THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in World Wide Touch Technology (Holdings) Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale and transfer was effected for transmission to the purchaser(s) or the transferee(s).

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

WWTT

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)

(1) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
(2) APPLICATION FOR WHITEWASH WAIVER
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
AND
(4) NOTICE OF EGM

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

CLC INTERNATIONAL LIMITED
創僑國際有限公司

A letter from the Board is set out on pages 6 to 34 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 35 to 36 of this circular.

A letter from CLC International Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 37 to 75 of this circular.

A notice convening the EGM to be held at Taishan Room, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on 15 July 2015 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof should you so wish.

29 June 2015

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the meaning ascribed thereto in the Takeovers Code
"Announcement"	the announcement dated 4 June 2015 made by the Company in relation to the Share Subscription
"associate"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than Saturday, Sunday, a public holiday or a day on which typhoon signal no. 8 or above or a "black" rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are generally open for business
"Company"	World Wide Touch Technology (Holdings) Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Share Subscription
"Completion Date"	the day on which the completion of Share Subscription takes place, which shall be the fifth Business Day after the date on which all conditions precedent to the Subscription Agreement are fulfilled and/or waived (if applicable) or such other date as the parties may agree in writing
"Concert Group"	the First Investor, the Second Investor and the Fourth Investor and the parties acting in concert with any of them
"connected person"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to approve, among other things, (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) the granting of the Specific Mandate for the allotment and issue of the Subscription Shares; (iii) the application for Whitewash Waiver; and (iv) the Increase in Authorised Share Capital
"Eighth Investor"	Dawnfield Investment Limited (旭田投資有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Chen Zhijun (陳志軍). To the best knowledge and information of the Directors, the Eighth Investor and its sole shareholder are Independent Third Parties

"Executive"	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
"Fifth Investor"	State Leap Limited (國騰有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Chen Muwai (陳木偉). To the best knowledge and information of the Directors, the Fifth Investor and its sole shareholder are Independent Third Parties
"First Investor"	Tinmark Development Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Yao. To the best knowledge and information of the Directors, the First Investor and its sole shareholder are Independent Third Parties
"Fourth Investor"	New Ethics Limited (新德有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Ye Weiqing (葉偉青). To the best knowledge and information of the Directors, the Fourth Investor and its sole shareholder are Independent Third Parties
"Group"	the Company and its subsidiaries
"HK$" or "HK dollars"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Increase in Authorised Share Capital"	the proposed increase in the authorised share capital of the Company from HK$350,000,000 divided into 3,500,000,000 Shares to HK$50,000,000,000 divided into 500,000,000,000 Shares
"Independent Board Committee"	an independent board committee, comprising all the independent non-executive Directors, formed to consider the terms of the Subscription Agreement and the transactions contemplated thereunder, the Specific Mandate and the Whitewash Waiver
"Independent Financial Adviser"	CLC International Limited, a licensed corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Share Subscription, the Specific Mandate and the Whitewash Waiver

"Independent Shareholders"	Shareholders (other than Mr. Wong, Ms. Ching and their respective associates) who have no material interest or who are not involved in or interested in the Share Subscription and/or the Whitewash Waiver
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons as defined under the Listing Rules
"Initial Announcement"	the announcement dated 16 April 2015 made by the Company in relation to the Memorandum of Understanding
"Investors"	the First Investor, the Second Investor, the Third Investor, the Fourth Investor, the Fifth Investor, the Sixth Investor, the Seventh Investor and the Eighth Investor
"Last Trading Day"	7 May 2015, being the last trading day immediately prior to the date of the Subscription Agreement
"Latest Practicable Date"	26 June 2015, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
"Listing Committee"	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 December 2015 or such other date as may be agreed by the parties to the Subscription Agreement
"Memorandum of Understanding"	the memorandum of understanding dated 14 April 2015 entered into between the Company and the First Investor in connection with the proposed subscription for Shares and/or convertible securities of the Company
"Mr. Wong"	Mr. Wong Kwok Fong, an executive Director, chairman and chief executive officer of the Company, who is also spouse of Ms. Ching, as at the Latest Practicable Date
"Ms. Ching"	Ms. Ching Pui Yi, an executive Director who is spouse of Mr. Wong as at the Latest Practicable Date
"PRC"	the People's Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Relevant Period"	the period commencing six months prior to the date of the Initial Announcement up to and including the Latest Practicable Date

"Second Investor"	Foresea Life Insurance Co., Ltd (前海人壽保險股份有限公司), a joint stock company established in the PRC with limited liability and is owned as to 20% by Shenzhen Jushenhua, 20% by 深圳市深粵控股股份有限公司 (Shenzhen Shenyue Company Limited*), 19.80% by 深圳粵商物流有限公司 (Shenzhen Yueshan Logistics Company Limited*), 19.65% by 深圳市凱誠恒信倉庫有限公司(Shenzhen Kaicheng Hangxin Warehousing Company Limited*), 14.95% by 深圳市華南汽車交易中心有限公司(Shenzhen South China Automobile Trading Center Company Limited*) and 5.6% by 深圳市健馬科技開發有限公司 (Shenzhen Jianma Science and Technology Development Company Limited*). To the best knowledge and information of the Directors, the Second Investor and its shareholders are Independent Third Parties
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Seventh Investor"	Robust Sino Limited (強華有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Liu Chunbin (劉純斌). To the best knowledge and information of the Directors, the Seventh Investor and its sole shareholder are Independent Third Parties
"Shares"	ordinary shares of HK$0.10 each of the Company
"Shareholders"	holders of Shares
"Share Subscription"	the subscription for the Subscription Shares by the Investors pursuant to the terms of the Subscription Agreement
"Shenzhen Jushenhua"	深圳市鉅盛華股份有限公司(Shenzhen Jushenhua Company Limited*), a joint stock company established in the PRC with limited liability
"Sixth Investor"	Golden Chain International Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Siri Manavutiveth. To the best knowledge and information of the Directors, the Sixth Investor and its sole shareholder are Independent Third Parties
"Specific Mandate"	a specific mandate to be granted to the Directors in relation to the proposed allotment and issue of the Subscription Shares to be approved by the Independent Shareholders at the EGM
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Subscription Agreement"	the agreement dated 9 May 2015 entered into among the Investors, the Company, Mr. Wong and Ms. Ching in connection with the Share Subscription
"Subscription Price"	HK$0.18 per Subscription Share
"Subscription Shares"	18,611,994,100 Shares, being the number of Shares to be subscribed by the Investors pursuant to the Subscription Agreement at an aggregate consideration of HK$3,350,158,138 at the Subscription Price of HK$0.18 per Subscription Share
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Third Investor"	Fang Jianfu (方建富), to the best knowledge and information of the Directors, an Independent Third Party
"Warrantors"	Mr. Wong and Ms. Ching
"Whitewash Waiver"	a waiver from the obligation of the Concert Group to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Concert Group under Rule 26 of the Takeovers Code as a result of the Share Subscription
"%"	Percent

* *For identification purposes*

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)

Executive Directors:	*Registered Office:*
Mr. Wong Kwok Fong	Cricket Square, Hutchins Drive
Ms. Ching Pui Yi	P.O. Box 2681, Grand Cayman, KY1-1111
Mr. Tan Hui Kiat	Cayman Islands
Independent non-executive Directors:	*Principal Place of Business in Hong Kong:*
Mr. Wong Chun Bong	Suites 2601–2, 26/F, Tower 2, Nina Tower
Professor Lee Kwok On, Matthew	8 Yeung Uk Road, TWTL 353, Tsuen Wan
Mr. Chan Wai	New Territories, Hong Kong

29 June 2015

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE,
(2) APPLICATION FOR WHITEWASH WAIVER
AND
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

INTRODUCTION

References are made to the Company's announcements dated 16 April 2015, 28 May 2015, 29 May 2015 and 4 June 2015 in relation to the Share Subscription.

On 4 June 2015, the Board announced that the Investors, the Company, Mr. Wong and Ms. Ching entered into the Subscription Agreement dated 9 May 2015 pursuant to which the Investors have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on the Completion Date, 18,611,994,100 Subscription Shares at an aggregate consideration of HK$3,350,158,138 at the Subscription Price of HK$0.18 per Subscription Share.

The purposes of this circular are: (i) to provide you with further information relating to the Share Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) to set out the recommendations of the

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) to provide you with the financial information of the Group and other information as required under the Takeovers Code and the Listing Rules; and (v) to give you the notice of the EGM.

THE SHARE SUBSCRIPTION

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date:

9 May 2015

Parties:

The Company;

The Investors;

Mr. Wong; and

Ms. Ching.

Subject matters:

Pursuant to the Subscription Agreement, the Investors have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on the Completion Date, 18,611,994,100 Subscription Shares at an aggregate consideration of HK$3,350,158,138 at the Subscription Price of HK$0.18 per Subscription Share. The following table sets forth the details of the Share Subscription:

Investors	**Number of Subscription Shares**	**Subscription Price** *(HK$)*
(1) the First Investor	10,771,835,600	1,938,930,408
(2) the Second Investor	4,219,560,000	759,520,000
(3) the Third Investor	833,333,300	149,999,994
(4) the Fourth Investor	621,211,000	111,817,980
(5) the Fifth Investor	579,796,000	104,363,280
(6) the Sixth Investor	538,484,000	96,927,120
(7) the Seventh Investor	528,028,500	95,045,130
(8) the Eighth Investor	519,745,700	93,554,226
Total:	18,611,994,100	3,350,158,138

The Subscription Shares represent:

(a) approximately 6.36 times of the total issued share capital as at the Latest Practicable Date; and

(b) approximately 86.41% of the total issued share capital as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change of the issued share capital from the Latest Practicable Date to the Completion Date save for the issue of the Subscription Shares).

The Subscription Shares have a nominal value of HK$1,861,199,410 and a market value of HK$18,984,233,982 based on the closing price of the Shares of HK$1.02 on 7 May 2015, being the Last Trading Date. The net price per Subscription Share is approximately HK$0.18 after deduction of relevant expenses of the Share Subscription.

Mr. Wong and Ms. Ching entered into the Subscription Agreement as Warrantors to provide certain representations, warranties and undertakings to the Investors.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of HK$0.18 per Subscription Share represents:

(a) a discount of approximately 82.35% to the closing price of HK$1.02 per Share on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 82.18% to the average closing price of approximately HK$1.01 per Share for the last 5 trading days up to and including the Last Trading Day;

(c) a discount of approximately 66.04% to the average closing price of approximately HK$0.53 per Share for the last 30 trading days up to and including the Last Trading Day;

(d) a discount of approximately 51.35% to the average closing price of approximately HK$0.37 per Share for the last 60 trading days up to and including the Last Trading Day;

(e) a discount of approximately 37.93% to the average closing price of approximately HK$0.29 per Share for the last 180 trading days up to and including the Last Trading Day;

(f) a premium of approximately 5.88% to the Company's net asst value attributable to the owners of the Company of approximately HK$0.17 per Share (the "**NAV**") as at 31 December 2014;

(g) a discount of approximately 40.98% to the closing price of HK$0.305 per Share as quoted on the Stock Exchange on 13 April 2015, being the last trading date immediately preceding the Initial Announcement under the Takeovers Code; and

(h) a discount of approximately 87.05% to the closing price of HK$1.39 per Share on the Stock Exchange on the Latest Practicable Date.

The net aggregate proceeds from the Share Subscription, after deduction of the relevant expenses (including but not limited to the legal expenses and disbursements), are estimated to be approximately HK$3,346.2 million.

The Subscription Price was determined on or about the date of signing the Memorandum of Understanding after arm's length negotiations between the Company and the First Investor after taking into account the following factors:

(i) the average closing price of HK$0.27 per Share on the Stock Exchange for the last 10 trading days up to and including the date of signing the Memorandum of Understanding;

(ii) the NAV of the Company as at 31 December 2014; and

(iii) the financial position of the Group where the Group has recorded a net loss attributable to shareholders of approximately HK$583.2 million for the year ended 31 December 2014.

Given the Subscription Price represents a slight premium to the NAV and the Directors believe that the introduction of the Investors as Shareholders will improve the financial position of the Group by providing sufficient funding for the Company within a short period of time to expand its existing business and invest in new business opportunities as the issue size of the Share Subscription is large, the Directors (excluding the members of the Independent Board Committee who will express their opinion after considering the advice of the Independent Financial Adviser as to the fairness and reasonableness of the terms of the Share Subscription, the Specific Mandate and the Whitewash Waiver) consider that the Subscription Agreement has been entered into upon normal commercial terms and the terms of the Subscription Agreement (including, without limitation, the Subscription Price) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions for the Share Subscription

Completion of the Share Subscription is conditional upon the satisfaction (if applicable, waiver) of the following conditions:

(a) Shareholders approving at the EGM the Increase in Authorised Share Capital;

(b) Independent Shareholders approving at the EGM (i) the issuance of the Subscription Shares pursuant to the Subscription Agreement and the transactions contemplated thereunder; and (ii) the application for the Whitewash Waiver;

(c) the Executive granting the Whitewash Waiver to the Concert Group, and the Whitewash Waiver remaining valid, and for any conditions imposed thereon (if applicable) being satisfied in full;

(d) the Listing Committee granting approval for the listing of, and permission to deal in, the Subscription Shares, and such approval remaining valid as at the Completion Date;

(e) all warranties given by the Company and the Warrantors under the Subscription Agreement being true, accurate and not misleading as at the date of the Subscription Agreement and the Completion Date;

(f) all warranties given by the Investors under the Subscription Agreement being true, accurate and not misleading as at the date of the Subscription Agreement and the Completion Date;

(g) the parties to the Subscription Agreement having complied with and fulfilled the pre-completion undertakings and obligations as set out in the Subscription Agreement in all material aspects;

(h) since the date of the Subscription Agreement, there having been no events or circumstances which have a material adverse effect on the business and financial conditions of the Group;

(i) all relevant government authorities or regulatory authorities having granted to the Company or the Investors all necessary consents, approvals, waivers, reports and filings (if applicable) in respect of the entry into and performance of the Subscription Agreement, and for any conditions imposed thereon (if applicable) being satisfied as determined by the Company and the Investors at their absolute discretion;

(j) China Insurance Regulatory Commission having granted to the Investors all necessary consents, approvals, waivers, reports and filings (if applicable) in respect of the entry into and performance of the Subscription Agreement, and for any conditions imposed thereon (if applicable) being satisfied as determined by the Company and the Investors at their absolute discretion;

(k) the Shares continuing to be listed and traded on the Stock Exchange and no requests having been received from the SFC and/or the Stock Exchange that the listing status of the Shares on the Stock Exchange will be revoked or cancelled as a result of the completion of the Subscription Agreement or any terms thereunder or other matters; and

(l) the Group and each of the parties to the Subscription Agreement having obtained all necessary consents, approvals, authorisations and waivers in respect of the entry into and performance of the Subscription Agreement in order to achieve the purposes of the Subscription Agreement, and for any conditions imposed thereon (if applicable) being satisfied as determined by the Company and the Investors at their absolute discretion.

On or before the Long Stop Date, (i) the Investors may at their discretion inform the Company to waive the satisfaction with the conditions precedent stated in paragraphs (c), (e), (g), (h) and (l) above, and in the case of the conditions precedent stated in paragraphs (g) and (l), the Investors are entitled to waive such conditions precedent to the extent of the pre-completion undertakings and obligations are given by or applicable to the Company; and (ii) the Company may at its discretion inform the Investors to waive the satisfaction with the conditions precedent stated in paragraphs (f), (g) and (l) above, and in the case of the conditions precedent stated in paragraphs (g) and (l), the Company is entitled to waive such conditions precedent to the extent of the pre-completion undertakings and obligations are given by or applicable to the Investors. If the condition precedent stated in paragraph (c) is waived by the Investors, the Concert Group will be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Concert Group under Rule 26 of the Takeovers Code as a result of the Share Subscription.

In the event that the above conditions precedent of the Subscription Agreement are not fulfilled or waived on or before the Long Stop Date, the Share Subscription shall lapse and shall be of no further effect and the parties thereto shall be released from all obligations under the Subscription Agreement on Share Subscription, save for any liability arising out of any antecedent breaches of the Subscription Agreement.

As at the Latest Practicable Date, the condition precedent in paragraph (j) has been fulfilled as no consents, approvals or waivers by, reports to or filings with China Insurance Regulatory Commission is required. As at the Latest Practicable Date, neither the Company nor the Investors intends to waive any of the conditions precedents in paragraphs (a) to (i), (k) and (l).

Pre-Completion Undertakings by the Company

During the period between signing the Subscription Agreement and the Completion Date, save for the prior written consent from the Investors, the Company shall ensure that any member of the Group should not conduct or agree to conduct (whether conditionally or unconditionally) any business which is outside the ordinary and usual course of business; or use its reasonable effort to ensure that any member of the Group shall not or shall not agree to:

a) alter any provision of its memorandum or articles of association or constitution documents and/or amend any shareholders' agreement (if applicable);

b) enter into, issue, allot, acquire, repay or redeem any Shares, option or securities convertible into notes, debentures or derivatives or loan capital (save for the exercise of the share options under the share option scheme of the Company adopted on 24 November 2010);

c) conduct any business which is outside its ordinary course of business;

d) declare, pay or distribute any dividend;

e) propose or set up any employee benefit scheme or disclose such scheme to any employee;

f) settle, compromise or waive any rights to any litigation or arbitration claim;

g) deal with any fixed asset of a net book value of more than or equal to RMB2,000,000, or grant any options or pre-emptive rights in relation to such asset to the others;

h) enter into any transaction, agreement, contract or undertaking in respect of its asset rights outside its ordinary and usual course of business or undertake or assume any obligations arising thereof;

i) reach any agreements as to joint venture, partnership or sharing of profits;

j) create, increase or grant any encumbrance outside the ordinary course of business in respect of its assets, property, shares or registered capital;

k) create, increase, modify, terminate or grant any guarantee, indemnity or fulfill any warranty claim (save for the letters of credit issued out of the ordinary and usual course of business);

l) assume any debts arising outside the ordinary course of business;

m) provide any capital expenditure of an amount more than or equal to RMB2,000,000 outside ordinary course of business;

n) revoke or cancel the validity of any of its insurance policies;

o) reduce the share capital or registered capital, or enter into any mergers with any person (save for the restructuring plan of any member of the Group);

p) violate any applicable laws, industry standards, codes of practice in respect of its operational projects, production and management processes;

q) enter into, amend or terminate (i) any loan agreement or other finance documents, (ii) any agreement with any connected person other than member of the Group, or (iii) any agreement with any trade union;

r) appoint or dismiss any member of senior management, or alter any remuneration policy in relation to any member of senior management;

s) approve any resolutions in the shareholders' meeting (save for any resolution in relation to the ordinary course of business);

t) alter any accounting policy or standard in material respects (save for those required by laws);

u) take any action which may cause material adverse impact to any member of the Group in any aspect; or

v) grant any waiver or discharge to any confidentiality agreement or similar agreement of such kind.

