**	61,078
Bank borrowings		**275,453**	262,751
Finance lease obligations		**13,094**	17,446
Current income tax liabilities		**18,445**	15,744
		596,209	492,431
Total liabilities		**599,544**	506,510
Total equity and liabilities		**1,681,022**	1,622,879
Net current assets		**299,159**	438,184
Total assets less current liabilities		**1,084,813**	1,130,448

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to the equity holders of the Company									
	Share capital *HK$'000*	Share premium *HK$'000*	Merger reserve *HK$'000*	Capital reserve *HK$'000*	Share issuance costs *HK$'000*	Statutory reserve *HK$'000*	Available-for-sale financial assets *HK$'000*	Exchange reserve *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
(Unaudited)										
For the six months ended 30 June 2012										
At 1 January 2012	**292,708**	**565,489**	**(215,150)**	**12,411**	**–**	**30,524**	**–**	**–**	**430,387**	**1,116,369**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(28,490)**	**(28,490)**
Other comprehensive (loss)/income:										
Fair value loss on available-for-sale financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**(100)**	**–**	**–**	**(100)**
Currency translation difference	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**22**	**–**	**22**
Total other comprehensive (loss)/income	**–**	**–**	**–**	**–**	**–**	**–**	**(100)**	**22**	**–**	**(78)**
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**–**	**–**	**(100)**	**22**	**(28,490)**	**(28,568)**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**–**	**1,443**	**–**	**–**	**(1,443)**	**–**
Dividends relating to 2011 paid during the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,323)**	**(6,323)**
At 30 June 2012	**292,708**	**565,489**	**(215,150)**	**12,411**	**–**	**31,967**	**(100)**	**22**	**394,131**	**1,081,478**
(Unaudited)										
For the six months ended 30 June 2011										
At 1 January 2011	287,000	517,267	(215,150)	12,411	–	23,049	–	–	381,747	1,006,324
Profit for the period	–	–	–	–	–	–	–	–	51,120	51,120
Transfer to statutory reserve	–	–	–	–	–	3,849	–	–	(3,849)	–
Exercise of over-allotment	5,708	48,522	–	–	–	–	–	–	–	54,230
Professional fees in relation to the Global Offering	–	–	–	–	(300)	–	–	–	–	(300)
Transfer to share premium	–	(300)	–	–	300	–	–	–	–	–
At 30 June 2011	292,708	565,489	(215,150)	12,411	–	26,898	–	–	429,018	1,111,374

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**30,408**	93,748
Net cash used in investing activities	**(98,733)**	(58,206)
Net cash (used in)/generated from financing activities	**(43,727)**	72,807
Net (decrease)/increase in cash and cash equivalents	**(112,052)**	108,349
Cash and cash equivalents at beginning of the period	**563,382**	550,311
Exchange (loss)/gain on cash and cash equivalents	**(79)**	7,514
Cash and cash equivalents at end of the period	**451,251**	666,174

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2012

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Company and its subsidiaries (collectively the "Group") are principally engaged in the trading and manufacturing of electronic products and equipment.

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").

This condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue on 24 August 2012.

This condensed consolidated interim financial information has not been audited.

Key events

The operational highlight of the period was the acquisition of Gallant Tech Limited, a company principally engaged in equipment supply and services in the printed circuit board assembly and semiconductor packaging market.

In June 2012, the tax audit of World Fair International Limited, a subsidiary of the Company, was settled and the tax liabilities in relation to the tax audit were indemnified by the controlling shareholders of the Company. Further details are given in Note 7.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the audited financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

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

The following new standards, amendments and interpretations to existing standards have been issued but are not effective for the financial year beginning on 1 January 2012 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 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised)	Separate financial statements	1 January 2013
HKAS 28 (Revised)	Associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting of financial assets and financial liabilities	1 January 2013
HKFRS 9 (Amendment)	Financial Instruments	1 January 2015
HKFRS 7 and HKFRS 9	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
HK(IFRIC)-Int 20	Stripping costs in the production phase of a surface mine	1 January 2013

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

4 REVENUE AND 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 considered the business from a product perspective. The reportable operating segments were classified as capacitive touch products, fingerprint biometric devices, lighting source products and wireless charging devices prior to 2012. Starting from 2012, due to the change in its internal organisation, management has reassessed the Group's operating segment composition and considered a reclassification being more appropriate for business performance review. As such, the Group has restated the corresponding items of segment information for prior period.