As part of the commercial terms, the Company agreed with the Investors to ensure the financial, business and operational conditions of the Company without significant changes during the period between signing the Subscription Agreement and the Completion Date by way of entering into the above undertakings with the Investors in the Subscription Agreement. The provision of such undertakings by the Company to the Investors is not uncommon in a transaction of this nature, and the Board considers the entry into of such terms is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Completion of Share Subscription

If all the conditions precedent have been fulfilled and/or waived (if applicable) on or before the Long Stop Date, completion of Share Subscription under the Subscription Agreement shall take place on the Completion Date. On such date, the Company will issue the Subscription Shares to the Investors upon the payment of the total Subscription Price under the Subscription Agreement.

The Share Subscription by each of the Investors is inter-conditional.

Appointment and Resignation of the Directors

Pursuant to the terms of the Subscription Agreement, upon completion of the Subscription Agreement or at such earlier possible time as permitted by the Takeovers Code and the Listing Rule, (i) four directors nominated by the First Investor will be appointed as Directors; and (ii) Mr. Wong, Ms. Ching and Mr. Tan Hui Kiat will resign as Directors. A further announcement in respect of the appointment and the resignation of the Directors will be made by the Company should the Share Subscription proceed to completion.

Save for Yao Jianhui (姚建輝) ("**Mr. Yao**"), the sole director and the sole shareholder of the First Investor who will be one of the individuals to be nominated by the First Investor as a Director, the other three individuals to be nominated as Directors have yet to be finalised. The Company has been informed by the First Investor that it is not likely that the other three individuals to be nominated as Directors will have any relationship with any of the Investors or their respective associates.

Mr. Yao, aged 43, graduated from South China University of Technology with a postgraduate (part-time) degree.

Mr. Yao has held senior management positions with a number of enterprises and a listed company across a wide range of industries, including food, construction materials, real estate, commerce, agriculture and forestry, logistics, technology and finance. From April 1995 to February 2002, he served as the general manager of 深圳市鉅華投資發展有限公司(Shenzhen Juhua Investment and Development Co., Ltd*), a company principally engaged in the production of agricultural products, construction materials and real estate business. From March 2002 to March 2003, Mr. Yao acted as the executive vice president of 深圳市寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Co., Ltd*), a conglomerate principally engaged in real estate, logistics, cultural tourism and financial business. From March 2003 to July 2010, he was the executive deputy general manager, general manager and chairman of the board of directors of 深圳深業物流集團股份有限公司 (Shenzhen Shenye Logistics Co. Ltd*), a company principally engaged in the provision of logistics services, product exhibition and trading and micro-lending. From July 2010 to October 2014, Mr. Yao acted as the general manager and chairman of the board of directors of Baocheng Investment Co., Ltd. (寶誠投資股份有限公司) (stock code: 600892), a company listed on Shanghai Stock Exchange and is principally engaged in the manufacturing of cables, hotel and trading business. From June 2006, he has been the chairman of the board of directors of Baoneng Holding (China) Co., Ltd. (寶能控股(中國)有限公司), a company principally engaged in property development. Mr. Yao has experience in technological and manufacturing industry, including managing a cable manufacturer which provides products to high-speed trains.

Mr. Yao is a member of the Fifth Chinese People's Political Consultative Conference of Shenzhen, representative of the Sixth People's Congress of Shenzhen, vice president of Shenzhen Entrepreneur Association, vice president of Shenzhen Logistics and Supply Chain Management Association and vice president of Shenzhen Luohu Charity Federation.

Subject to the Company having obtained the approval of the Shareholders to appoint Mr. Yao as a Director at the EGM and the Completion having taken place, the Company and Mr. Yao will enter into a service contract. The Board will fix the remuneration of Mr. Yao with reference to the prevailing market conditions after Mr. Yao's appointment is approved by the Shareholders at the EGM.

Save as disclosed in this circular, as at the Latest Practicable Date, Mr. Yao (i) did not have any relationship with any Directors, senior management, substantial shareholders, or controlling shareholders of the Company; (ii) did not hold any position with the Company and/or any of its subsidiaries; and (iii) had not held any directorship in any public listed companies in the last three years preceding the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Yao was deemed to be interested in 10,771,835,600 Shares (being the 10,771,835,600 Subscription Shares to be subscribed by the First Investor under the Subscription Agreement).

Save as disclosed above, there is no information relating to Mr. Yao that is required to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor is there any matter about him that needs to be brought to the attention of the Shareholders.

Mr. Yao does not have any business or interest which competes or may compete with the business of the Group or the new businesses that the Group targets to invest in.

When nominating an individual to be a Director, the First Investor will take into account the qualification and experience of the individual and the existing business and future development of the Company. It is intended that the individuals to be nominated by the First Investor as Directors will have experience in manufacturing, technological and financial industries. As at the Latest Practicable Date, the Investors plan to retain key members of the senior management (other than the executive directors) of the Company and continue employment of the employees of the Group. In particular, in order to ensure smooth continuation of the existing business of the Group, Mr. Wong and Ms. Ching will be retained and redesignated as the Chief Technology Officer and Operation Director, respectively, and Mr. Tan Hui Kiat will be retained to hold the position as the Group's Corporate Affairs Officer after completion of the Share Subscription. Mr. Wong will be responsible for the technological development of the Group, with a primary focus on the biometric payment business and infrastructure (the "**Biometric Payment Business**"). Ms. Ching will be responsible for the Group's operations and management for the Biometric Payment Business. Mr. Tan Hui Kiat will continue to be responsible for the Group's corporate communications and interface with customers. Mr. Wong, Ms. Ching and Mr. Tan Hui Kiat will not take up the role as chief executive of the Company.

Warranties and representations by Mr. Wong and Ms. Ching

Pursuant to the Subscription Agreement, Mr. Wong and Ms. Ching have provided representations and warranties regarding themselves and the Company. They have also undertaken to the Investors that, within three years commencing from the Completion Date, they would not, or would not procure his/her associates, (i) to directly or indirectly carry on any business which is in competition or may be in competition with the business carried on by the Group in the PRC (including Hong Kong and Macau) (the "**Restricted Business**"), whether for profit, reward or otherwise purpose, (ii) to hold any equity interests in any company engaging in the Restricted Business; or (iii) to directly or indirectly participate in the Restricted Business, save for certain exceptions permitted under the Subscription Agreement whereby Mr. Wong or Ms. Ching or his/her associate who holds shares in a company which is listed in a recognized stock exchange (including the Stock Exchange) provided that Mr. Wong's or Ms. Ching's or his/her associate's aggregate shareholding does not exceed 5% of the total issued share capital of that company in a particular class of shares and Mr. Wong or Ms. Ching or his/her associate does not have right to appoint more than 50% of the composition of the board of directors for that company.

APPLICATION FOR WHITEWASH WAIVER

Upon completion of the Share Subscription, the Concert Group will hold 15,612,606,600 Shares, representing approximately 72.49% of the total issued shares of the Company as enlarged by the allotment and issue of the Subscription Shares assuming the share options granted by the Company have not been exercised. The Concert Group will incur an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer to the Shareholders to acquire all the Shares other than those owned or agreed to be acquired by the Concert Group.

The Company understands from the Concert Group that, other than the Subscription Agreement, there are no (a) arrangements (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Concert Group or of the Company which might be material to the Subscription Agreement, the Specific Mandate, Whitewash Waiver and/or the Increase in Authorised Share Capital; (b) agreements or arrangements to which any member of the

Concert Group is a party which relate to the circumstances in which they may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription Agreement, the Specific Mandate, Whitewash Waiver and/or the Increase in Authorised Share Capital.

The Concert Group will make an application to the Executive for the granting of the Whitewash Waiver, which if granted, will be subject to, among other things, approval by the Independent Shareholders in respect of the Share Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital at the EGM.

As at the Latest Practicable Date, none of the members of the Concert Group has received an irrevocable commitment from any Shareholder to vote for or against the resolutions concerning the Share Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital to be proposed at the EGM.

If the Whitewash Waiver is approved by the Independent Shareholders and the Share Subscription proceeds to completion, the shareholding of the Concert Group will exceed 50% upon the allotment and issue of the Subscription Shares. The Concert Group may further increase the shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

The view and recommendation of the Independent Financial Adviser in respect of the Share Subscription, the Specific Mandate and the terms thereof and the application for Whitewash Waiver will be set out in this circular as required by the Takeovers Code and the Listing Rules.

INFORMATION OF THE INVESTORS

The First Investor

The First Investor is a company incorporated in the British Virgin Islands and an investment holding company. The First Investor is wholly and beneficially owned by Mr. Yao who is also the sole director of the First Investor. The sole director and the beneficial owner of the First Investor are considered to be parties acting in concert with the First Investor in respect of the Share Subscription.

Mr. Yao is also the younger brother of Yao Zhenhua (姚振華), the legal representative of the Second Investor. As at the Latest Practicable Date, Yao Zhenhua (姚振華) indirectly holds 100% equity interests in Shenzhen Jushenhua which in turn holds 20% equity interests in the Second Investor.

The Second Investor

The Second Investor is a joint stock company established in the PRC with limited liability and is principally engaged in life insurance business in the PRC. The Second Investor is owned as to 20% by Shenzhen Jushenhua, 20% by 深圳市深粵控股股份有限公司(Shenzhen Shenyue Company Limited*) ("**Shenzhen Shenyue**"), 19.80% by 深圳粵商物流有限公司 (Shenzhen Yueshan Logistics Company Limited*), 19.65% by 深圳市凱誠恒信倉庫有限公司 (Shenzhen Kaicheng Hangxin Warehousing Company Limited*), 14.95% by 深

圳市華南汽車交易中心有限公司 (Shenzhen South China Automobile Trading Center Company Limited*) and 5.6% by 深圳市健馬科技開發有限公司 (Shenzhen Jianma Science and Technology Development Company Limited*). Yao Zhenhua (姚振華) is the legal representative of the Second Investor.

Yao Zhenhua (姚振華), the legal representative of the Second Investor, is the elder brother of Mr. Yao, the sole shareholder and the sole director of the First Investor.

Yao Zhenhua (姚振華) is the ultimate controlling shareholder of Shenzhen Jushenhua. The directors of 深圳市寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Company Limited*), the ultimate parent company of Shenzhen Jushenhua, are Yao Zhenhua (姚振華), Ye Weiqing (葉偉青), Mei Siyi (梅思怡) and Chen Yi (陳怡).

Sun Lingling (孫玲玲) is the ultimate controlling shareholder of Shenzhen Shenyue and the sole director of 深圳市思恩控股有限公司 (Shenzhen Si En Holding Company Limited*) ("**Shenzhen Si En**"), the ultimate parent company of Shenzhen Shenyue.

The Third Investor

Fang Jianfu (方建富), the Third Investor, is a merchant.

The Fourth Investor

The Fourth Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Fourth Investor is wholly and beneficially owned by Ye Weiqing (葉偉青) who is also the sole director of the Fourth Investor. The sole director and the beneficial owner of the Fourth Investor are considered to be parties acting in concert with the Fourth Investor in respect of the Share Subscription.

As at the Latest Practicable Date, Ye Weiqing (葉偉青) was one of the directors of the Second Investor and the chairman of Shenzhen Jushenhua.

The Fifth Investor

The Fifth Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Fifth Investor is wholly and beneficially owned by Chen Muwai (陳木偉) who is also the sole director of the Fifth Investor. The sole director and the beneficial owner of the Fifth Investor are considered to be parties acting in concert with the Fifth Investor in respect of the Share Subscription.

The Sixth Investor

The Sixth Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Sixth Investor is wholly and beneficially owned by Siri Manavutiveth who is also the sole director of the Sixth Investor. The sole director and the beneficial owner of the Sixth Investor are considered to be parties acting in concert with the Sixth Investor in respect of the Share Subscription.

The Seventh Investor

The Seventh Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Seventh Investor is wholly and beneficially owned by Liu Chunbin (劉純斌) who is also the sole director of the Seventh Investor. The sole director and the beneficial owner of the Seventh Investor are considered to be parties acting in concert with the Seventh Investor in respect of the Share Subscription.

The Eighth Investor

The Eighth Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Eighth Investor is wholly and beneficially owned by Chen Zhijun (陳志軍) who is also the sole director of the Eighth Investor. The sole director and the beneficial owner of the Eighth Investor are considered to be parties acting in concert with the Eighth Investor in respect of the Share Subscription.

How the Company identified the Investors

On 1 April 2015, Mr. Wong met Mr. Yao through introduction of a mutual friend, to discuss the opportunity of expanding the existing business and diversifying the business of the Company through investment by Mr. Yao in the Company including the possibility of investing into the Optoelectronic Enterprise. Mr. Yao then discussed such an investment opportunity with the other Investors who are successful merchants and investors that have sufficient financial resources and experience in investments that are believed to be able to contribute to the future success and development of the Company. Mr. Yao, the Third Investor and the sole shareholder of each of the Fifth Investor, Sixth Investor, Seventh Investor and Eighth Investor are mere acquaintances, who have come to know each other through social functions.

General

The First Investor, the Second Investor and the Fourth Investor are parties acting in concert under the Takeovers Code with respect to the Share Subscription. None of the Third Investor, the Fifth Investor, the Sixth Investor, the Seventh Investor and the Eighth Investor is acting in concert (i) with each other under the Takeovers Code; nor (ii) under the Takeovers Code with any or all of the First Investor, Second Investor and/or Fourth Investor and/or their respective concert parties.

As at the Latest Practicable Date, the Investors were Independent Third Parties, and the Investors and the Concert Group did not hold, control or direct any voting rights and rights over shares, convertible securities, warrants, options in the Company or outstanding derivatives in respect of the securities of the Company (other than those pursuant to the Subscription Agreement). As at the Latest Practicable Date, the Investors and the Concert Group had not borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. None of the Investors nor the Concert Group had any dealings in the Shares during the 6-month period prior to the date of the Initial Announcement.

Save as disclosed above, each of the Investors is not related to each other.

As at the Latest Practicable Date, save as disclosed in the section headed "Reasons and Benefits of the Share Subscription" below, the Concent Group has no intentions regarding any major changes to be introduced to the business of the Group. Also, the Investors have no intention to redeploy the fixed assets of the Group other than in its ordinary course of business.

As at the Latest Practicable Date, there is no intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) between the Company and the Investors on (i) the disposal, termination or scaling-down of the existing business of the Company; or (ii) the acquisition of new business/assets (other than the acquisition of the Optoelectronic Enterprise and a domestic financial enterprise) after the Share Subscription.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION

The Group is principally engaged in the manufacturing of a range of high-technology products; trading and providing services with respect to automation-related equipment; and strategic investment and development in technologies mainly relating to biometric security, high-speed wireless data transmission and communications. The Group has expanded its biometric service offerings and launched the world's first biometric fingerprint privacy protection platform and devices *FingerQ* in July 2013, to strengthen its position as the leading provider of patented biometric security solutions.

Since the beginning of the year 2014, the Group has commenced its transformation plan to wind down its low profit margin electronic manufacturing businesses such as plasma lightings and touch pads manufacturing and intended to extend the scope of its biometrics security technology and product offerings from hardware applications to comprehensive solutions (which provide a secured and reasonably-priced method to provide online privacy by applying the point-to-point payment authentication as well as token encryption and decryption functions) beyond mere lock and unlock functions currently available in the biometric market, targeting both consumer and enterprise markets.

The Group intends to continue its existing business along the following plans and strategies:

Continuation of existing business after the Share Subscription

It is expected that there will not be any fundamental change in the principal business activities of the Company after the Share Subscription as the Company will continue its existing businesses. In particular, the Group continues to place effort in making its *FingerQ* platform more user-friendly by attracting more applications developers and strategic partners to integrate more features onto the *FingerQ*'s secure platform, and supporting top-tier mainstream operating systems including iOS, Android, and Windows PC.

Development of biometric security technology and mobile payment solutions

The Group's patent *FingerQ* technology is the world's first biometric fingerprint privacy protection platform and has demonstrated the Group's unique niche in biometric security technologies. Confident in the growing demand of secure internet communications in the mobile-driven era, the Group will continue to invest in companies with advanced biometric security technology as well as other supporting technologies to support its product and services roadmap.

The Company hopes to strengthen its position as the leading provider of patented biometric security solutions. The Group is exploring the employment of biometric security technology and solutions in mobile payment and healthcare services. Since 2014, the Group has been working with a few service providers for banking operations and online payment on the development of the next generation *FingerQ* as solutions in payment authentication through biometric fingerprint technologies in mobile devices such as mobile phones, electronic tokens and USB devices. As disclosed in the announcement of the Company dated 11 April 2014, the Group invested in Link Mobility Group ("**Link Mobility**"), being a Norwegian public company listed on the Oslo Axess market of the Oslo Børs specialising in mobile technology and message payment confirmation in order to foster long-term strategic business cooperation with Link Mobility. The Group designs patented biometric tokens for Link Mobility and uses their current network for promotion.

Expansion of business development of the Group in the international market

The Group has been determined to expand its business development in the international market. Since the end of 2012, the Group has been continuously participating in internationally recognised exhibitions and industry events for the establishment of a global presence, and explored to form business partnerships with industry players to expand its portfolio and market share. Same for the past years, during 2015 and up to now, the Group has participated in 2015 International Consumer Electronics Shows in January 2015 at Las Vegas and GSMA Mobile World Congress held in March 2015 at Barcelona to show its *FingerQ* products. The Group will also participate in the GSM Mobile Asia Expo which is expected to be held in July 2015 in Shanghai.

Current limitations of the Group and the opportunity ahead

Given the Group recorded a substantial loss in the financial year ended 31 December 2014 and recorded negative net cash outflows for each of the financial year ended 31 December 2013 and 2014, it is the management's intention to diversify its income streams by exploring new business opportunities through strategic investments by new investors. Notwithstanding that the Company recorded cash and bank balances of HK$239.8 million as at 31 December 2014, there was a net cash deficit position of HK$15.8 million as at 31 December 2014. Further, out of the cash balance of HK$239.8 million of the Company as at 31 December 2014, (a) an amount of HK$73.1 million, which is the remaining net proceeds raised by the placing and public offering, will be used following the intended uses of proceeds as described in the relevant offering documents; (b) an amount of approximately HK$144.2 million (RMB87.7 million of which is used for natural hedging against the RMB appreciation) has been deposited at the banks to back up banking facilities total at HK$255.6 million; and (c) the remaining cash will be utilised by the Company for operational purpose.

Despite the existing well-established patented biometric security technology platform, the Group has not been able to establish a solid customer base and huge cost is expected to incur, including but not limited to promotional and advertisement cost, and substantial time period for a new technology to be transformed into a product for it to be saleable at the market. The Group currently encounters limited financial resources to maintain and promote such technology. The management of the Company believes that sourcing a reputable or sizeable company which is interested in biometric security technology business as an investor to the Company would improve the financial position of the Company and help promote its biometric security technology and strengthen its position as the leading provider of patented biometric security solutions. In view of the reputation and the business network of the Investors in the PRC, the Board believes that the proceeds received from the Share Subscription will help the Company to further promote its *FingerQ* business into both consumer and enterprise markets in the PRC. In particular, with the experience and network of the Second Investor in the financial services sector in the PRC, the Board believes that this may foster the implementation of its biometric security technology and applications into the financial services sector. Also, the Board considers that there is an imminent funding need and believes that the Share Subscription would improve the financial position of the Group to fund expansion of the existing business (*FingerQ* technology) and acquisitions as the opportunity arises and to strengthen the working capital of the Company.