Following the change in the composition of its reportable segments, the Group's current reportable segments comprise life energy, life security, life touch and automation products.

Other products include automotive products, 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".

The CEO assesses the performance of the operating segments based on a measure of operating profit.

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

	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Total segment revenue	**Inter segment revenue**	**Revenue from external customers**	Total segment revenue	Inter segment revenue	Revenue from external customers
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)	**(unaudited)**	**(unaudited)**	(unaudited)	(unaudited)	(unaudited)
Life energy	**21,482**	**–**	**21,482**	44,717	–	44,717
Life security	**95,421**	**–**	**95,421**	107,452	–	107,452
Life touch	**190,069**	**–**	**190,069**	362,351	–	362,351
Automation	**209,667**	**(23,794)**	**185,873**	–	–	–
Other segments	**111,183**	**–**	**111,183**	129,780	–	129,780
Total	**627,822**	**(23,794)**	**604,028**	644,300	–	644,300

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Operating profit		
Life energy	**455**	12,387
Life security	**4,182**	19,134
Life touch	**26,902**	81,071
Automation	**6,000**	–
Other segments	**1,391**	17,986
Total	**38,930**	130,578
Depreciation shared by various reportable segments and head office	**(10,407)**	(7,396)
Amortisation of land use right	**(58)**	(58)
Other income – net	**892**	109
Other distribution costs and administrative expenses	**(56,748)**	(59,208)
Finance income/(costs) – net	**2,091**	(3,766)
(Loss)/profit before income tax	**(25,300)**	60,259

Other segment items – depreciation and amortisation

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Life energy	**1,871**	3,174
Life security	**11,319**	7,181
Life touch	**13,348**	9,798
Automation	**2,144**	–
Other segments	**4,302**	5,222
Total	**32,984**	25,375

5 OPERATING (LOSS)/PROFIT

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	**407**	134
Depreciation of property, plant and equipment	**34,127**	27,917
Amortisation of land use right	**58**	58
Amortisation of intangible assets	**12,126**	7,839
Transaction cost in relation to acquisition of a subsidiary	**1,162**	–

6 FINANCE INCOME/(COSTS) – NET

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank deposits	**5,496**	3,342
Finance costs:		
– Bank loans	**(1,636)**	(4,789)
– Finance lease obligations	**(172)**	(694)
– Trust receipt loans	**(2,276)**	(1,625)
– Notional accretion on deferred revenue	**(268)**	–
– Notional accretion of interest on contingent consideration payable	**(680)**	–
	(5,032)	(7,108)
Less amounts capitalised on qualifying assets	**1,627**	–
	(3,405)	(7,108)
Finance income/(cost) – net	**2,091**	(3,766)

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	**1,529**	4,507
– Taxation outside Hong Kong	**3,123**	3,096
	4,652	7,603
Deferred income tax	**(1,462)**	1,536
	3,190	9,139

(a) Provision for income tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period ended 30 June 2012 (For the period ended 30 June 2011: 16.5%).

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

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

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.

(b) Latest development of tax audit

In April 2010, the Hong Kong Inland Revenue Department ("IRD") has carried out a tax audit on the tax affairs of World Fair International Limited ("World Fair Hong Kong"), a subsidiary of the Company, for the years of assessment 2003/04 to 2008/09. During the tax audit, the IRD has issued estimated/additional profits tax assessments for the years of assessment 2003/04 to 2005/06 to World Fair Hong Kong.

In June 2012, the tax audit has been finalised and the settlement amount is HK$7.76 million.

The amount has been indemnified by Mr. Wong Kwok Fong and Ms. Ching Pui Yi, the controlling shareholders of the Company.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company	**(28,490)**	51,120
Weighted average number of ordinary shares in issue *(thousands)*	**2,927,084**	2,926,019
Basic (loss)/earnings per share (HK cents)	**(0.97)**	1.75

(b) Diluted

As the Company had no dilutive ordinary shares for the period (For the six months ended 30 June 2011: Nil), diluted earnings per share for the period is not presented.

9 DIVIDENDS

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interim dividend paid	**–**	14,987

No interim dividend was declared by the board of directors for the six months ended 30 June 2012 (For the six months ended 30 June 2011: HK$0.512 cents per share).

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Listed shares – equity securities – Japan	**6,304**	–
Unlisted shares – equity securities	**46,807**	39,007
	53,111	39,007
Market value of listed securities	**6,304**	–

Available-for-sale financial assets of carrying amount of HK$46,807,000 (2011: HK$39,007,000) do not have a quoted market price in an active market, with the carrying amount of investment cost approximates its fair value.