Proposed acquisitions

It is the Company's intention to tap into the energy-saving lighting industry through its acquisition of an enterprise which is principally engaged in research and development and manufacturing of energy-saving lighting products such as crystal semiconductors and carbon electrodes (the "**Optoelectronic Enterprise**"). The demand for energy in China increases along with the economic development, which has led to the increase in demand for energy-saving lighting products. Crystal semiconductors and carbon electrodes light are developing as a light source which is more energy efficient compared to ordinary LED light, incandescent lamp and high pressure sodium lamp. In this regard, the Company considers that the crystal semiconductors and carbon electrodes lighting products have great market potential which presents a lucrative investment opportunity for the Company. None of the counterparties that propose to sell his/her equity interest in the Optoelectronic Enterprise is any one of the Investors or a shareholder of the Company.

Background information in relation to the Optoelectronic Enterprise is set out below:

(a) the Optoelectronic Enterprise was established in January 2015 and registered in Shenzhen of the PRC with a paid-up registered capital of RMB100 million;

(b) the scope of business of the Optoelectronic Enterprise includes research and development, sales and provision of technical advice in relation to electronic products, solar lights, lighting appliances, lighting products, electric lighting equipment, integrated circuits, batteries and battery materials;

(c) the Optoelectronic Enterprise currently has three shareholders which are independent and not connected with the Investors;

(d) the Optoelectronic Enterprise is currently in the process of setting up and installing production equipment in its 100,000 square metres production facility in Shenzhen, the PRC and production is expected to commence in the second half of the year 2015;

(e) the Optoelectronic Enterprise has entered into sales contracts with key customers and has entrusted other manufacturers to manufacture products to fulfil such contracts before commencement of its own production; and

(f) the management and key technical personnel of the Optoelectronic Enterprise have extensive experience and hold management positions in the relevant industries.

Despite the fact that the Optoelectronic Enterprise is a newly-set up company, the management and key technical personnel of the Optoelectronic Enterprise have extensive experience and have held management positions in energy-saving lighting industry. The Optoelectronic Enterprise possesses more than 10 invention patents (發明專利) and utility model patents (實用專利) in relation to the production techniques of crystal semiconductor and carbon electrode lighting products and modules. The crystal semiconductor and carbon electrode lighting products developed and designed by the Optoelectronic Enterprise have longer lifespan, higher luminance and higher energy efficiency as compared to traditional LED lighting products, incandescent lamp and high pressure sodium lamp. In this regard, the Company considers that the crystal semiconductors and carbon electrodes lighting products of Optoelectronic Enterprise have market potential which, together with the experience and knowledge of the management and technical personnel of Optoelectronic Enterprise, present a lucrative investment opportunity for the Company. The Company believes that Optoelectronic Enterprise, if properly funded, will prosper and present a good investment for investors. Given that the Company has been introduced to the opportunity of investing in Optoelectronic Enterprise not long ago, the Company would like to focus its resources in evaluating this opportunity and therefore have not approached other entities with similar business for purpose of investment.

Based on the information provided by the Investors, the First Investor will use commercially reasonable efforts to discuss with the shareholders of the Optoelectronic Enterprise for them to enter into a non-legally binding memorandum of understanding (the "**MOU**") with any of the Company, its wholly-owned direct or indirect subsidiary or the First Investor, within a period of four weeks from the date of the Announcement. It is contemplated that such MOU shall include principal terms of the proposed acquisition including equity interest to be purchased and an exclusivity period. Further announcement will be made by the Company should the terms of the MOU are finalised.

If the Optoelectronic Enterprise is to be acquired by the Company, it is anticipated that most if not all of the management of that business will be retained to ensure smooth transition and continuation of its business operation. It is intended that the acquisition will be carried out by the acquisition of the equity interest of the Optoelectronic Enterprise from the existing shareholders and/or capital injection. The exact shareholding to be acquired from existing shareholders and/or the amount of capital to be injected are subject to further negotiation. The amount of the consideration of the acquisition and/or capital injection will be determined with reference to, among others, the book value of the Optoelectronic Enterprise and the valuation of certain intangible assets of the Optoelectronic Enterprise.

In addition, the Company also intends to capture the development opportunities in the booming financial industry in the PRC by way of acquisition or capital injection into a domestic financial enterprise. It is the Company's preliminary plan to apply approximately HK$1,003.9 million, representing approximately 30% of the net proceeds, to fund the investment into, including but not limited to, the insurance or asset management sector. As at the Latest Practicable Date, no acquisition target had been identified and the Directors are unable to ascertain if any of the counterparties is any one of the Investors or a Shareholder of the Company.

Apart from the Share Subscription, the Directors have considered other options of fund raising activities (including rights issue or open offer). As rights issue and open offer would require commitment from the controlling Shareholder to participate and selection and engagement of underwriters, the Directors believe that it would be difficult for the Company to identify any underwriter at a relatively low cost and within a short period of time. In respect of debt financing, the Directors considered that it would be difficult for any financial institutions to extend such a large amount of credit facility to the Company at affordable terms due to the increasing borrowing cost among financial institutions. In view of the interests from the Investors in investing in the Company in the long run and their substantial capital commitment to the Company, the Directors consider that the Share Subscription is the most viable and preferable fund-raising option for the Company.

The Directors considered that the Share Subscription can provide an opportunity to broaden the shareholder base of the Company, and to strengthen the capital base and financial position of the Group for its future business development and the Share Subscription also signifies the confidence of the Investors in the development and prospects of the business of the Group. The Directors (excluding the members of the Independent Board Committee who will express their opinion after considering the advice of the Independent Financial Adviser as to the fairness and reasonableness of the terms of the Share Subscription, the Specific Mandate and the Whitewash Waiver) were of the view that the terms of the Subscription Agreement were fair and reasonable, and it was in the interests of the Company and the Shareholders as a whole to enter into the Subscription Agreement after considering the following factors: (i) the terms and conditions of the Share Subscription as set out in the Subscription Agreement; (ii) the reputation and the business network of the Investors in Hong Kong and China which may assist the Group to further develop its business; and (iii) the positive impact of the investment to be made by the Investors in the Group.

Having taken into account all the aforementioned factors, the Directors (excluding the members of the Independent Board Committee who will express their opinion after considering the advice of the Independent Financial Adviser as to the fairness and reasonableness of the terms of the Share Subscription, the Specific Mandate and the Whitewash Waiver) considered it is in the interest of the Company and the Shareholders as a whole to proceed with the Share Subscription.

As the Share Subscription is subject to Independent Shareholders' approval, the Independent Shareholders will make their own decision in voting on the relevant resolutions in respect of the Share Subscription after considering the advice from the Independent Board Committee which will be advised by an Independent Financial Adviser.

INTENDED USE OF PROCEEDS

The gross aggregate proceeds and the net aggregate proceeds of the Share Subscription is approximately HK$3,350.2 million and HK$3,346.2 million, respectively. The Company intends to apply the net proceeds to be raised from the Share Subscription as follows:

(a) approximately HK$334.6 million, representing approximately 10% of the net proceeds, will be used to strengthen and expand the existing business of the Group;

(b) approximately HK$836.5 million, representing approximately 25% of the net proceeds, will be used to explore business opportunities in the energy-saving lighting industry in the PRC. The Company is currently planning to acquire majority shareholdings of and invest working capital into Optoelectronic Enterprise;

(c) approximately HK$836.5 million, representing approximately 25% of the net proceeds, subject to completion of the potential acquisition of the Optoelectronic Enterprise, will be used to expand the product capacity of the Optoelectronic Enterprise, and finance the acquisition of fixed assets including, among other things, (i) land acquisition, (ii) construction of new plants or acquisition of existing plants, and (iii) purchase of machinery and equipment;

(d) approximately HK$1,003.9 million, representing approximately 30% of the net proceeds, will be used to acquire the equity interest of a domestic financial enterprise in order to diversify and extend the Group's business into the financial sector of the PRC and to capture the development opportunities in the booming financial industry in the PRC; and

(e) approximately HK$334.7 million, representing approximately 10% of the net proceeds will be used as the general working capital of the Company, of which approximately HK$150–200 million will be used as operating expenses for its automation business (in particular, to support the business development of Gallent Tech Limited) and the remaining proceeds for daily operation of the non-automation businesses of the Group.

The estimated amount of the expenses of the Share Subscription and of the application for listing is approximately HK$4 million payable by the Company.

Based on the management accounts of the Company as at 31 December 2014, HK$73.1 million out of HK$642.1 million of the proceeds raised from the initial public offering of the Company, has not been utilised. The Company intends to apply such remaining proceeds in the following ways:

(i) Approximately HK$39.1 million for the purpose of purchase and upgrade of production and testing equipment for, in particular, the *FingerQ* business; and

(ii) Approximately HK$34 million for the purpose of research and development of other existing business of the Company.

Nonetheless, the Company should not be considered as a cash company under Rule 14.82 of the Listing Rules based on the following reasons:

(a) Investment in existing business of the Company

Apart from utilising approximately 25% of the net proceeds of the Share Subscription in full for the acquisition and future expansion and development of the Optoelectronic Enterprise, the Group intends to engage in the following investments to strengthen and expand the existing business of the Group by utilising not more than approximately 10% of the net proceeds of the Share Subscription:

(i) Biometric Payment Business

It is the intention of the Company to continue to invest in the Biometric Payment Business in an amount of up to US$6 million (equivalent to approximately HK$46,800,000) within one year after completion of the relevant feasibility study which will generally last a few months, including but not limited to, the testing, qualification and development of the technology in relation to the relevant Biometric Payment Business (assuming completion of the Share Subscription takes place). The Company will only invest in the relevant Biometric Payment Business if the results of such feasibility study are to its satisfaction. As at the Latest Practicable Date, the Company has already identified cooperation target of such Biometric Payment Business as evidenced by a memorandum of understanding dated 20 March 2015 entered into between FingerQ Macao Commercial Offshore Limited ("**FingerQ MCO**") and Giesecke & Devrient (China) Information Technologies Co Limited ("**G&D China**") as set out in the Company's announcement dated 20 March 2015. None of the Investors has any relationship with G&D China. The Company will continue to explore other potential cooperation or investment targets in this area.

*(ii) Bio-Key International, Inc. ("**Bio-Key**")*

It is the intention of the Company, on top of its current holding of 1,066,500 shares of Bio-Key (representing approximately 1.62% of the issued share capital of Bio-Key), to further invest in Bio-Key as the Board believes such strategic investment into Bio-Key will allow the Company to actively participate in the business operations of Bio-Key, a company which develops and delivers advanced biometric finger identification solutions to commercial and government enterprises, system integrators and custom application developers, and further enhance its technology knowhow and capability in the biometric security arena. On 24 June 2015, the Company entered into a memorandum of understanding (the "**Bio-Key MOU**") with Bio-Key, pursuant to which the Company will invest up to US$15 million (equivalent to approximately HK$117,000,000) in the convertible preferred stock of Bio-Key (the "**Preferred Share**") at a purchase price of US$100.00 per Preferred Share (the "**Face Amount**"). The Preferred Shares will accrue an annual 6% cumulative dividend payable quarterly in cash or at the option of Bio-Key "in kind" in shares of common stock of Bio-Key, and are convertible into that number of shares of common stock determined by dividing the Face Amount of such Preferred Share by the fixed conversion price agreed by the parties at any time at the option of the Company. It is expected that definitive agreements will be executed within three months after completion of the Share Subscription in view of the timing required for the Company to obtain the relevant board approval, and the exact investment amount will depend on the then market conditions, the share price and the result of the negotiation between the Company and Bio-Key. None of the Investors has any relationship with Bio-Key.

Other than the proposed investments in the Biometric Payment Business and the Bio-Key Investment, in respect of the remaining 5.1% of the net proceeds for the purpose of strengthening and expanding the existing business of the Group, the Company considers that there will be sufficient funding resources in modifying and improving the FingerQ hardware and software to tailor the specifications as requested by the services providers which have entered into non-disclosure agreements with the Company. The Company will then play an active role in approaching such services providers for enhancing the *FingerQ* technology.

(b) Investment in new business including the proposed acquisition of the Optoelectronic Enterprise and the potential investment in financial industry

The demand for energy in the PRC increases along with the economic development, which has led to the increase in demand for energy-saving lighting products. Crystal semiconductors and carbon electrodes light is developing as a light source which is more energy efficient compared to ordinary LED light, incandescent lamp and high pressure sodium lamp. In this regard, the Company considers that the crystal semiconductors and carbon electrodes lighting products of the Optoelectronic Enterprise have great market potential which present a lucrative investment opportunity for the Company.

Subject to the due diligence results satisfactory to the Company on the business carried out by the Optoelectronic Enterprise, it is expected that the Company will proceed with the proposed acquisition within three months after completion of the Share Subscription when the Company has received the relevant proceed for the proposed acquisition.

Notwithstanding the above, it is expected that the Company may encounter certain risks relating to the energy-saving lighting industry, including but not limited to:

— business risk — although the current management team of the Company has previous experience in the energy-saving lighting industry, the Company may fail to effectively manage the quality of the products manufactured and/or protect the technical know-how of its products which may result in the loss of its competitive advantage; and

— market risk — the crystal semiconductors and carbon electrodes lighting products may face competition of new products, fluctuation in product price, and its demand will be affected by the economy of domestic markets and export countries such as the United States and Europe.

In view of the above associated risks, the Company will retain and recruit relevant personnel with experience and expertise to help develop and manage the energy-saving lighting business. If the Optoelectronic Enterprise is to be acquired, most if not all of the management of that business will be retained to ensure smooth transition and continuation of its business operation.

As the Company's existing businesses face challenges under the rapidly changing business environment, the Directors consider that the Company should seize new business opportunities according to the market development in order to maintain a sustainable growth and create greater value for the Shareholders. The Company is in the course of exploring new business opportunities and identifying suitable targets in the financial industry in the PRC as set out in this circular. A prudent approach will be taken when making investment decision into the financial industry taking into account the overall risk and return associated with such investment. The Company will also leverage on the background, resources and expertise of the Investors, in particular the Second Investor, to identify suitable investment target which align with the Company's development plan.

If there is any significant development in negotiation of the acquisition of the new businesses, the Company will make an announcement as required by the relevant Listing Rules.

(c) Ratio of cash and short-dated securities to total assets and net total assets

It is expected that the ratio of cash and short dated securities to total assets of the Company will be reduced to approximately 60.14% and the ratio of cash and short dated securities to total net assets of the Company will be reduced to approximately

65.02%, assuming (i) 4.90% of the net proceeds of the Share Subscription are being utilised in full for the development of the Biometric Payment Business and the Bio-Key Investment as set out in paragraph 1(a) above, and (ii) 25% of the net proceeds of the Share Subscription are being used for the acquisition of the Optoelectronic Enterprise.

Notwithstanding the fact that the Company has not entered into any legally-binding definitive agreement for the proposed investment in its existing business and acquisition of new businesses, the Company has a concrete plan to utilise a substantial part of the proceeds of the Share Subscription as set out above. The Directors are of the view that it is not in the interest of the Company to enter into any legally-binding definitive agreement with any party before it has certainty of its ability to comply with the contractual obligations (including payment obligations) under such agreements given the Company's current net cash deficit position and the uncertainty of the completion of the Share Subscription, which is subject to fulfilment of certain conditions.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK$350,000,000 divided into 3,500,000,000 Shares of HK$0.10 each, of which (i) 2,927,084,000 Shares have been allotted and issued as fully paid or credited as fully paid; and (ii) 11,520,000 Shares may be allotted and issued upon the exercise of the 11,520,000 outstanding share options of the Company.

Under the Share Subscription, the Company will be required to issue an aggregate of 18,611,994,100 Shares. In order to undertake the Share Subscription, the Board proposes to increase the authorised share capital of the Company from HK$350,000,000 divided into 3,500,000,000 Shares to HK$50,000,000,000 divided into 500,000,000,000 Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. Shareholders who are interested in the Share Subscription will be required to abstain from voting on such resolution.

SPECIFIC MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Company will seek a specific mandate from the Independent Shareholders at the EGM for the allotment and issue of the Subscription Shares.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

No part of the equity or debt securities of the Company is listed or dealt in on which listing or permission to deal in is being or is proposed to be sought in other stock exchanges other than the Stock Exchange.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company did not conduct any other equity fund raising exercises in the past twelve months before the Latest Practicable Date.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 2,927,084,000 Shares in issue. Save for 11,520,000 Shares which may be allotted and issued upon the exercise of the 11,520,000 outstanding share options of the Company, the Company does not have any other outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

The shareholding structure of the Company (a) as at the Latest Practicable Date; and (b) after the completion of the Share Subscription are as follows:

Shareholders of the Company	As at the Latest Practicable Date		Immediately after the completion of the Share Subscription (assuming the share options granted by the Company have not yet been exercised)		Immediately after the completion of the Share Subscription (assuming the share options granted by the Company have been exercised in full)	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
The First Investor	—	—	10,771,835,600	50.01	10,771,835,600	49.99
The Second Investor	—	—	4,219,560,000	19.59	4,219,560,000	19.58
The Fourth Investor *(Note 2)*	—	—	621,211,000	2.89	621,211,000	2.88
Subtotal of Concert Group	—	—	15,612,606,600	72.49	15,612,606,600	72.45
The Third Investor *(Note 2)*	—	—	833,333,300	3.87	833,333,300	3.87
The Fifth Investor *(Note 2)*	—	—	579,796,000	2.69	579,796,000	2.69
The Sixth Investor *(Note 2)*	—	—	538,484,000	2.50	538,484,000	2.50
The Seventh Investor *(Note 2)*	—	—	528,028,500	2.45	528,028,500	2.45
The Eighth Investor *(Note 2)*	—	—	519,745,700	2.41	519,745,700	2.41
Mr. Wong and Ms. Ching *(Note 1 and 2)*	2,036,826,888	69.59	2,036,826,888	9.46	2,041,746,888	9.47
Mr. Tan Hui Kiat *(Note 2)*	8,836,017	0.30	8,836,017	0.04	9,636,017	0.04
Other public Shareholders *(Note 3)*	881,421,095	30.11	881,421,095	4.09	887,221,095	4.12
	2,927,084,000	100.00	21,539,078,100	100.00	21,550,598,100	100.00

Note:

1. Mr. Wong and Ms. Ching hold as to 50% each in the issued share capital of Anglo Solution Limited, which in turn holds the entire issued share capital of Soar Plan Holdings Limited. Soar Plan Holdings Limited is the beneficial owner of 1,927,778,827 Shares. Mr. Wong and Ms. Ching also have personal interest in 80,348,000 and 28,700,061 Shares in issue, respectively. As Mr. Wong and Ms. Ching are spouse, both Mr. Wong and Ms. Ching were deemed to be interested in an aggregate of 2,036,826,888 Shares, representing approximately 69.59% of the total issued share capital of the Company as at the Latest Practicable Date.

2. Given each of Mr. Wong, Ms. Ching and Mr. Tan Hui Kat will resign as a Director upon completion of the Share Subscription, and each of them and each of the Third Investor, the Fourth Investor, the Fifth Investor, the Sixth Investor, the Seventh Investor and the Eighth Investor will hold less than 10% shareholding in the Company after the completion of the Share Subscription, and each of them is considered as a public shareholder.

3. Even though the Fourth investor is a member of the Concert Group, it is also a public shareholder. For illustration purposes above, the shareholding of the Fourth Investor has not been included in the calculation of the shareholdings of other public Shareholders.

POTENTIAL DILUTION EFFECT ON THE SHAREHOLDING INTERESTS OF THE EXISTING PUBLIC SHAREHOLDERS

Existing public Shareholders' holdings would be diluted upon completion of the Share Subscription (assuming the share options granted by the Company have not yet been exercised), from approximately 30.11% to approximately 4.09% as illustrated in the section headed "Changes in the Shareholding Structure of the Company" in this circular. Despite the dilution impact of approximately 86.42% in the shareholding of the existing public Shareholders, having regard to (i) factors as set out in the section headed "Reasons for and Benefits of the Share Subscriptions", (ii) the advantages that the Share Subscription will bring along to strengthen the capital base and financial position of the Group and to broaden the shareholder base of the Company, (iii) the positive impact on the Group's liquidity and financial resources after receipt of the proceeds from the Share Subscription for the purpose of promoting and developing the existing businesses and funding the new businesses of the Group, and (iv) the Share Subscription would enable the Company to raise a significant amount of capital at a relatively low transaction cost (where no underwriting commission will need to be paid by the Company to any underwriter or placing agent for fund raising activity), the Directors (excluding the members of the Independent Board Committee who will express their opinion after considering the advice of the Independent Financial Adviser as to the fairness and reasonableness of the terms of the Share Subscription, the Specific Mandate and the Whitewash Waiver) were of the view that the terms of the Share Subscription were fair and reasonable and in the interests of the Shareholders as a whole, accordingly, the possible dilution effect on the shareholding interests of the existing public Shareholders to be justifiable.

WHITEWASH WAIVER

Immediately after completion of the Share Subscription, the Concert Group will be interested in 15,612,606,600 Shares, representing approximately 72.49% of the enlarged issued share capital of the Company immediately after the completion of the Share Subscription (assuming that there is no change in the issued share capital of the Company and the share options granted by the Company have not yet been exercised since the date of the Subscription Agreement and up to completion of the Share Subscription), and approximately 72.45% of the enlarged issued share capital of the Company (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and share options granted by the Company have been exercised in full since the date of the Subscription Agreement and up to completion of the Share Subscription). Under Rule 26.1 of the Takeovers Code, the Concert Group would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it, unless the Whitewash Waiver is obtained from the Executive. The Concert Group has made an application to the Executive for the Whitewash Waiver in respect of the Subscription. The Whitewash Waiver will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll.

The Executive has agreed, among other matters, subject to the approval of the Independent Shareholders at the EGM, to grant the Whitewash Waiver. If the Whitewash Waiver is approved by the Independent Shareholders, then the obligation by the Concert Group to make a mandatory general offer under Rule 26 of the Takeovers Code will be waived.

If the Whitewash Waiver is approved by the Independent Shareholders, the shareholding of the Concert Group in the Company will exceed 50%. The Concert Group may further increase its shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

GENERAL

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Chan Wai, has been established to consider and make recommendation to the Independent Shareholders as regards the Share Subscription, the Specific Mandate and the Whitewash Waiver after taking into account the advice from the Independent Financial Adviser. CLC International Limited has been approved by the Independent Board Committee and appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness in respect of the Share Subscription, the Specific Mandate and the Whitewash Waiver.

EGM

It is set out on page EGM-1 to page EGM-2 of this circular a notice convening the EGM to be held at Taishan Room, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong, on 15 July 2015 at 3 p.m., at which ordinary resolutions will be proposed to approve (i) the Subscription Agreement and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares in accordance with the terms of the Subscription Agreement; (ii) the Whitewash Waiver; and (iii) the Increase in Authorised Share Capital.

The voting in relation to the Share Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital at the EGM will be conducted by way of a poll. Mr. Wong, Ms. Ching and their respective associates (who together hold approximately 69.59% of the issued share capital of the Company, out of which each of Mr. Wong and Ms. Ching has personal direct interest in 2.75% and 0.98% of the issued voting Shares of the Company, respectively, and Soar Plan Holdings Limited, a corporation indirectly controlled by Mr. Wong and Ms. Ching through Anglo Solution Limited, is directly interested in 65.86% of the issued voting Shares of the Company) will abstain from voting on the relevant ordinary resolutions to be proposed at the EGM to approve the

Share Subscription, the Specific Mandate and the Whitewash Waiver. None of the Shareholders are required to abstain from voting on the relevant ordinary resolution to approve the Increase in Authorised Share Capital. The Concert Group does not currently hold any Shares and accordingly will not vote on any of the resolutions at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. In order to be valid, the enclosed form of proxy, together with any power of attorney or other authority under which it is signed must be delivered to the office of the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The Share Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreement, including the approval of the Share Subscription, the Specific Mandate, the Whitewash Waiver and the Increase in Authorised Share Capital by the Independent Shareholders at the EGM and the grant of the Whitewash Waiver by the Executive. As such, the Share Subscription may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

RECOMMENDATION

The Directors (including the independent non-executive Directors after taking the advice of the Independent Financial Adviser) consider that the Share Subscription, the Specific Mandate and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

The Independent Shareholders are strongly advised to consider the "Letter from the Independent Board Committee" set out on pages 35 to 36 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Share Subscription, the Specific Mandate and the Whitewash Waiver, and the "Letter from the Independent Financial Adviser" set out on pages 37 to 75 this circular which contains the recommendation and opinions of the Independent Financial Adviser in respect of the Share Subscription, the Specific Mandate and the Whitewash Waiver and the principal factors and reasons taken into consideration before deciding to vote in favour of or against the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular and the notice of the EGM.

Yours faithfully
By the order of the Board
WORLD WIDE TOUCH TECHNOLOGY (HOLDINGS) LIMITED
Wong Kwok Fong
Chairman and Chief Executive Officer

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Share Subscription, the Whitewash Waiver and the Increase in Authorised Share Capital:

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)

29 June 2015

To the Independent Shareholders

Dear Sir or Madam,

(1) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to the circular of the Company dated 29 June 2015 (the "**Circular**"), of which this letter forms part. Terms used herein have the same meanings as those defined in the Circular unless otherwise specified.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to: (i) whether the terms of the Subscription Agreement, the Specific Mandate and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the terms of the Subscription Agreement, the Specific Mandate and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole; and (iii) whether the Independent Shareholders should vote in favour of the resolutions to approve the Share Subscription, the Specific Mandate and the Whitewash Waiver at the EGM.

CLC International Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to opine on: (i) whether the terms of the Subscription Agreement, the Specific Mandate and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the terms of the Subscription Agreement, the Specific Mandate and the Whitewash

Waiver are in the interests of the Company and the Shareholders as a whole; and (iii) whether the Independent Shareholders should vote in favour of the resolutions to approve the Share Subscription, the Specific Mandate and the Whitewash Waiver at the EGM.

We wish to draw your attention to the letter from the Independent Financial Adviser set out on pages 37 to 75 of the Circular which contain, among other things, its advice and recommendations regarding the Share Subscription, the Specific Mandate and the Whitewash Waiver and the principal factors and reasons taken into consideration for its advice and recommendations.

We also wish to draw your attention to the letter from the Board set out on pages 6 to 34 of the Circular and the additional information set out in the appendices to the Circular.

RECOMMENDATION

Having taken into account the advice and recommendations of the Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving at its opinion, we consider that the Share Subscription, the Specific Mandate and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and the Share Subscription, the Specific Mandate and the Whitewash Waiver are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the Share Subscription, the Specific Mandate and the Whitewash Waiver.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
World Wide Touch Technology (Holdings) Limited

Mr. Wong Chun Bong	**Professor Lee Kwok On, Matthew**	**Mr. Chan Wai**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from CLC International Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

CLC INTERNATIONAL LIMITED
創僑國際有限公司

4703A–04, Two Exchange Square
8 Connaught Place,
Central, Hong Kong

29 June 2015

To the Independent Board Committee and the Independent Shareholders of
World Wide Touch Technology (Holdings) Limited

Dear Sirs,

(1) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE; AND (2) APPLICATION FOR WHITEWASH WAIVER

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Share Subscription (including the Specific Mandate), the terms of the Subscription Agreement and the Whitewash Waiver. Details of the Share Subscription (including the Specific Mandate), the terms of the Subscription Agreement and the Whitewash Waiver are set out in the Letter from the Board contained in the circular of the Company to the Shareholders dated 29 June 2015 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein.

On 9 May 2015, the Investors, the Company, Mr. Wong and Ms. Ching entered into the Subscription Agreement pursuant to which the Investors have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on the Completion Date, 18,611,994,100 Subscription Shares at an aggregate consideration of HK$3,350,158,138 at the Subscription Price of HK$0.18 per Subscription Share. The Subscription Shares represented (i) approximately 6.36 times of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 86.41% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change of the issued share capital of the Company from the Latest Practicable Date to the Completion Date save for the issue of the Subscription Shares).

Upon completion of the Share Subscription, the Concert Group will hold 15,612,606,600 Shares, representing approximately 72.49% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares assuming the share options granted by the Company have not been exercised. The Concert Group will incur an obligation pursuant to Rule 26 of the Takeovers Code to make a mandatory general offer to the Shareholders to acquire all the Shares other than those owned or agreed to be acquired by the Concert Group. The Concert Group has made an application to the Executive for the granting of the Whitewash Waiver, which if granted, will be subject to, among other things, approval by the Independent Shareholders in respect of the Share Subscription and the Whitewash Waiver at the EGM by way of poll.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Chan Wai, has been established to advise the Independent Shareholders on (i) whether the Share Subscription (including the Specific Mandate), the terms of the Subscription Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) the voting action that should be taken by the Independent Shareholders at the EGM. The Independent Board Committee has approved our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are not associated or connected with the Company, the Investors or any of their respective substantial shareholders or any party acting, or presumed to be acting in concert with any of them and accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders on the Share Subscription (including the Specific Mandate), the terms of the Subscription Agreement and the Whitewash Waiver. Apart from the normal professional fees payable to us in connection with our appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Investors or any of their respective substantial shareholders or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In arriving at our recommendation, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations contained or referred to in the Circular and all information and representations which have been provided by the Directors and the management of the Company are true, accurate and complete at the time they were made and will continue to be accurate as at the date of the despatch of the Circular. We have reviewed the published information on the Company, including but not limited to, annual reports of the Company for the two years ended 31 December 2013 and 2014 and other information contained in the Circular. We have reviewed the trading performance of the Shares on the Stock Exchange. We have sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed by them. Should there be any material changes during the offer period (as defined under the Takeovers Code), the Company should notify the Shareholders as soon as possible. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading. We consider that the information we have received is sufficient for us to reach our opinion and advice as set out in this letter. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us or to believe that any material facts have been omitted or withheld. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group, the Investors or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Share Subscription (including the Specific Mandate), the terms of the Subscription Agreement and the Whitewash Waiver, we have taken into account the following principal factors and reasons:

1. Review of the financial information of the Group

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

1.1 Financial performance of the Group

Set out below are the summary of the consolidated statements of comprehensive income for each of the three years ended 31 December 2014, details of which are set out in annual reports of the Company for each of the years ended 31 December 2013 and 2014 respectively.

	Year ended 31 December		
	2014	**2013**	**2012**
	(Audited)	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	741,056	1,036,662	1,200,435
Gross (loss)/profit	(250,784)	31,843	125,835
Other gain — net	5,387	315,581	350
Share of loss of and impairment provision for associates	(9,905)	(7,965)	(2,127)
(Loss)/profit before income tax	(575,466)	134,122	(51,044)
Income tax expense	(7,686)	(5,456)	(3,564)
(Loss)/profit for the year	(583,152)	128,666	(54,608)
(Loss)/profit attributable to:			
Owners of the Company	(583,152)	128,666	(54,608)
Other comprehensive income:			
Items that maybe reclassified to profit or loss:			
Fair value (loss)/gain on available-for-sale financial assets	(117,293)	19,004	10,074
Currency translation differences	(409)	—	22
Other comprehensive (loss)/income for the year	(117,702)	19,004	10,096
Total comprehensive (loss)/income for the year attributable to equity holders of the Company	(700,854)	147,670	(44,512)

According to the annual reports of the Company, the revenue of the Group was generated from five segments, namely automation, life energy, life security, life touch and other segments.

As disclosed in the annual report of the Company for the year ended 31 December 2013 ("FY2013"), the revenue of the Group decreased by approximately 13.6% from approximately HK$1,200.4 million for the year ended 31 December 2012 ("FY2012") to approximately HK$1,036.7 million for FY2013. Such decline was mainly attributable to the drop in revenue in all segments except for automation segment which remained stable for FY2013. As explained in the annual report of the Company for FY2013, due to mainly the change in product mix, provision of impairment loss on intangible assets of approximately HK$11.0 million and provision for slow moving and obsolete inventory of approximately HK$33.0 million, the gross profit significantly decreased by approximately 74.7% from approximately HK$125.8 million with a gross profit margin of approximately 10.5% for FY2012 to approximately

HK$31.8 million with a gross profit margin of approximately 3.1% for FY2013. Although profit for the year of the Group amounted to approximately HK$128.7 million for FY2013 as compared with a loss of approximately HK$54.6 million for FY2012, it is noted that the gain from the disposals of certain investments results in the substantial increase in net other gain from approximately HK$0.4 million for FY2012 to approximately HK$315.6 million for FY2013. Without such investment gain of approximately HK$315.6 million in 2013, the Group would have recorded an adjusted loss of approximately HK$186.9 million for FY2013, representing approximately 3.4 times of the Group's loss for FY2012.

As disclosed in the annual report of the Company for the year ended 31 December 2014 ("FY2014"), the revenue of the Group further decreased by approximately 28.5% from approximately HK$1,036.7 million for FY2013 to approximately HK$741.1 million for FY2014. As explained in the annual report of the Company for FY2014, the decline in revenue was mainly attributable to the significant drop in sales orders for capacitive touch products in the life touch segment from the Group's largest customer representing more than 90% of revenue in life touch segment following the switch of such customer's business focus from PC product applications to mobile product applications. Gross loss of the Group amounted to approximately HK$250.8 million for FY2014 as compared with the gross profit of approximately HK$31.8 million for FY2013. The gross loss was mainly due to the decline in the manufacturing business of the Group and an increase in the cost of sales for provision for impairment loss on property, plant and equipment of approximately HK$273.7 million. If such impairment loss in cost of sales is excluded, the Group would record an adjusted gross profit of approximately HK$22.9 million with an adjusted gross profit margin of approximately 3.1%. With a significant decrease in the gain from the disposals by the Group of shares in investee companies to approximately HK$5.4 million for FY2014 and an increase in the administrative expenses for the provision for impairment loss on property, plant and equipment of approximately HK$160.8 million, the Group's loss for the year amounted to approximately HK$583.2 million for FY2014 as compared with the profit for the year of approximately HK$128.7 million for FY2013. Even excluding the effect regarding the aggregate non-recurring provision for impairment loss on property, plant and equipment of approximately HK$434.5 million (FY2013: Nil), the Group would have recorded an adjusted loss of approximately HK$148.7 million for FY2014, representing approximately 79.6% of the Group's adjusted loss of approximately HK$186.9 million for FY2013.

Given that the Group's turnover decreased for both FY2013 and FY2014 and only limited gross profit or even gross loss were recorded for FY2013 and FY2014 respectively, the Group recorded negative net cash outflows for each of FY2013 and FY2014.

1.2 Financial position of the Group

Set out below are the consolidated statements of financial position of the Group as at 31 December 2013 and 2014 as extracted from the annual reports of the Company for the years ended 31 December 2013 and 2014 respectively.

	As at 31 December	
	2014	**2013**
	(Audited)	**(Audited)**
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	81,547	572,382
Land use right	4,690	4,806
Intangible assets	75,373	74,069
Investment in associates	12,595	22,500
Available-for-sale financial assets	187,262	357,304
Deferred income tax assets	5,992	13,996
Trade receivables	1,763	—
Prepayments and other receivables	6,017	17,126
	375,239	1,062,183
Current assets		
Inventories	107,091	149,075
Trade receivables	134,073	209,599
Prepayments, deposits and other receivables	17,238	24,735
Amount due from a related party	2,684	—
Current income tax recoverable	—	145
Financial assets at fair value through profit or loss	1,162	1,321
Cash and cash equivalents	239,792	325,892
	502,040	710,767
Total assets	877,279	1,772,950
EQUITY		
Share capital	292,708	292,708
Share premium	565,489	565,489
Other reserves and (accumulated deficit) retained earnings	(367,039)	345,523
	491,158	1,203,720

	As at 31 December	
	2014	2013
	(Audited)	(Audited)
	HK$'000	*HK$'000*
LIABILITIES		
Non-current liabilities		
Bank borrowings	58,333	62,500
Other payables	—	8,247
Deferred income tax liabilities	1,524	1,976
	59,857	72,723
Current liabilities		
Trade and bills payables	69,584	154,992
Accruals and other payables	51,577	87,465
Bank borrowings	197,244	242,149
Finance lease obligations	—	973
Current income tax liabilities	7,859	10,928
	326,264	496,507
Total liabilities	386,121	569,230
Total equity and liabilities	877,279	1,772,950
Net current assets	175,776	214,260

As at 31 December 2014, total assets of the Group amounted to approximately HK$877.3 million whilst total liabilities of the Group amounted to approximately HK$386.1 million. Total assets of the Group as at 31 December 2014 decreased by approximately HK$895.7 million (representing approximately 50.5%) as compared with that as at 31 December 2013, primarily due to (i) the provision for impairment loss on property, plant and equipment of approximately HK$434.5 million (FY2013: Nil); (ii) the decrease in available-for-sale financial assets of approximately HK$170.0 million; (iii) the decrease in cash and cash equivalents of approximately HK$86.1 million as a result of net cash outflow in operating and financing activities; (iv) the decrease in total trade receivables of approximately HK$73.8 million which was consequential to the decrease in revenue; and (v) the decrease in inventories of approximately HK$42.0 million following the provision for impairment of inventories of approximately HK$30.4 million (FY2013: approximately HK$33.0 million) made. Total liabilities of the Group as at 31 December 2014 decreased by approximately HK$183.1 million (representing approximately 32.2%) as compared with that as at 31 December 2013, primarily due to (i) the decrease in trade and bills payables of approximately

HK$85.4 million which was consequential to the decrease in revenue; (ii) the decrease in total bank borrowings of approximately HK$49.1 million; and (iii) the decrease in accruals and other payables of approximately HK$35.9 million.