11 TRADE RECEIVABLES

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**228,092**	149,575
Less: Provision for impairment of receivables	**(537)**	(486)
Trade receivables – net	**227,555**	149,089

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

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**105,272**	63,964
31 to 60 days	**93,015**	50,182
61 to 90 days	**17,391**	28,480
91 to 120 days	**10,760**	6,368
Over 120 days	**1,654**	581
	228,092	149,575

Movement on the provision of trade receivables are as follow:

	As at 30 June 2012	As at 31 December 2011
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At 1 January	**486**	–
Acquisition of a subsidiary	**51**	–
Provision for impairment of trade receivables	**–**	486
At 30 June / 31 December	**537**	486

12 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands)	Nominal value of ordinary shares HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 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)*	57,084	5,708	48,522	54,230
Transfer of share issuance costs to share premium	–	–	(300)	(300)
At 31 December 2011, 1 January 2012 and 30 June 2012	2,927,084	292,708	565,489	858,197

Notes:

On 4 January 2011 and 11 January 2011, the Company issued 54,000,000 shares and 3,084,000 shares, respectively, totalling 57,084,000 shares of HK$0.1 each upon the exercise of the over-allotment option of the Global Offering.

13 TRADE AND BILLS PAYABLES

At 30 June 2012, the ageing analysis of the trade and bills payables is as follows:

	As at 30 June 2012 ***HK$'000*** **(Unaudited)**	As at 31 December 2011 *HK$'000* (Audited)
0 to 30 days	**96,328**	78,326
31 to 60 days	**67,513**	39,162
61 to 90 days	**15,990**	14,111
91 to 120 days	**3,568**	839
Over 120 days	**1,886**	2,974
	185,285	135,412

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Uncertainties continued to overshadow the global economy recovery in the first half of 2012. Number of unfavourable economic factors including Eurozone's debt crisis and fiscal woes in the United States, high inflation challenge in China continue to affect the manufacturing and technology sectors. These factors, combined with a change in product mix and drop of demand, inevitably affected the Group's performance. The Group's revenue dropped by 6.3% to HK$604.0 million and its profit dropped by HK$79.6 million. Nevertheless, the Group will strive to improve its results for the full year of 2012.

In the first half of 2012, the revenue of life touch accounted for 31.5% (corresponding period in 2011: 56.2%), while the remaining 68.5% (corresponding period in 2011: 43.8%) came from life energy, life security, automation and other segments.

Business Review

Life Energy

Life Energy consists of wireless charging devices and plasma lighting source products.

Wireless charging devices was the key growth driver in the life energy which recorded a significant increase of revenue of 128.1% to HK$20.3 million as compared with the corresponding period in 2011. The remarkable performance of such was driven by the demand from PowerMat, a key strategic partner of the Group to which the Group, apart from its first subscription of 958 preferred A2 shares in May 2011, has further subscribed for 19,157 preferred B shares at a consideration of US$999,995.4 in April 2012.

The backbone of PowerMat's growth mainly comes from its another strategic partner and investor – Procter & Gamble ("P&G"). P&G has formed a joint venture company with PowerMat named Duracell PowerMat, which is the leading provider of next generation drop and charge technology and backup batteries for phones and smartphones. As a major supplier and investor of PowerMat, the demand from Duracell PowerMat on wireless charging products drew substantial demand on our wireless charging products. The Group believes that through the strategic investment in PowerMat, its close relationships with P&G, Duracell and other international consumer goods manufacturers will further strengthen and widen our presence in the wireless charging market.

Plasma lighting source products was another focus of life energy. The Group has adopted a cautious approach in discreetly identifying potential projects that would secure profitability. During the reviewing period, the Group has actively engaged in a series of exhibition events, including 2012 Guangzhou International Lighting Exhibition, Hong Kong International Lighting Exhibition, Guangzhou International Lighting Exhibition and Hong Kong International Lighting Fair (Spring Edition). The Group believes that plasma lighting source products would still enjoy a promising prospect in the long run in view of its energy efficient nature.

Life Security

Fingerprint biometric devices experienced a slight decrease of 11.2% as compared with the corresponding period in 2011. The Group believes that fingerprint biometric devices has huge growth potential due to increasing concerns over data security, identity recognition and internet payment.