Net current assets of the Group decreased by approximately 18.0% from approximately HK$214.3 million as at 31 December 2013 to approximately HK$175.8 million as at 31 December 2014. However, the current ratio (being the current assets over the current liabilities) of the Group slightly increased from approximately 1.43 times as at 31 December 2013 to approximately 1.54 times as at 31 December 2014. Current assets as at 31 December 2014 decreased by approximately 29.4% as compared to that as at 31 December 2013, primarily due to the aforementioned decrease in cash and cash equivalents, provision for impairment loss on inventories and decrease in trade receivables. Current liabilities of the Group as at 31 December 2014 decreased by approximately 34.3% which was primarily due to the aforementioned decrease in trade and bills payables, current bank borrowings and accruals and other payables. The improved net current ratio was primarily due to the proportion of decrease in current liability outweighed the proportion of decrease in current assets.

As at 31 December 2014, total equity attributable to the Company's equity holders amounted to approximately HK$491.2 million or approximately HK$0.17 per Share based on 2,927,084,000 Shares in issue as at the Latest Practicable Date, representing (i) a decrease of approximately HK$712.6 million or 59.2%; and (ii) a decrease of approximately HK$0.24 per Share or 58.5% as compared with that as at 31 December 2013. Such decrease was primarily due to (i) loss for the year of approximately HK$583.2 million in FY2014; and (ii) fair value loss on available-for-sale financial assets of approximately HK$117.3 million.

The Company has cash and bank balances of approximately HK$239.8 million as at 31 December 2014, represented a decrease of approximately 26.4% from that of approximately HK$325.9 million as at 31 December 2013. Taking into consideration of the total bank borrowing of the Group of approximately HK$255.6 million as at 31 December 2014, there was a net cash deficit of the Group of approximately HK$15.8 million as at 31 December 2014. Furthermore, as set out in the Letter from the Board, out of the cash balance of approximately HK$239.8 million of the Company as at 31 December 2014, (a) approximately HK$73.1 million, which is the remaining net proceed raised by the placing and public offering, will be used following the intended uses of proceed as described in the relevant offering documents; and (b) approximately HK$144.2 million (approximately RMB87.7 million of which is used for natural hedging against the RMB appreciation) has been deposited at the banks to back up banking facilities total at approximately HK$255.6 million. Accordingly, only the remaining cash of approximately HK$22.5 million could be utilised by the Company for operational purpose.

As set out in the annual report of the Company for FY2013, the Group has been transforming from a labor-intensive manufacturing-focused entity to a premium, innovative technologies company since 2012. As a result, the Group's automation products and life security products aggregately accounted for approximately 79.6% of its revenue for FY2014. However, the transformation has yet to bring profit to the Group. Taking into consideration that (i) the Group's revenue and gross profit has been deteriorating since 2012; (ii) the Group would have recorded losses/adjusted loss for each of FY2012, FY2013 and FY2014 if adjustments were made for major non-recurring items such as provision for impairment losses and gains from disposal of investments; and (iii) only limited cash and cash equivalent of approximately HK$22.5 million could be utilized by the Company for operational purpose as at 31 December 2014, the Board admits that there is an imminent funding need of the Group. As such, the Share Subscription would not only enable the Group to raise funds, improve its financial position and strengthen its working capital so as to support its existing business (in particular those relating to the *FingerQ* technology and biometric security technology), but also provide the Company with the financial flexibility to develop its new business and make investment/acquisition in any prospective business when opportunities arise. Accordingly, the executive Directors believe that it is in the interests of the Company and the Shareholders as a whole to proceed with the Share Subscription by entering into the Subscription Agreement. Coupled with the Subscription Price considered by us to be fair and reasonable as set out in the paragraph headed "Comparable analysis" below in this letter, we concur with the executive Directors that the Share Subscription can provide sufficient resources for the Group to develop both its existing and new business and development and hence, it is in the interests of the Company and the Shareholders as a whole to proceed with the Share Subscription by entering into the Subscription Agreement.

2. Background to and reasons for the Share Subscription

Since the beginning of the year 2014, the Group has commenced its transformation plan to wind down its low profit margin electronic manufacturing businesses such as plasma lightings and touch pads manufacturing and intended to extend the scope of its biometrics security technology and product offerings from hardware applications to comprehensive solutions (which provide a secured and reasonably-priced method to provide online privacy by applying the point-to-point payment authentication as well as token encryption and decryption functions) beyond mere lock and unlock functions currently available in the biometric market, targeting both consumer and enterprise markets.

As set out in the Letter from the Board, the Group intends to continue its existing business as well as diversify its business by investing in new business.

2.1 Continuation of existing business

As set out in the Letter from the Board, the Group's patent *FingerQ* technology is the world's first biometric fingerprint privacy protection platform launched in July 2013 and has demonstrated the Group's unique niche in biometric security technologies. The Group will continue to place effort in making its *FingerQ* platform more user-friendly by attracting more applications developers and strategic partners to integrate more features onto the *FingerQ*'s secure platform, and supporting top-tier mainstream operating systems including iOS, Android, and Windows PC. In addition, confident in the growing demand of secure internet communications in the mobile-driven era, the Group will continue to invest in companies with advanced biometric security technology as well as other supporting technologies to support its product and services roadmap.

The Company hopes to strengthen its position as the leading provider of patented biometric security solutions. The Group is exploring the employment of biometric security technology and solutions in mobile payment and healthcare services. Since 2014, the Group has been working with a few service providers for banking operations and online payment on the development of the next generation *FingerQ* as solutions in payment authentication through biometric fingerprint technologies in mobile devices such as mobile phones, electronic tokens and USB devices. As disclosed in the announcement of the Company dated 11 April 2014, the Group invested in Link Mobility Group ("Link Mobility"), being a Norwegian public company listed on the Oslo Axess market of the Oslo Børs specialising in mobile technology and message payment confirmation in order to foster long-term strategic business cooperation with Link Mobility. The Group designs patented biometric tokens for Link Mobility and use their current network for promotion.

In addition, the Group has been determined to expand its business development in the international market. Since the end of 2012, the Group has been continuously participating in internationally recognised exhibitions and industry events for the establishment of a global presence, and explored to form business partnerships with industry players to expand its portfolio and market share. Same for the past years, during 2015 and up to the Latest Practicable Date, the Group has participated in 2015 International Consumer Electronics Shows in January 2015 at Las Vegas and GSMA Mobile World Congress held in March 2015 at Barcelona to show its *FingerQ* products. The Group will also participate in the GSM Mobile Asia Expo which is expected to be held in July 2015 at Shanghai.

As set out in the Letter from the Board, despite the existing well-established patented biometric security technology platform, the Group has yet to establish a solid customer base and huge cost is expected to incur, including but not limited to promotional and advertisement cost, and substantial time period for a new technology to be transformed into a product for it to be saleable at the market. The Group currently encounters limited financial resources to maintain and promote such technology. The management of the Company believes that sourcing a reputable or sizeable company which is interested in biometric security technology business as an investor to the Company would improve the financial position of the Company and help promote its biometric security technology and strengthen its position as the leading provider of patented biometric solutions. In view of the reputation and the business network of the Investors in the PRC, the Board believes that the proceeds received from the Share Subscription will help the Company to further promote its *FingerQ* business into both consumer and enterprise markets in the PRC. In particular, with the experience and network of the Second Investor in the financial services sector in the PRC as detailed in the paragraph headed "Information on the Investors" below, the Board believes that this may foster the implementation of its biometric security technology and applications into the financial services sector. Also, the Board considers that there is an imminent funding need and believes that the Share Subscription would improve the financial position of the Group to fund expansion of the existing business (*FingerQ* technology) and acquisitions as the opportunity arises and to strengthen the working capital of the Company.

As set out in the Company's announcement dated 20 March 2015, the Company has already identified cooperation target of biometric payment business as evidenced by a memorandum of understanding dated 20 March 2015 entered into between FingerQ Macao Commercial Offshore Limited and an independent third party, namely Giesecke & Devrient (China) Information Technologies Co Limited. The Company will continue to explore other potential cooperation or investment targets in this area and intends to play an active role in approaching services providers for enhancing the *FingerQ* technology.

2.2 Business diversification

Given the deteriorating financial results of the Group with declining revenue since 2012 and an adjusted loss for each of FY2012, FY2013 and FY2014 if adjustments were made for non-recurring items such as provision for impairment loss and gain from disposal of investments, the executive Directors consider that further resources are required to strengthen the Group's business operation and financial position by proactively seeking potential investment opportunities that could diversify and expand its existing business portfolio, establish new business where desirable, broaden its source of income, and enhance value to the Shareholders.

Proposed acquisition in the PRC energy-saving lighting industry

As set out in the Letter from the Board, it is the Company's intention to tap into the energy-saving lighting industry through its acquisition of an enterprise which is principally engaged in research and development and manufacturing of energy-saving lighting products such as crystal semiconductors and carbon electrodes (the "Optoelectronic Enterprise"). The demand for energy in China increases along with the economic development, which has led to the increase in demand for energy-saving lighting products. Crystal semiconductors and carbon electrodes light are developing as a light source which is more energy efficient compared to ordinary LED light, incandescent lamp and high pressure sodium lamp. In this regard, the Company considers that the crystal semiconductors and carbon electrodes lighting products have great market potential which present a lucrative investment opportunity for the Company. None of the counterparties that propose to sell his/her equity interest in the Optoelectronic Enterprise is any one of the Investors or a shareholder of the Company.

Background information in relation to the Optoelectronic Enterprise is set out below:

(a) the Optoelectronic Enterprise was established in January 2015 and registered in Shenzhen of the PRC with a paid-up registered capital of RMB100 million;

(b) the scope of business of the Optoelectronic Enterprise includes research and development, sales and provision of technical advice in relation to electronic products, solar lights, lighting appliances, lighting products, electric lighting equipment, integrated circuits, batteries and battery materials;

(c) the Optoelectronic Enterprise currently has three shareholders which are independent and not connected with the Investors;

(d) the Optoelectronic Enterprise is currently in the process of setting up and installing production equipment in its 100,000 square metres production facility in Shenzhen, the PRC and production is expected to commence in the second half of the year 2015;

(e) the Optoelectronic Enterprise has entered into sales contracts with key customers and has entrusted other manufacturers to manufacture products to fulfil such contracts before commencement of its own production; and

(f) the management and key technical personnel of the Optoelectronic Enterprise have extensive experience and hold management positions in the relevant industries.

Despite the fact that the Optoelectronic Enterprise is a newly-set up company, the management and key technical personnel of the Optoelectronic Enterprise have extensive experience and have held management positions in energy-saving lighting industry. The Optoelectronic Enterprise possesses more than 10 invention patents (發明專利) and utility model patents (實用專利) in relation to the production techniques of crystal semiconductor and carbon electrode lighting products and modules. The crystal semiconductor and carbon electrode lighting products developed and designed by the Optoelectronic Enterprise have longer lifespan, higher luminance and higher energy efficiency as compared to traditional LED lighting products, incandescent lamp and high pressure sodium lamp. In this regard, the Company considers that the crystal semiconductors and carbon electrodes lighting products of Optoelectronic Enterprise have market potential which, together with the experience and knowledge of the management and technical personnel of Optoelectronic Enterprise, present a lucrative investment opportunity for the Company. The Company believes that Optoelectronic Enterprise, if properly funded, will prosper and present a good investment for investors. Given that the Company has been introduced to the opportunity of investing in Optoelectronic Enterprise not long ago, the Company would like to focus its resources in evaluating this opportunity and therefore have not approached other entities with similar business for purpose of investment.

Based on the information provided by the Investors, the First Investor will use commercially reasonable efforts to discuss with the shareholders of the Optoelectronic Enterprise for them to enter into a non-legally binding memorandum of understanding (the "MOU") with any of the Company, its wholly-owned direct or indirect subsidiary or the First Investor, within a period of four weeks from the date of the Announcement. It is contemplated that such MOU shall include principal terms of the proposed acquisition including equity interest to be purchased and an exclusivity period.

If the Optoelectronic Enterprise is to be acquired by the Company, it is anticipated that most if not all of the management of that business will be retained to ensure smooth transition and continuation of its business operation. It is intended that the acquisition will be carried out by the acquisition of the equity interest of the Optoelectronic Enterprise from the existing shareholders and/or capital injection. The exact shareholding to be acquired from existing shareholders and/or the amount of capital to be injected are subject to further negotiation. The amount of the consideration of the acquisition and/or capital injection will be determined with reference to, among others, the book value of the Optoelectronic Enterprise and the valuation of certain intangible assets of the Optoelectronic Enterprise.

Subject to the due diligence results satisfactory to the Company on the business carried out by the Optoelectronic Enterprise, it is expected that the Company will proceed with the proposed acquisition within three months after completion of the Share Subscription when the Company has received the relevant proceed for the proposed acquisition.

Given that limited information of the Optoelectronic Enterprise is available, we have searched for the market information on the lighting industry in China. According to the report headed "China's lighting market" published by Hong Kong Trade Development Council on 27 August 2014, lighting products are essential to the development of the national economy and people's livelihood. As China's economy continues to grow and people's living standard rises, the demand of the mainland market for lighting products is also expanding. In the last 20 years, China's lighting industry has been developing rapidly at a steady pace and the country has become a leading lighting producer and consumer in the world.

There are many factors propelling the growth of the lighting market in China:

- Urban functional lighting: Infrastructures such as airports, railways, ports and urban rail transport systems all need lighting. Meanwhile, flood lighting in city squares, green areas, roads and buildings has spread from large cities to small and medium-sized cities. As China continues to urbanise, the potential demand for urban public lighting projects is huge.

- Industrial and commercial lighting: Today, industrial enterprises are attaching more and more importance to the role played by lighting in enhancing production efficiency, while commercial enterprises are spending more money on lighting shopping malls in order to attract customers. At the same time, lighting in offices, schools and hospitals has also seen marked improvement.

- Consumption upgrade: As consumption structure continues to upgrade, people are placing more importance on the choice of domestic lighting. This, coupled with the rapid development of the property market, is bound to boost the sale of interior lighting fixtures. Following the growth of the real estate sector in the mainland, high-class residential communities and villas emerge one after another, bolstering the demand for yard lamps and lawn lamps. The demand for high-end lighting fixtures is increasing.

In the landscape lighting market, decorative lights for public areas such as streets and squares are the leading products. The priority given by China to the policy of developing energy-saving environmental protection industries will continue to serve as the major impetus propelling the development of light emitting diode (LED) lighting.

In October 2009, the National Development and Reform Commission issued the Opinions on the Development of the Semiconductor Lighting Energy Saving Industry promoting energy efficiency and emissions reduction. It is projected that by 2015, the average annual growth of the output of the semiconductor lighting energy-saving industry will reach about 30%.

The demand for energy-saving compact fluorescent lamps, an alternative to incandescent lamps, is expected to rise gradually. Meanwhile, amidst the worldwide trend of green lighting, the promulgation and implementation of China's subsidy policy for energy conservation and the consumers' increasing awareness of energy saving are set to promote the overall market performance of energy-efficient lamps.

Based on the research from China Solid State Lighting Alliance[1] released on 19 January 2015, the scale of China's semiconductor lighting industry reached approximately RMB350.7 billion in 2014, representing an increase of approximately 36.1% from approximately RMB257.6 billion in 2013. In particular, the scale of mid-upstream epitaxial wafer was approximately RMB13.8 billion, midstream packaging was approximately RMB51.7 billion and downstream application rose up to approximately RMB285.2 billion.

In addition, according to the World Energy Outlook 2014 Factsheet published by the International Energy Agency[2], China dominates energy demand growth until the mid-2020s and the world electricity demand increases by almost 80% over the period 2012-2040 whilst China accounts for 33% of the incremental electricity demand. According to National Bureau of Statistics of China, the gross domestic product of PRC grew from approximately RMB34,032.0 billion in 2009 to approximately RMB 56,613.0 billion in 2013, representing a compound annual growth rate ("CAGR") of approximately 13.6% during the period. It is expected that the demand for energy in China will increase along with the economic development, which will lead to the increase in demand for energy-saving lighting products.

[1] According to its website (csa.china-led.net), China Solid State Lighting Alliance ("CSA") (國家半導體照明工程研發及產業聯盟) was founded in 2004 and is an organization that promotes the development of the solid-state lighting in China. Under the supervision of the Ministry of Science and Technology of the PRC and other relevant Chinese government authorities, CSA assists in setting the industry standards, testing and certification, technical personnel cultivation, and technology applications for the sustainable development of the solid-state lighting industry. CSA has currently more than 500 members. CSA was selected as best alliance in January 2013 by Ministry of Science and Technology of the PRC.

[2] According to its website (www.iea.org), International Energy Agency (IEA) is an autonomous organisation which was founded in 1974 to help countries co-ordinate a collective response to major disruptions in oil supply through the release of emergency oil stocks to the markets in responses to the 1973/74 oil crisis. The IEA examines the full spectrum of energy issues and advocates policies that will enhance the reliability, affordability and sustainability of energy in its 29 members countries and beyond. The four main areas of IEA focus are: (i) energy security; (ii) economic development; (iii) environmental awareness; and (iv) engagement worldwide. As the IEA evolved and expanded over the decades, it provides authoritative statistics and analysis regarding energy.

Proposed acquisition in the PRC financial industry

As set out in the Letter from the Board, the Company also intends to capture the development opportunities in the booming financial industry in the PRC by way of acquisition or capital injection into a domestic financial enterprise. It is the Company's preliminary plan to apply approximately HK$1,003.9 million, representing approximately 30% of the net proceeds, to fund the investment into, including but not limited to, the insurance or asset management sectors. As at the Latest Practicable Date, no acquisition target has been identified and the Directors are unable to ascertain if any of the counterparties is any one of the Investors or a Shareholder of the Company.

As the Company's existing businesses face challenges under the rapidly changing business environment, the Directors consider that the Company should seize new business opportunities according to the market development in order to maintain a sustainable growth and create greater value for the Shareholders. The Company is in the course of exploring new business opportunities and identifying suitable targets in the financial industry in the PRC as set out in this Circular. A prudent approach will be taken when making investment decision into the financial industry taking into account the overall risk and return associated with such investment. The Company will also leverage on the background, resources and expertise of the Investors, in particular the Second Investor, to identify suitable investment target which align with the Company's development plan.

If there is any significant development in negotiation of the acquisition of the new businesses, the Company will make an announcement as required by the relevant Listing Rules.

Without any target company identified as at the Latest Practicable Date, we have searched for the market information on the financial industry in China. According to the "Twelfth Five-Year Plan for the Development and Reform of Financial Industry" (金融業發展和改革"十二五"規劃) released by the People's Bank of China, China Banking Regulatory Commission, China Securities Regulatory Commission, China Insurance Regulatory Commission and State Administration of Foreign Exchange of the PRC, it is targeted to maintain stable growth of the financial industry during the twelfth-five period. During the twelfth-five period, the contribution of the financial industry to the total gross domestic product of the PRC will maintain at around 5%, the fund raising activities will keep growing. Reform of financial institutions will be further implemented, the system of large size financial institutions will improve gradually, the ability to develop in an innovative way and risk management level of the financial institutions will improve significantly. Securities and futures firms will develop in a healthy way and the service capability of the insurance companies will be further enhanced.

In particular, according to the "Twelfth Five-Year Plan for the Development of the PRC Insurance Industry" (中國保險業發展"十二五"規劃綱要), it is targeted that a comprehensive market system, wide range of service offerings, creditability, effective risk management, competitiveness to be developed in the PRC insurance industry. Growth, quality and economies of the insurance industry should be in line. It is targeted to achieve an insurance premium of approximately RMB3.0 trillion in 2015, spending on insurance of RMB2,100 per person and assets under insurance industry to reach RMB10.0 trillion. In fact, according to the National Bureau of Statistics of China, the premium of insurance companies in PRC grew from approximately RMB1,113.7 billion in 2009 to approximately RMB1,722.2 billion in 2013, representing a CAGR of approximately 11.5% during the period. Moreover, in recent years, the PRC securities industry's asset management business has experienced significant growth with an increasingly high market concentration. According to the Asset Management Association of China, the total assets under management of PRC securities firms, fund houses and subsidiaries of fund houses amounted to approximately RMB12.9 trillion as at 31 December 2014, representing a growth of approximately 94% as compared to that in 2013.

Taking into account that (i) the Group's recent financial performance was unsatisfactory with significant loss for FY2014, the net cash outflows for each of the financial years ended 31 December 2013 and 2014 and limited cash and cash equivalent available for operational purpose as at 31 December 2014 as discussed in the paragraph headed "Review of the financial information of the Group" above in this letter; (ii) as set out in the Letter from the Board, the Company has plans and ongoing projects to continue its existing business such as cooperating with a few service providers for banking operations and online payment on the development of the next generation *FingerQ* as solutions in payment authentication, establishing strategic business relationship with Link Mobility and designing patented biometric tokens for it, and continuously participating in internationally recognised exhibitions and industry events for the establishment of a global presence; (iii) there is the imminent funding need of the Group, in particular for the development of biometric security technology business; (iv) the Share Subscription represents an opportunity for the Group to raise and secure, in one go, a substantial amount of funding to expand its existing business and invest in new business; (v) the Share Subscription will strengthen the capital base and improve financial position of the Group; (vi) the Group can diversify its income streams by tapping into the energy-saving lighting industry and the financial industry in China; and (vii) the Share Subscription can broaden the shareholder base of the Company which may assist the Group to further develop its business given the reputation, the business network and various industry experiences of the Investors in Hong Kong and China, in particular the First Investor and the Second Investor whose biographies are set out in the paragraph headed "Information on the

Investors" below in this letter, we consider that the Share Subscription (including the Specific Mandate) is in the interests of the Company and the Shareholders as a whole.

In addition, having considered that (i) the industry outlook of the energy-saving lighting industry and the financial industry in the PRC as discussed above is positive; and (ii) the proposed acquisitions in the energy-saving lighting industry and the financial industry in the PRC can diversify the income streams of the Group, we are of the view that the Group's proposed business diversification into the energy-saving lighting industry and the financial industry in the PRC is in the interests of the Company and the Shareholders as a whole.

3. Information on the Investors

As set out in the Letter from the Board, the information on the Investors is as follows:

The First Investor

The First Investor is a company incorporated in the British Virgin Islands and an investment holding company. The First Investor is wholly and beneficially owned by Yao Jianhui (姚建輝) ("Mr. Yao") who is also the sole director of the First Investor. The sole director and the beneficial owner of the First Investor are considered to be parties acting in concert with the First Investor in respect of the Share Subscription.

Mr. Yao, aged 43, graduated from South China University of Technology with a postgraduate (part-time) degree.

Mr. Yao has held senior management positions with a number of enterprises and a listed company across a wide range of industries, including food, construction materials, real estate, commerce, agriculture and forestry, logistics, technology and finance. From April 1995 to February 2002, he served as the general manager of 深圳市鉅華投資發展有限公司 (Shenzhen Juhua Investment and Development Co., Ltd*), a company principally engaged in the production of agricultural products, construction materials and real estate business. From March 2002 to March 2003, Mr. Yao acted as the executive vice president of 深圳市寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Co., Ltd*), a conglomerate principally engaged in real estate, logistics, cultural tourism and financial business. From March 2003 to July 2010, he was the executive deputy general manager, general manager and chairman of the board of directors of 深圳深業物流集團股份有限公司 (Shenzhen Shenye Logistics Co. Ltd*), a company principally engaged in the provision of logistics services, product exhibition and trading and micro-lending. From July 2010 to October 2014, Mr. Yao acted as the general manager and chairman of the board of directors of Baocheng Investment Co., Ltd. (寶誠投資股份有限公司) (stock code: 600892), a company listed on Shanghai Stock Exchange and is principally engaged in the manufacturing of cables, hotel and trading business. From June 2006, he has been the chairman of the board of directors of Baoneng Holding (China) Co., Ltd. (寶能控股(中國)有限公司), a company principally engaged in property development. Mr. Yao has experience in technological and manufacturing industry, including managing a cable manufacturer which provides products to high-speed trains.

Mr. Yao is a member of the Fifth Chinese People's Political Consultative Conference of Shenzhen, representative of the Sixth People's Congress of Shenzhen, vice president of Shenzhen Entrepreneur Association, vice president of Shenzhen Logistics and Supply Chain Management Association and vice president of Shenzhen Luohu Charity Federation.

Mr. Yao is also the younger brother of Yao Zhenhua (姚振華), the legal representative of the Second Investor. As at the Latest Practicable Date, Yao Zhenhua (姚振華) indirectly held 100% equity interests in Shenzhen Jushenhua which in turn held 20% equity interests in the Second Investor.

The Second Investor

The Second Investor is a joint stock company established in the PRC with limited liability and is principally engaged in life insurance business in the PRC. The Second Investor is owned as to 20% by Shenzhen Jushenhua, 20% by 深圳市深粵控股股份有限公司(Shenzhen Shenyue Company Limited*), 19.80% by 深圳粵商物流有限公司 (Shenzhen Yueshan Logistics Company Limited*), 19.65% by 深圳市凱誠恒信倉庫有限公司 (Shenzhen Kaicheng Hangxin Warehousing Company Limited*), 14.95% by 深圳市華南汽車交易中心有限公司 (Shenzhen South China Automobile Trading Center Company Limited*) and 5.6% by 深圳市健馬科技開發有限公司 (Shenzhen Jianma Science and Technology Development Company Limited*).

Yao Zhenhua (姚振華), the legal representative of the Second Investor, is the elder brother of Mr. Yao, the sole shareholder and the sole director of the First Investor.

Yao Zhenhua (姚振華) is the ultimate controlling shareholder of Shenzhen Jushenhua. The directors of 深圳市寶能投資集團有限公司 (Shenzhen Baoneng Investment Group Company Limited*), the ultimate parent company of Shenzhen Jushenhua, are Yao Zhenhua (姚振華), Ye Weiqing (葉偉青), Mei Siyi (梅思怡) and Chen Yi (陳怡).

Sun Lingling (孫玲玲) is the ultimate controlling shareholder of Shenzhen Shenyue and the sole director of 深圳市思恩控股有限公司(Shenzhen Si En Holding Company Limited*) ("Shenzhen Si En"), the ultimate parent company of Shenzhen Shenyue.

The Third Investor

Fang Jianfu (方建富), the Third Investor is a merchant.

The Fourth Investor

The Fourth Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Fourth Investor is wholly and beneficially owned by Ye Weiqing (葉偉青) who is also the sole director of the Fourth Investor. The sole director and the beneficial owner of the Fourth Investor are considered to be parties acting in concert with the Fourth Investor in respect of the Share Subscription.

As at the Latest Practicable Date, Ye Weiqing (葉偉青) was one of the directors of the Second Investor and the chairman of Shenzhen Jushenhua.

The Fifth Investor

The Fifth Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Fifth Investor is wholly and beneficially owned by Chen Muwai (陳木偉) who is also the sole director of the Fifth Investor. The sole director and the beneficial owner of the Fifth Investor are considered to be parties acting in concert with the Fifth Investor in respect of the Share Subscription.

The Sixth Investor

The Sixth Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Sixth Investor is wholly and beneficially owned by Siri Manavutiveth who is also the sole director of the Sixth Investor. The sole director and the beneficial owner of the Sixth Investor are considered to be parties acting in concert with the Sixth Investor in respect of the Share Subscription.

The Seventh Investor

The Seventh Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Seventh Investor is wholly and beneficially owned by Liu Chunbin (劉純斌) who is also the sole director of the Seventh Investor. The sole director and the beneficial owner of the Seventh Investor are considered to be parties acting in concert with the Seventh Investor in respect of the Share Subscription.

The Eighth Investor

The Eighth Investor is a company incorporated in the British Virgin Islands and an investment holding company. The Eighth Investor is wholly and beneficially owned by Chen Zhijun (陳志軍) who is also the sole director of the Eighth Investor. The sole director and the beneficial owner of the Eighth Investor are considered to be parties acting in concert with the Eighth Investor in respect of the Share Subscription.

The First Investor, the Second Investor and the Fourth Investor are parties acting in concert under the Takeovers Code with respect to the Share Subscription. None of the Third Investor, the Fifth Investor, the Sixth Investor, the Seventh Investor and the Eighth Investor is acting in concert (i) with each other under the Takeovers Code; nor (ii) under the Takeovers Code with any or all of the First Investor, Second Investor and/or Fourth Investor and/or their respective concert parties.

As at the Latest Practicable Date, the Investors were Independent Third Parties, and the Investors and the Concert Group did not hold, control or direct any voting rights and rights over shares, convertible securities, warrants, options in the Company or outstanding derivatives in respect of the securities of the Company (other than those pursuant to the Subscription Agreement). As at the Latest Practicable Date, the Investors and the Concert Group had not borrowed or lent any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code). None of the Investors nor the Concert Group had any dealings in the Shares during the 6-month period prior to the date of the Initial Announcement. Save as disclosed in the above paragraphs, each of the Investors is not related to each other.

The management of the Company is of the view that a prominent and reputable strategic investor with extensive management experiences and business network in various industries would facilitate the Company to expand its customer base and source opportunities for new business development and business diversification, creating business synergies with the Group. Having considered (i) the reputation, business network and management experiences across a wide range of industries of Mr. Yao; and (ii) the fact that Mr. Yao would become a Director and the controlling Shareholder of the Company upon the completion of the Share Subscription, the executive Directors believed that Mr. Yao would help further develop the business of the Group and it is in the interests of the Company to establish a strategic relationship with the First Investor through the Share Subscription.

As set out in the Letter from the Board, the management of the Company believes that sourcing a reputable or sizeable company which is interested in biometric security technology business as an investor to the Company would improve the financial position of the Company and help promote its biometric security technology and strengthen its position as the leading provider of patented biometric security solutions. In view of the reputation and the business network of the Investors in the PRC, the Board believes that the proceeds received from the Share Subscription will help the Company to further promote its *FingerQ* business into both consumer and enterprise markets in the PRC. In particular, with the experience and network of the Second Investor in the financial services sector in the PRC, the Board believes that this may foster the implementation of its biometric security technology and applications into the financial services sector. Also, the Board considers that there is an imminent funding need and believes that the Share Subscription would improve the financial position of the Group to fund expansion of the existing business (*FingerQ* technology) and acquisitions as the opportunity arises and to strengthen the working capital of the Company.

While the extensive experience across a wide range of industries including food, construction materials, real estate, commerce, agriculture and forestry, logistics, technology and finance of Mr. Yao were gained in private companies, Mr. Yao was the general manager and chairman of the board of directors of Baocheng Investment Co., Ltd. (寶誠投資股份有限公司) (stock code: 600892) ("Baocheng"), a company listed on Shanghai Stock Exchange and is principally engaged in the manufacturing of cables, hotel and trading. Prior to Mr. Yao's joining Baocheng in July 2010, Baocheng had recorded operating losses and EBITDA losses for three consecutive years. Under the leadership of Mr. Yao up to October 2014, Baocheng turned to make operating profits and EBITDA profits in 2011, 2012, 2013 and 2014.

In addition, the Second Investor was approved by China Insurance Regulatory Commission to operate its insurance business in Qianhai, Shenzhen, China in February 2012, providing various personal insurance such as life insurance, health insurance, and accident insurance. Since then, the Second Investor expanded its business rapidly, with operating income in 2014 being over 32 times as compared to that in 2012. The shareholders of the Second Investor are principally engaged in logistics, warehousing and automobile trading business which may help introduce customers across different industries to the Group, in particular for its biometric security technology business. Furthermore, the Second Investor invests in various listed and unlisted companies in different industries such as manufacturing, property development and hotel.

Based on the above and taking into consideration that (i) the reputation and extensive business network across a wide range of industries of Mr. Yao, the experience and network of the Second Investor in the financial services, and the network of the shareholders and/or investee companies of the Second Investors would be helpful for the Group to establish its customer base across various industries, in particular for its biometric security technology business; (ii) although Mr. Yao may not have extensive experience in the biometric security industry or energy-saving lighting industry, the Group may benefit from his management experience across various industries with respect to the Group's plan for business diversification as detailed in the paragraph headed "Background to and reasons for the Share Subscription" above; and (iii) the leadership of Mr. Yao being the Director and controlling Shareholder after the completion of the Share Subscription may have a positive influence to the Group's financial prospects given Mr. Yao's successful experience in turning the loss-making Baocheng to a profitable company within two years, we are of the view that the Share Subscription which introduces the Investors as Shareholders, in particular the First Investor and the Second Investor, is in the interests of the Company and the Shareholders as a whole.

4. Intended use of proceeds

The gross aggregate proceeds and the net aggregate proceeds of the Share Subscription amounted to approximately HK$3,350.2 million and HK$3,346.2 million, respectively. The Company intends to apply the net proceeds to be raised from the Share Subscription as follows:

(a) approximately HK$334.6 million, representing approximately 10% of the net proceeds, will be used to strengthen and expand the existing business of the Group;

(b) approximately HK$836.5 million, representing approximately 25% of the net proceeds, will be used to explore business opportunities in the energy-saving lighting industry in the PRC. The Company is currently planning to acquire majority shareholdings of and invest working capital into Optoelectronic Enterprise;

(c) approximately HK$836.5 million, representing approximately 25% of the net proceeds, subject to completion of the potential acquisition of the Optoelectronic Enterprise, will be used to expand the product capacity of the Optoelectronic Enterprise, and finance the acquisition of fixed assets including, among other things, (i) land acquisition, (ii) construction of new plants or acquisition of existing plants, and (iii) purchase of machinery and equipment;

(d) approximately HK$1,003.9 million, representing approximately 30% of the net proceeds, will be used to acquire the equity interest of a domestic financial enterprise in order to diversify and extend the Group's business into the financial sector of the PRC and to capture the development opportunities in the booming financial industry in the PRC; and

(e) approximately HK$334.7 million, representing approximately 10% of the net proceeds will be used as the general working capital of the Company, of which approximately HK$150–200 million will be used as operating expenses for its automation business (in particular, to support the business development of Gallent Tech Limited) and the remaining proceeds for daily operation of the non-automation businesses of the Group.

Based on the discussion as detailed in the paragraph headed "Background to and reasons for the Share Subscription" above and taking into account of (i) the Group's successful launch of the world's first biometric fingerprint privacy protection platform and devices *FingerQ*; (ii) the leading position of the Group in the patented biometric security solutions; (iii) the Group's unique niche in biometric security technologies; (iv) the experience and network of the Second Investor in the financial services sector in the PRC which may foster the implementation of the Group's biometric security technology and applications into the financial services sector; (v) the experiences and extensive connection in various industries including food, construction materials, real estate, commerce, agriculture and forestry, logistics, technology, finance, warehousing and automobile trading business of the First Investor, the Second Investor and their shareholders which could provide the Group more business opportunities by introducing customers across different industries to the Group; and (vi) the Group's tapping into the energy-saving lighting industry and the financial industry in the PRC which can diversify its income streams as discussed above, we are of the view that the Group's investment in biometric payment business, energy-saving industry and financial industry using the proceeds from the Share Subscription is in the interests of the Company and the Shareholders as a whole.

5. Financing alternatives available to the Group

As disclosed in the Letter from the Board, apart from the Share Subscription, the Directors have considered other options of fund raising activities, including rights issue, open offer or debt financing, and considered that the Share Subscription is the most viable and preferable fund-raising option for the Company for the following reasons:

(a) rights issue and open offer would require commitment from the controlling Shareholder to participate and selection and engagement of underwriters, the Directors believed that it would be difficult for the Company to identify any underwriter at a relatively low cost and within a short period of time;

(b) in respect of debt financing, the Directors considered that it would be difficult for any financial institutions to extend such a large amount of credit facility to the Company at affordable terms due to the increasing borrowing cost among financial institutions; and

(c) in view of the interests from the Investors in investing in the Company in the long run and their substantial capital commitment to the Company.

Taking into account that (i) the Investors will not only provide the substantial funding for the Group's expansion in existing business and investment in new business, but also the network and connections for the Group to explore new business opportunities; (ii) it is difficult for the Company to secure facility of such substantial amount from financial institutions at a reasonable financing costs given the latest financial position of the Company; and (iii) fund raising through rights issue or open offer will involve higher transaction costs (such as underwriting and other fees) which, as advised by the Company, could be more than HK$100 million and would not be able to bring in strategic investors as Shareholders as in the case of the Share Subscription, we concur with the executive Directors that it is in the interest of the Company and the Shareholders as a whole to raise fund by the Share Subscription.

6. Principal terms of the Subscription Agreement

Set out below is a summary of principal terms of the Subscription Agreement. Further details of the terms of the Subscription Agreement are set out in the Letter from the Board.

Date: 9 May 2015

Parties:
(a) The Company;
(b) The Investors;
(c) Mr. Wong; and
(d) Ms. Ching.

Pursuant to the Subscription Agreement, the Investors have conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue, on the Completion Date, 18,611,994,100 Subscription Shares at an aggregate consideration of HK$3,350,158,138 at the Subscription Price of HK$0.18 per Subscription Share. The following table sets forth the details of the Share Subscription:

Investors	**Number of Subscription Shares**	**Subscription Price** *(HK$)*
(1) the First Investor	10,771,835,600	1,938,930,408
(2) the Second Investor	4,219,560,000	759,520,000
(3) the Third Investor	833,333,300	149,999,994
(4) the Fourth Investor	621,211,000	111,817,980
(5) the Fifth Investor	579,796,000	104,363,280
(6) the Sixth Investor	538,484,000	96,927,120
(7) the Seventh Investor	528,028,500	95,045,130
(8) the Eighth Investor	519,745,700	93,554,226
Total:	18,611,994,100	3,350,158,138

Completion of the Share Subscription is conditional upon the satisfaction (if applicable, waiver) of the various conditions set out in Letter from the Board.

If all the conditions precedent have been fulfilled and/or waived (if applicable) on or before the Long Stop Date, completion of Share Subscription under the Subscription Agreement shall take place on the Completion Date. On such date, the Company will issue the Subscription Shares to the Investors upon the payment of the total Subscription Price under the Subscription Agreement.

The Share Subscription by each of the Investors is inter-conditional.