During the first half of 2012, the Group through its wholly-owned subsidiary, Cybertouch-Tech Company Limited, acquired approximately 7.5% issued capital of DDS, Inc. ("DDS"), a Japanese corporation listed on the Tokyo Stock Exchange Mothers Market. DDS designs, develops, manufactures and markets fingerprint verification equipment, as well as the entrusted development of software. The Group believes that such acquisition of shares represents a valuable opportunity to foster the possible long term strategic business cooperation with DDS.

Life Touch

Capacitive touch products continued to take up the largest share of the Group's business in the first half of 2012. Sales of capacitive touch pads for use in computer notebooks and touch screen controllers and modules used in tablet PC fell by 64.4% and 87.8%, respectively as comparing with the corresponding period in 2011. Sales of touch screen controllers and modules used in smartphones climbed significantly by 52.2% as compared with the corresponding period in 2011.

Automation

Automation business, arising from the acquisition of the entire issued share capital of Gallant Tech Limited ("Gallant Tech") in January 2012, recorded HK$185.8 million of revenue in the first half of 2012 which accounting for 30.8% of the Group's total revenue.

Gallant Tech provides, among other things, world class surface-mount technology assembly, test equipment and semiconductor packaging machines and the installation and application services.

The Group believes that this automation business will not only continue to broaden its revenue base, but will also become a significant driver of growth as manufacturers in China and elsewhere gradually turn to automation in response to rising labour costs.

Other Segments

Other segments mainly consist of communication and automotive-related products.

The sales of automotive-related products increased by 8.0% to HK$49.9 million, while the sales of communication-related products slightly declined by 2.9% to HK$41.6 million, both of which accounting for 8.3% and 6.9% of total revenue, respectively. 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. Overall, communication and automotive-related products are expected to drive future revenue growth for the Group.

Financial Review

Revenue

The revenue for the six months ended 30 June 2012 amounted to HK$604.0 million (corresponding period in 2011: HK$664.3 million), analysed by business segments as follows:

	For the six months ended 30 June				
	2012		2011		
	HK$ million		*HK$ million*		*% change*
Life energy	**21.5**	**3.6%**	44.7	6.9%	(51.9%)
Life security	**95.4**	**15.8%**	107.4	16.7%	(11.2%)
Life touch	**190.1**	**31.5%**	362.4	56.3%	(47.5%)
Automation	**185.8**	**30.8%**	–	–	100%
Other segments	**111.2**	**18.3%**	129.8	20.1%	(14.3%)
	604.0	**100%**	644.3	100.0%	(6.3%)

During the period under review, the Group's revenue fell slightly by 6.3% to HK$604.0 million as compared with the corresponding period in 2011. Such fall is mainly due to less sales orders were received in each business segment, except for automation which is acquired in January 2012.

Gross Profit and Margin

As a result of the change in product mix, the gross profit for the six months ended 30 June 2012 amounted to HK$61.6 million, a decrease of HK$69.0 million as compared with the corresponding period in 2011. For the same reason, the gross profit margin for the six months ended 30 June 2012 has decreased from 20.3% to 10.2% as compared with the corresponding period in 2011.

Distribution Costs

Distribution cost for the period amounted to HK$9.3 million, amounting to 1.5% of the total revenue. This represents an increase of 126.2% when compared to the corresponding period in 2011 mainly due to the inclusion of the automation business which was acquired in January 2012.

Administrative Expenses

During the period under review, administrative expenses increased to HK$80.5 million from HK$62.5 million, mainly due to the inclusion of the automation business which was acquired in January 2012.

Finance Costs – net

The net finance costs decreased by HK$5.9 million as compared with the corresponding period in 2011. The decrease was primarily resulted from an increase in interest income.

Income Tax Expense

Income tax expense decreased by 65.1% to HK$3.2 million as compared to the corresponding period in 2011, which was due to the decline in the profit for the period.

Loss for the Period

Loss for the period was HK$28.5 million, as compared to a profit of HK$51.1 million during the corresponding period in 2011.

Financial Resources Review

Liquidity Financial Resources and Debt Structure

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. As at 30 June 2012, the Group's cash and cash equivalents totalled HK$451.3 million (31 December 2011: HK$563.4 million). Working capital represented by net current assets amounted to HK$299.2 million (31 December 2011: HK$438.2 million). The Group's current ratio was 1.5 (31 December 2011: 1.9).