6.1 Evaluation of the Subscription Price

The Subscription Price of HK$0.18 per Subscription Share represents:

(a) a discount of approximately 82.35% to the closing price of HK$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 82.18% to the average closing price of approximately HK$1.01 per Share for the last 5 trading days up to and including the Last Trading Day;

(c) a discount of approximately 66.04% to the average closing price of approximately HK$0.53 per Share for the last 30 trading days up to and including the Last Trading Day;

(d) a discount of approximately 51.35% to the average closing price of approximately HK$0.37 per Share for the last 60 trading days up to and including the Last Trading Day;

(e) a discount of approximately 37.93% to the average closing price of approximately HK$0.29 per Share for the last 180 trading days up to and including the Last Trading Day;

(f) a discount of approximately 40.98% to the closing price of HK$0.305 per Share as quoted on the Stock Exchange on 13 April 2015, being the last trading day immediately preceding the Initial Announcement; and

(g) a discount of approximately 87.05% to the closing price of HK$1.39 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As disclosed in the Letter from the Board, the Subscription Price was determined on or about the date of signing the Memorandum of Understanding after arm's length negotiations between the Company and the First Investor after taking into account the following factors:

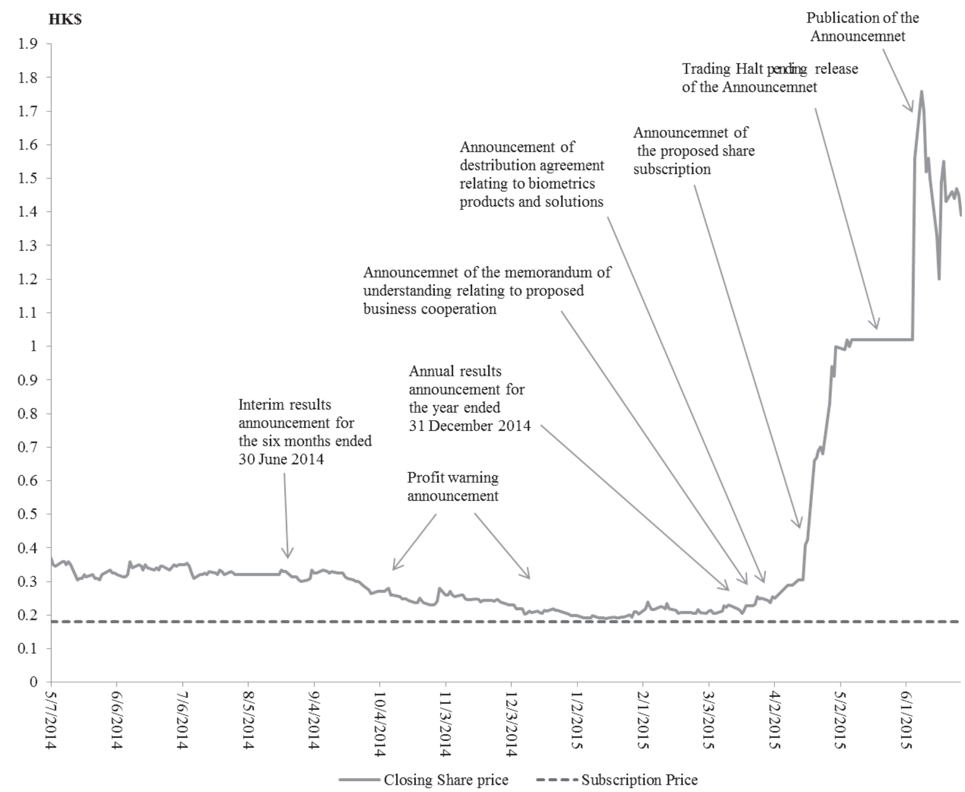
i. the average closing price of HK$0.27 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the date of signing the Memorandum of Understanding;

ii. the NAV of the Company of approximately HK$0.17 per Share as at 31 December 2014; and

iii. the financial position of the Group where the Group has recorded a net loss attributable to shareholders of approximately HK$583.2 million for the year ended 31 December 2014.

6.2 Historical price performance of the Shares

Set out below is a chart reflecting movements in the closing prices of the Shares from 7 May 2014 up to and including the Latest Practicable Date, being a one-year period which represents a sufficient period of time to provide a general overview on the recent price performance of the Shares (the "Review Period"):



Source: Website of the Stock Exchange

From the chart above, the closing prices of the Shares ranged from HK$0.19 to HK$1.02 per Share during the period from 7 May 2014 to 7 May 2015 (being the Last Trading Day prior to the suspension of trading in Shares pending the publication of the Announcement) (both dates inclusive, the "Pre-Announcement Period"), with an average of approximately HK$0.30 per Share.

The Share price of the Company closed at HK$0.37 per Share on 7 May 2014 (being over 365 days before the Last Trading Date). The closing Share price fluctuated slightly at around HK$0.32 per Share from May 2014 to mid-Sep 2014 and it showed a gradual downward trend and dropped to its trough of around HK$0.19 per Share in mid-Jan 2015, during which the Company made profit warning announcements on 8 October 2014 and 12 December 2014 respectively, regarding the expected significant decline for the financial results of the Group for the year ended 31 December 2014. Such decline was primarily attributable to, among others, (i) a decline in the manufacturing business of the Group; (ii) a significant decrease in the exceptional gain from the disposal of shares in investee companies by the Group; and (iii) impairment losses on the carrying amounts of machineries and buildings under construction.

The closing price per Share increased slightly from HK$0.19 in mid-Jan 2015 to HK$0.229 on 13 March 2015 which was the date of announcement of the annual results of the Company for the year ended 31 December 2014. The Share price dropped shortly after the release of the announcement of the 2014 annual results which reported a loss for the year of approximately HK$583.2 million for the year ended 31 December 2014.

On 20 March 2015, the Company made a voluntary announcement of the memorandum of understanding relating to a proposed business cooperation which a business partnership will be formed to explore business opportunities in the biometric market in the PRC. The Share price showed an increasing trend and closed at HK$0.228 per Share after the voluntary announcement was made on 20 March 2015. On 27 March 2015, another voluntary announcement of distribution agreement was made by the Company relating to the newly entered distribution agreement relating to biometrics products and solutions in China, Hong Kong and Taiwan. The closing Share price continued to increase from HK$0.25 per Share on 27 March 2015 to HK$0.305 per Share on 13 April 2015.

Trading of Shares of the Company was halted on 14 April 2015. Following the release of the announcement of a proposed share subscription for shares and/or convertible securities of the Company and the resumption of trading in the Shares on 16 April 2015, the closing price per Share surged from HK$0.41 on 16 April 2015 to HK$0.66 on 20 April 2015, representing an increase of approximately 61.0%. On 20 April 2015, after the trading hours, the Company announced that the Board was not aware of any reasons for the increase in Share price. The closing Share price further went up to HK$1.02 per Share on 7 May 2015, being the Last Trading Day.

On 28 May 2015, the Company made a profit alert announcement regarding a significant improvement expected in the financial results for the six months ending 30 June 2015 as compared with the same period in 2014, mainly attributable to a significant decrease in depreciation due to the impairment losses made in 2014 on the carrying amounts of certain assets of the Group such as machineries.

Following the release of the Announcement and the resumption of trading in Shares on 5 June 2015, the closing price per Share surged from HK$1.02 on the Last Trading Day to HK$1.56 on 5 June 2015, representing an increase of approximately 52.9%. The closing price of the Share surged significantly after the publication of the Announcement, which might be related to market expectations of the benefits that will be brought to the Group as a result of the Share Subscription. There is no assurance that the closing price of the Shares will remain at such a high level if the Share Subscription does not proceed or cannot be completed for any reason.

6.3 Comparable analysis

In order to further assess the fairness and reasonableness of the Subscription Price, we have identified eight transactions (the "Comparable Issues") in relation to subscriptions/placing involving issue of new shares by companies listed on the Stock Exchange which would trigger mandatory general offer but applied for whitewash waiver and announced from 10 November 2014 up to the date of the Subscription Agreement (i.e. 9 May 2015). We believe that the samples represent the latest available information in the market and the Comparable Issues are exhaustive as far as we are aware of and hence fair and representative. We have compared the respective subscription/pricing price of the Comparable Issues with the Share Subscription, details of which are set out in the table below:

Date of announcement	Stock code	Name of the issuer	Premium/(Discount) of the subscription/placing price over/to the closing price on the last trading day prior to the announcement	Premium/(Discount) of the subscription/placing price over/to the average closing price of the last five trading days prior to the announcement	Premium/(Discount) of the subscription/placing price over/to the average closing price of the last ten trading days prior to the announcement	Issue size of the subscription/placing
			approximate %	*approximate %*	*approximate %*	*HK$ million*
18-Dec-14	8172	China Star Cultural Media Group Limited	(71.4)	(64.3)	(63.5)	551.9
7-Jan-15	873	China Taifeng Beddings Holdings Limited	(26.8)	(25.9)	(25.7)	1,252.8
29-Jan-15	109	Good Fellow Resources Holdings Limited	(31.4)	(20.8)	(20.6)	2,502.3
2-Feb-15	1250	Jin Cai Holdings Company Limited	(43.6)	(41.9)	(38.8)	3,752.4
9-Mar-15	726	South East Group Limited	(42.9)	(35.1)	(31.3)	1,300.0
23-Mar-15	993	Simsen International Corporation Limited	(83.9)	(83.7)	(83.8)	468.2
27-Mar-15	976	Chiho-Tiande Group Limited	33.9	55.9	65.6	4,116.7
15-Apr-15	730	Shougang Concord Grand (Group) Limited	(7.9)	(6.2)	(3.1)	377.2
		Average	***(34.2)***	***(27.7)***	***(25.1)***	***1,790.2***
		Minimum	***(83.9)***	***(83.7)***	***(83.8)***	***377.2***
		Maximum	***33.9***	***55.9***	***65.6***	***4,116.7***
		The Share Subscription	**(82.4)**	**(82.2)**	**(80.2)**	**3,350.2**

	Premium/(Discount) of the subscription price over/to the closing price on the last trading day prior to the Initial Announcement	Premium/(Discount) of the subscription price over/to the average closing price of the last five trading days prior to the Initial Announcement	Premium/(Discount) of the subscription price over/to the average closing price of the last ten trading days prior to the Initial Announcement	Issue size of the subscription/placing
	approximate %	*approximate %*	*approximate %*	*HK$ million*
The Share Subscription	**(41.0)**	**(36.8)**	**(32.3)**	**3,350.2**

Source: Website of the Stock Exchange

Notes:

1. It is noted that some of the Comparable Issues have not held their respective extraordinary general meetings/special general meetings to approve the respective transactions and such subscription/placing of new shares have not been completed as at the Latest Practicable Date. However, we are of the view that regardless the result of the extraordinary general meetings/special general meetings which may vary depending on various factors such as the other terms of the subscription/placing, historical financial results, the then share performance and the future prospects, the Comparable Issues could provide reference for the recent market practice in relation to the discount/premium rate of the subscription/placing prices for assessing the fairness and reasonableness of the Subscription Price.

2. On 30 December 2014, CRRC Corporation Limited (stock code: 1766) announced a merger with China CNR Corporation Limited involving issue of A shares and H shares and application for whitewash waiver. Due to the nature of the transaction involving merger of two companies which we considered not to be in similar nature of the Share Subscription, this transaction is therefore excluded for comparison.

3. On 12 January 2015, Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (stock code: 874) announced proposed subscription of new A shares. We considered that the market sentiment of the A share market is different from that of the Hong Kong stock market and this transaction is excluded for comparison.

4. The transaction of Simsen International Corporation Limited involves proposed subscription for new shares, application for the whitewash waiver, proposed reduction of share premium, proposed reorganization and distribution in specie of shares in a private company and possible voluntary conditional securities exchange. Although the structure of such transaction is complex, it involves proposed subscription for new shares and application for the whitewash waiver, fitting our selection criteria for the Comparable Issues. As such, we consider that the transaction of Simsen International Corporation Limited could provide reference for the recent market practice in relation to the discount/premium rate of the subscription/placing prices for assessing the fairness and reasonableness of the Subscription Price.

5. Save for the transaction of Shougang Concord Grand (Group) Limited of which the controlling shareholder(s) would increase its shareholding interest from approximately 37.4% as at the date of the announcement to approximately 50.5% immediately following the completion of both the subscription and the placing, all other seven Comparable Issues involve a change in control in the offeree companies.

It is noted that, among the Comparable Issues, the discount/premium rates of the respective subscription/placing prices as compared to the closing prices on the last trading days prior to the respective announcements vary widely and range from a discount of approximately 83.9% to a premium of approximately 33.9%. While the discount rates for four of the Comparable Issues are concentrated at the range from 25% to 45%, the discount/premium rates for the remaining Comparable Issues were spread at the two tails. As such, in order not to distort the picture for the recent market practice in relation to the discount/premium rate of the subscription/placing prices, none of the Comparable Issues is excluded for assessing the fairness and reasonableness of the Subscription Price.

As shown on the above table, the subscription prices of seven out of the eight Comparable Issues are set at discounts to relevant market prices. The subscription/placing price of the Comparable Issues (i) as compared to their respective closing price on the last trading day ranges from a discount of approximately 83.9% to a premium of approximately 33.9%, with an average of a discount of approximately 34.2%; (ii) as compared to the average closing price for the last five trading days prior to the announcement ranges from a discount of approximately 83.7% to a premium of approximately 55.9%, with an average of a discount of approximately 27.7%; (iii) as compared to the average closing price for the last ten trading days prior to the release of the announcement ranges from a discount of approximately 83.8% to a premium of approximately 65.6%, with an average of a discount of approximately 25.1%. The discount represented by the Subscription Price to the closing price/average closing price of the Shares on each of (i) the Last Trading Day, (ii) the last five trading days prior to the release of the announcement and (iii) the last ten trading days prior to the release of the announcement is larger than the average discount but within the range of discounts of the Comparable Issues.

Unlike the subscription/placing prices for the Comparable Issues were determined at around the last trading days prior to the respective announcements, the Subscription Price was fixed at HK$0.18 per Subscription Share in the Memorandum of Understanding dated 14 April 2015. Among the Comparable Issues, (i) a memorandum of understanding in relation to a possible issue of new shares were signed between Simsen International Corporation Limited and possible investors but no subscription price was determined in the memorandum of understanding or set out in the announcements in relation to the memorandum of understanding; and (ii) for the other Comparable Issues, no memorandum of understanding were signed prior to the announcements in relation to the Comparable Issues. Taking into consideration that the Subscription Price was fixed with reference to the then market condition and share performance at around 14 April 2015, we find it more appropriate to assess the fairness and reasonableness of the Subscription Price with reference to the share performance prior to the Initial Announcement. As such, the discount represented by the Subscription Price to (i) the closing price of the Shares of HK$0.305 per Share on the last trading day prior to the date of the Initial Announcement, (ii) the average closing price of approximately HK$0.285 per Share for the last five trading days prior to the date of the Initial Announcement and (iii) the average closing price of the Shares approximately HK$0.266 per Share for the last ten trading days prior to the date of the Initial Announcement would be approximately 41.0%, 36.8% and 32.3% respectively, much closer to the average discounts of the Comparable Issues.

It is noted that (i) the Subscription Price is at all time below the closing prices of the Shares during our review period from 7 May 2014 up to and including the Latest Practicable Date; (ii) the Subscription Price represents discounts to closing prices and average closing prices of the Shares prior to the Announcement; and (iii) the discounts of the Subscription Price to the closing prices of the Shares on the Last Trading Day, the average closing prices of the Shares for each of the last five trading days and ten trading days immediately prior to and including the Last Trading Day are close to the high end of the range of discounts of the Comparable Issues. However, taking into account the above analysis and other analyses as set out in the paragraphs headed "Financial performance of the Group" and "Historical price performance of the Shares", and based on

(a) the current financial fundamental of the Group not by itself justifying the high closing Share prices on the Last Trading Day;

(b) the discounts of the Subscription Price to the closing prices of the Shares on the Last Trading Day and the average closing prices of the Shares for each of the last 5 trading days and 10 trading days immediately prior to and including the Last Trading Day being within the range of the Comparable Issues;

(c) the discounts of the Subscription Price to the closing price/average closing prices of the Shares for each of the last trading day, the last five trading days and ten trading days immediately prior to the date of the Initial Announcement (when the Subscription Price was fixed with the then market condition and share performance) being within the range of the Comparable Issues and not significantly deviated from the average discounts of the Comparable Issues;

(d) the Subscription Price of HK$0.18 per Share representing (i) a premium of approximately 5.9% over the net asset value attributable to the owners of the Company of approximately HK$0.17 per Share as at 31 December 2014, and (ii) a slight premium of approximately 1.0% over the net asset value attributable to the owners of the Company of approximately HK$0.1782 per Share as at 31 December 2014 after taking into account of the Share Subscription; and

(e) the issue size of the Share Subscription of approximately HK$3,305.2 million being much larger than the average issue size of HK$1,790.2 million and almost near the high-end of the range of issue sizes of the Comparable Issues,

we consider that the Subscription Price is fair and reasonable.

6.4 Dilution effect on the shareholding structure of the Company

The table below sets out the effect of the Share Subscription on the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the completion of the Share Subscription.

Shareholders of the Company	As at the Latest Practicable Date		Immediately after the completion of the Share Subscription (assuming the share options granted by the Company have not yet been exercised)		Immediately after the completion of the Share Subscription (assuming the share options granted by the Company have been exercised in full)	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
The First Investor	—	—	10,771,835,600	50.01	10,771,835,600	49.99
The Second Investor	—	—	4,219,560,000	19.59	4,219,560,000	19.58
The Fourth Investor *(Note 2)*	—	—	621,211,000	2.89	621,211,000	2.88
Subtotal of Concert Group	—	—	15,612,606,600	72.49	15,612,606,600	72.45
The Third Investor *(Note 2)*	—	—	833,333,300	3.87	833,333,300	3.87
The Fifth Investor *(Note 2)*	—	—	579,796,000	2.69	579,796,000	2.69
The Sixth Investor *(Note 2)*	—	—	538,484,000	2.50	538,484,000	2.50
The Seventh Investor *(Note 2)*	—	—	528,028,500	2.45	528,028,500	2.45
The Eighth Investor *(Note 2)*	—	—	519,745,700	2.41	519,745,700	2.41
Mr. Wong and Ms. Ching *(Notes 1 and 2)*	2,036,826,888	69.59	2,036,826,888	9.46	2,041,746,888	9.47
Mr. Tan Hui Kiat *(Note 2)*	8,836,017	0.30	8,836,017	0.04	9,636,017	0.04
Other public Shareholders *(Note 3)*	881,421,095	30.11	881,421,095	4.09	887,221,095	4.12
	2,927,084,000	100.00	21,539,078,100	100.00	21,550,598,100	100.00

Notes:

1. Mr. Wong and Ms. Ching hold as to 50% each in the issued share capital of Anglo Solution Limited, which in turn holds the entire issued share capital of Soar Plan Holdings Limited. Soar Plan Holdings Limited is the beneficial owner of 1,927,778,827 Shares. Mr. Wong and Ms. Ching also have personal interest in 80,348,000 and 28,700,061 Shares in issue, respectively. As Mr. Wong and Ms. Ching are spouse, both Mr. Wong and Ms. Ching are deemed to be interested in an aggregate of 2,036,826,888 Shares, representing approximately 69.59% of the total issued share capital of the Company as at the Latest Practicable Date.