Bank borrowings included trust receipt loans amounting to HK$126.4 million (31 December 2011: HK$216.1 million) and bank loans amounting to HK$149.1 million (31 December 2011: HK$60.4 million) and are secured by corporate guarantees provided by the Company and certain of its subsidiaries. As at 30 June 2012 and 31 December 2011, the Group was in a net cash position, representing the bank balances and cash exceeded total debts at the end of each reporting period.

Subsequent events

(a) On 4 July 2012, the Group entered into a non-legally binding letter of intent to acquire at least 73.33% of Baos Company Limited, a company incorporated in the Republic of Korea, which is principally engaged in manufacturing of light guide plates and diffuser plates for the liquid crystal display and light emitting diode flat panel display markets, for a tentative consideration of US$44,000,000, The proposed acquisition is expected to be completed by 30 September 2012.

(b) On 6 July 2012, the Group entered into an agreement to acquire 66.6% issued share capital of Advanced Radio Device Technologies, Inc., a company incorporated in the Republic of Korea, which is principally engaged in manufacturing of semiconductor and electronics which includes the research and development, sales and marketing of semiconductor and electronics, for a consideration of US$2,199,995.

Capital Commitments

At 30 June 2012, the Group had contracted but not provided for capital commitments of HK$13.1 million (31 December 2011: HK$59.3 million), and did not have any authorised but not contracted for capital commitments (31 December 2011: Nil).

Currency Exposure and Management

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

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

Future plans for capital investments and expected source of funding

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and to an extent by bank loans. The Group has sufficient resources of funding and unutilised banking facilities to meet future capital expenditure and working capital requirement. As of 30 June 2012, the Group had total capital commitments of HK$13.1 million mainly for the purchase of machineries, and the construction of additional production plants.

Employees

As at 30 June 2012, the Group had approximately 3,000 (31 December 2011: 2,335) full time employees in Hong Kong and the PRC. The Group recognises the importance of human resources to its success, therefore has recruited qualified and experienced personnel, with remuneration maintained at competitive levels.

Business Outlook

Against the backdrop of adverse operating environment of the OEM industry, looking forward, the Group would give its best effort in expanding the consumer product markets in order to enhance its market presence and profitability. The strategy of expansion in future remains on acquiring potential companies which could bring forth to the Group high technology capability and profit. Adhering to our motto, "From design, build-to-ship, and beyond", instead of standing fast with our current production capacity but to grow beyond, the Group has been seeking for growth through investment in companies that characterized by low operating cost with less labour intensive operation and high technology capability.

In July 2012, the Group acquired 43% stake in ARDT, a manufacturer of semiconductor and electronics which includes research and development, sales and marketing for semiconductor and electronics products. Through the acquisition, the Group eyes on the technology input from ARDT and its streamlined operation with low operating cost. The Group hopes that through the ARDT cooperation, our market in Radio Frequency communications products will be further extended.

For business development and marketing, the Group will continue to spend effort in promoting the Company's brand name and enhancing its market recognition to poise for future growth, through participating in international exhibitions, trade shows and technology forum. Furthermore, the Group plans to expand our business network in China to capture the continuous growing demand in the country.

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

For the second half of 2012, the operating environment is expected to be challenging due to economic uncertainties. However, the Group has put in good effort in establishing a solid foundation, for overcoming challenges ahead. Nevertheless, the Group will continue to focus on providing life-technologies which can improve daily life quality and experience. Through already completed acquisitions and investments as well as seeking future potential value-adding investment opportunities in a prudent manner, the Group's profitability will possibly be improved accordingly, which is in the best interest of shareholders.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: HK0.512 cents per share).

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

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2012.

CORPORATE GOVERNANCE

The Company is maintaining a high standard of corporate governance with a view to enhancing the management of the Company as well preserving the interests of the shareholders as a whole. The Board is of the view that the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that there is no separation of the roles of Chairman and CEO, as stipulated in the code provision A2.1. Mr. Wong Kwok Fong ("Mr. Wong") currently assumes the roles of both the Chairman and the CEO of the Company. He is one of the founders of the Group and has extensive experience in manufacturing, supply chain and marketing functions in electronics and technologies. The Board believes that by holding both roles, Mr. Wong will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company's present management structure comprises sufficient number of independent non-executive directors, and thus the Board believes that a balance of power and authority have been and will be maintained.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the six months ended 30 June 2012, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wwtt.hk). The 2012 Interim Report will be dispatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, 24 August 2012

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Wong Kwok Fong, Ms. Ching Pui Yi, and Mr. Tan Hui Kiat; and three independent non-executive directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew, and Mr. Chan Wai.