2. Given each of Mr. Wong, Ms. Ching and Mr. Tan Hui Kat will resign as a Director upon completion of the Share Subscription, and each of them and each of the Third Investor, the Fourth Investor, the Fifth Investor, the Sixth Investor, the Seventh Investor and the Eighth Investor will hold less than 10% shareholding in the Company after the completion of the Share Subscription, and each of them is considered as a public shareholder.

3. Even though the Fourth investor is a member of the Concert Group, it is also a public shareholder. For illustration purposes above, the shareholding of the Fourth Investor has not been included in the calculation of the shareholdings of other public Shareholders.

As shown in the table above, the shareholding in the Company held by the existing public shareholders would be reduced from approximately 30.11% as at the Latest Practicable Date to (i) approximately 4.09% immediately after the completion of the Share Subscription assuming the share options granted by the Company have not yet been exercised; and (ii) approximately 4.12% immediately after the completion of the Share Subscription assuming the share options granted by the Company have been exercised in full. Accordingly, the dilution effect of the Share Subscription on the shareholder structure of the Company would be approximately 86.4% and 86.4% respectively, assuming the share options granted by the Company (i) have not yet been exercised and (ii) have been exercised in full.

However, taking into account of (i) the overall benefits of the Share Subscription, including but not limited to the introduction of substantial funding and strategic investors for the Group's expansion of existing business and investment in new business as discussed in details under the paragraphs headed "Background to and reasons for the Share Subscription" and "Information on the Investors", (ii) the Subscription Price considered to be fair and reasonable so far as the Independent Shareholders are concerned as discussed in details under the sub-paragraphs headed "Evaluation of the Subscription Price", "Historical price performance of the Shares" and "Comparable analysis" above; and (iii) the positive market reaction in view of the recent surge of the closing price of the Share following the publication of the Announcement which is beneficial to all Shareholders, we are of the view that the dilution effect on the shareholding of existing public Shareholders in the Company is acceptable so far as the Independent Shareholders are concerned.

6.5 Appointment and Resignation of the Directors

Pursuant to the terms of the Subscription Agreement, upon completion of the Subscription Agreement or at such earlier possible time as permitted by the Takeovers Code and the Listing Rule, (i) four directors nominated by the First Investor will be appointed as Directors; and (ii) Mr. Wong, Ms. Ching and Mr. Tan Hui Kiat will resign as Directors. A further announcement in respect of the appointment and the resignation of the Directors will be made by the Company should the Share Subscription proceed to completion.

Save for Yao Jianhui (姚建輝) ("Mr. Yao"), the sole director and the sole shareholder of the First Investor who will be one of the individuals to be nominated by the First Investor as a Director, the other three individuals to be nominated as Directors have yet to be finalised. The Company has been informed by the First Investor that it is not likely that the other three individuals to be nominated as Directors will have any relationship with any of the Investors or their respective associates.

Mr. Yao, aged 43, graduated from South China University of Technology with a postgraduate (part-time) degree. Details of Mr. Yao's biography is set out in the paragraph headed "Information on the Investors" above.

Mr. Yao does not have any business or interest which competes or may compete with the business of the Group or the new businesses that the Group targets to invest in.

When nominating an individual to be a director of the Company, the First Investor will take into account the qualification and experience of the individual and the existing business and future development of the Company. It is intended that the individuals to be nominated by the First Investor as Directors will have experience in manufacturing, technological and financial industries. As at the Latest Practicable Date, the Investors planned to retain key members of the senior management (other than the executive directors) of the Company and continue employment of the employees of the Group. In particular, in order to ensure smooth continuation of the existing business of the Group, Mr. Wong and Ms. Ching will be retained and redesignated as the Chief Technology Officer and Operation Director, respectively, and Mr. Tan Hui Kiat will be retained to hold the position as the Group's Corporate Affairs Officer after completion of the Share Subscription. Mr. Wong will be responsible for the technological development of the Group, with a primary focus on the biometric payment business and infrastructure (the "Biometric Payment Business"). Ms. Ching will be responsible for the Group's operations and management for the Biometric Payment Business. Mr. Tan Hui Kiat will continue to be responsible for the Group's corporate communications and interface with customers. Mr. Wong, Ms. Ching and Mr. Tan Hui Kiat will not take up the role as chief executive of the Company.

Having considered (i) the reputation, business network and management experiences across a wide range of industries of Mr. Yao which may help further develop the business of the Group; (ii) the retain of Mr. Wong as the Chief Technology Officer, Ms. Ching as the Operation Director and Mr. Tan Hui Kiat as Group's Corporate Affairs Officer to ensure smooth continuation of the existing business of the Group; and (iii) the qualification and experience in manufacturing, technological and financial industries of the individual will be taken into account when nominating the individual to be a director of the Company, we are of the view that the appointment and resignation of the Directors is acceptable so far as the Independent Shareholders are concerned.

7. Financial effects of the Share Subscription

7.1 Working capital

According to the annual report of the Company for the year ended 31 December 2014, the Group had cash and cash equivalents of approximately HK$239.8 million as at 31 December 2014. The audited current assets and current liabilities of the Group amounted to approximately HK$502.0 million and HK$326.3 million respectively as at 31 December 2014, resulting in a current ratio (being the current assets over the current liabilities) of approximately 1.54 times and net current assets of approximately HK$175.8 million. As set out in the paragraph headed "Intended use of proceeds" in the Letter from the Board, the gross aggregate proceeds and the net aggregate proceeds of the Share Subscription amounted to approximately HK$3,350.2 million and HK$3,346.2 million respectively. It is expected that both the cash position and the current assets position of the Group will be further enhanced at the completion of the Share Subscription.

7.2 Net asset value

As set out in the annual report of the Company for the year ended 31 December 2014, the audited consolidated net assets value attributable to owners of the Company ("NAV") amounted to approximately HK$491.2 million as at 31 December 2014 or approximately HK$0.17 per Share based on the total number of issued Shares of 2,927,084,000 as at the Latest Practicable Date. Upon completion of the Share Subscription, 18,611,994,100 new Shares will be issued by the Company. As advised by the management of Company, the full amount of the new Shares will be recognized as equity under the captions of share capital and share premium upon their issuance, and, accordingly, the NAV is expected to be improved roughly by the same amount of the aggregate net proceeds of approximately HK$3,346.2 million.

The table below sets out, for illustration purpose, such effect on the NAV per Share, assuming completion and exercise of the 11,520,000 outstanding share options of the Company had taken place on 31 December 2014:

	HK$' million
NAV	
NAV as at 31 December 2014	491.2
Add: Net aggregate proceeds of the Share Subscription	3,346.2
Total	3,837.4

Number of Shares	*Number of Shares*
Number of issued Shares as at 31 December 2014	2,927,084,000
Add: Number of new Shares to be issued	18,611,994,100
Immediately after the completion of the Share Subscription (assuming the share options granted by the Company have not yet been exercised	21,539,078,100
Add: Share options granted by the Company have been exercised in full	11,520,000
Immediately after the completion of the Share Subscription (assuming the share options granted by the Company have been exercised in full)	21,550,598,100
NAV per Share	*HK$*
Immediately after the completion of the Share Subscription (assuming the share options granted by the Company have not yet been exercised	0.1782
Immediately after the completion of the Share Subscription (assuming the share options granted by the Company have been exercised in full)	0.1781

As illustrated above, the NAV per Share is approximately HK$0.1782 immediately after completion of the Share Subscription and the NAV per Share is approximately HK$0.1781 immediately after completion of the Share Subscription if the share options granted by the Company have been exercised in full, which represents a slight increase of approximately 6.2% and 6.1% as compared to the NAV per Share of approximate HK$0.1678 as at 31 December 2014.

7.3 Earnings

It is advised by the management of the Company that the Share Subscription would not have material adverse effect to the earnings of the Group immediately upon Completion.

Based on the audited consolidated loss attributable to owners of the Company for the year ended 31 December 2014 of approximately HK$583.2 million and the total number of issued Shares of 2,927,084,000 as at the Latest Practicable Date, loss per Share was approximately HK$0.1992. Immediately upon the issue of the new Shares and the share options granted by the Company have been exercised in full, loss per Share is expected to be diluted to approximately HK$0.0271.

7.4 Gearing ratio

The gearing ratio of the Group is measured as total interest-bearing bank and other borrowings over the total assets of the Group. As advised by the management of the Company, it is expected that upon the issue of new Subscription Shares for the Share Subscription, the Group's total assets will increase by the amount of the net proceeds received thereunder while the Group's liabilities will not be affected. Accordingly, it is expected that the gearing ratio of the Group would be improved immediately upon the completion of the Share Subscription.

It should be noted that the aforementioned analysis are for illustrative purpose only and not purport to represent how the financial position/results of the Group will be upon completion of the Share Subscription and the issuance the new Shares pursuant to the Share Subscription.

8. The Whitewash Waiver

As set out in the Letter from the Board, the First Investor, the Second Investor and the Fourth Investor are parties acting in concert under the Takeovers Code with respect to the Share Subscription.

Immediately after completion of the Share Subscription, the Concert Group will be interested in 15,612,606,600 Shares, representing approximately 72.49% of the enlarged issued share capital of the Company immediately after the completion of the Share Subscription (assuming that there is no change in the issued share capital of the Company and the share options granted by the Company have not yet been exercised since the date of the Subscription Agreement and up to completion of the Share Subscription), and approximately 72.45% of the enlarged issued share capital of the Company (assuming that there is no change in the issued share capital of the Company other than the issue of the Subscription Shares and share options granted by the Company have been exercised in full since the date of the Subscription Agreement and up to completion of the Share Subscription). Under Rule 26.1 of the Takeovers Code, the Concert Group would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by it, unless the Whitewash Waiver is obtained from the Executive. The Concert Group has made an application to the Executive for the Whitewash Waiver in respect of the Share Subscription. The Whitewash Waiver will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll.

Based on the discussion above and taking into account (i) the overall benefits of the Share Subscription, including but not limited to the introduction of substantial funding and strategic investors for the Group's expansion of existing business and investment in new business; (ii) the terms of the Subscription Agreement, including the Subscription Price, are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) the positive market reaction in view of the recent surge of the closing price of the Share following the publication of the Announcement which is beneficial to all Shareholders; and (iv) if the Whitewash Waiver is not approved by the Independent Shareholders or not granted by the Executive, the Concert Group will be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by the Concert Group under Rule 26.1 of the Takeovers Code as a result of the Share Subscription which is relatively costly and time consuming and the offer price would likely to be HK$0.18 per Share which is not attractive to the Shareholders given the recent share performance of the Shares, we consider that since the grant of the Whitewash Waiver is one of the conditions precedent to the completion of the Share Subscription and/or the Investors, failure in obtaining the Whitewash Waiver may result in lapse of the Share Subscription and the Company would lose all the benefits that are expected to be brought to the Group by the Share Subscription. As such, we are of the view that the grant of the Whitewash Waiver is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the factors and reasons as stated above, we consider that the Share Subscription (including the Specific Mandate), the terms of the Subscription Agreement and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Share Subscription (including the Specific Mandate), the Subscription Agreement and the Whitewash Waiver at the EGM.

Yours faithfully,
For and on behalf of
CLC International Limited
Michael Chum
Chief Executive Officer

Mr. Michael Chum is a licensed person registered with the Securities and Futures Commission and as a responsible officer of CLC International Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in corporate finance industry.

I. FINANCIAL SUMMARY

Set out below is a summary of the financial information of the Group for the three financial years ended 31 December 2012, 2013 and 2014, which is extracted from the audited consolidated financial statements of the Group as set forth in the annual reports of the Group for the three financial years ended 31 December 2012, 2013 and 2014. The auditor's reports issued by PricewaterhouseCoopers in respect of the Group's audited consolidated financial statements for the three financial years ended 31 December 2012, 2013 and 2014 did not contain any qualifications.

The Group had no exceptional items recorded in the financial statements of the Group for the three financial years ended 31 December 2012, 2013 and 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2014	2013	2012
	HK$'000	*HK$'000*	*HK$'000*
Revenue	741,056	1,036,662	1,200,435
Cost of sales	(991,840)	(1,004,819)	(1,074,600)
Gross (loss)/profit	(250,784)	31,843	125,835
Other gain — net	5,387	315,581	350
Other income — net	4,958	1,048	9,289
Distribution costs	(27,409)	(31,383)	(20,178)
Administrative expenses	(296,243)	(172,845)	(164,235)
Operating (loss)/profit	(564,091)	144,244	(48,939)
Finance costs — net	(1,470)	(2,157)	22
Share of loss of and impairment provision for associates	(9,905)	(7,965)	(2,127)
(Loss)/profit before income tax	(575,466)	134,122	(51,044)
Income tax expense	(7,686)	(5,456)	(3,564)
(Loss)/profit for the year	(583,152)	128,666	(54,608)
(Loss)/profit attributable to:			
Owners of the Company	(583,152)	128,666	(54,608)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Fair value (loss)/gain on available-for-sale financial assets	(117,293)	19,004	10,074
Currency translation differences	(409)	—	22
Other comprehensive (loss)/income for the year	(117,702)	19,004	10,096
Total comprehensive (loss)/income for the year attributable to equity holders of the Company	(700,854)	147,670	(44,512)
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company — basic (expressed in Hong Kong cents per share)	(19.92)	4.40	(1.87)
— diluted (expressed in Hong Kong cents per share)	(19.92)	4.39	N/A
Dividends	11,708	23,416	—

Assets and Liabilities

	31 December		
	2014	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	877,279	1,772,950	1,739,130
Total liabilities	386,121	569,230	673,596
	491,158	1,203,720	1,065,534

The following is the full text of the audited consolidated financial information of the Group for the year ended 31 December 2014 as extracted from the annual report of the Company for the year ended 31 December 2014:

II. AUDITED CONSOLIDATED FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014
(Expressed in thousands of HK dollar)

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	81,547	572,382
Land use right	7	4,690	4,806
Intangible assets	8	75,373	74,069
Investments in associates	10	12,595	22,500
Available-for-sale financial assets	11	187,262	357,304
Deferred income tax assets	21	5,992	13,996
Trade receivables	13	1,763	—
Prepayments and other receivables	14	6,017	17,126
		375,239	1,062,183
Current assets			
Inventories	12	107,091	149,075
Trade receivables	13	134,073	209,599
Prepayments, deposits and other receivables	14	17,238	24,735
Amount due from a related party	34(e)	2,684	—
Current income tax recoverable		—	145
Financial assets at fair value through profit or loss	15	1,162	1,321
Cash and cash equivalents	16	239,792	325,892
		502,040	710,767
Total assets		877,279	1,772,950
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	17	292,708	292,708
Share premium	17	565,489	565,489
Other reserves and (accumulated deficit)/retained earnings	18	(367,039)	345,523
		491,158	1,203,720

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	19	58,333	62,500
Other payables	23	—	8,247
Deferred income tax liabilities	21	1,524	1,976
		59,857	72,723
Current liabilities			
Trade and bills payables	22	69,584	154,992
Accruals and other payables	23	51,577	87,465
Bank borrowings	19	197,244	242,149
Finance lease obligations	20	—	973
Current income tax liabilities		7,859	10,928
		326,264	496,507
Total liabilities		386,121	569,230
Total equity and liabilities		877,279	1,772,950
Net current assets		175,776	214,260
Total assets less current liabilities		551,015	1,276,443

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014
(Expressed in thousands of HK dollar)

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	9	250,000	250,000
Current assets			
Other receivables	14	779	1,745
Amounts due from subsidiaries	9	916,907	911,568
Cash and cash equivalents	16	102,079	139,003
		1,019,765	1,052,316
Total assets		1,269,765	1,302,316
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital	17	292,708	292,708
Share premium	17	565,489	565,489
Other reserves	18	44,260	42,305
		902,457	900,502
LIABILITIES			
Non-current liabilities			
Bank borrowings	19	25,000	62,500
Current liabilities			
Accrual and other payables	23	3,375	10,197
Amounts due to subsidiaries	9	301,433	283,284
Bank borrowings	19	37,500	45,833
		342,308	339,314
Total liabilities		367,308	401,814
Total equity and liabilities		1,269,765	1,302,316
Net current assets		677,457	713,002
Total assets less current liabilities		927,457	963,002

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014
(Expressed in thousands of HK dollar)

	Note	2014 HK$'000	2013 HK$'000
Revenue	5	741,056	1,036,662
Cost of sales	25	(991,840)	(1,004,819)
Gross (loss)/profit		(250,784)	31,843
Other gain — net	24	5,387	315,581
Other income — net	24	4,958	1,048
Distribution costs	25	(27,409)	(31,383)
Administrative expenses	25	(296,243)	(172,845)
Operating (loss)/profit		(564,091)	144,244
Finance costs — net	27	(1,470)	(2,157)
Share of loss of and impairment provision for associates	10	(9,905)	(7,965)
(Loss)/profit before income tax		(575,466)	134,122
Income tax expense	28	(7,686)	(5,456)
(Loss)/profit for the year		(583,152)	128,666
(Loss)/profit attributable to:			
Owners of the Company		(583,152)	128,666
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Fair value (loss)/gain on available-for-sale financial assets		(117,293)	19,004
Currency translation differences		(409)	—
Other comprehensive (loss)/income for the year		(117,702)	19,004
Total comprehensive (loss)/income for the year attributable to equity holders of the Company		(700,854)	147,670
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	29	(19.92)	4.40
— diluted (expressed in Hong Kong cents per share)	29	(19.92)	4.39

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014
(Expressed in thousands of HK dollar)

	Share capital	Share premium	Merger reserve	Capital reserve	Share option reserve	Statutory reserve	Available-for-sale financial assets	Exchange reserve	Retained earnings/ (accumulated deficit)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2013										
At 1 January 2013	292,708	565,489	(215,150)	12,411	—	32,463	10,074	22	367,517	1,065,534
Profit for the year	—	—	—	—	—	—	—	—	128,666	128,666
Other comprehensive income:										
Fair value gain on available-for-sale financial assets	—	—	—	—	—	—	19,004	—	—	19,004
Total other comprehensive income	—	—	—	—	—	—	19,004	—	—	19,004
Total comprehensive income	—	—	—	—	—	—	19,004	—	128,666	147,670
Share options — value of employee services	—	—	—	—	2,224	—	—	—	—	2,224
Transfer to statutory reserve	—	—	—	—	—	1,082	—	—	(1,082)	—
Payment of 2013 interim dividend	—	—	—	—	—	—	—	—	(11,708)	(11,708)
At 31 December 2013	292,708	565,489	(215,150)	12,411	2,224	33,545	29,078	22	483,393	1,203,720
For the year ended 31 December 2014										
At 1 January 2014	292,708	565,489	(215,150)	12,411	2,224	33,545	29,078	22	483,393	1,203,720
Loss for the year	—	—	—	—	—	—	—	—	(583,152)	(583,152)
Other comprehensive income:										
Fair value loss on available-for-sale financial assets	—	—	—	—	—	—	(117,293)	—	—	(117,293)
Currency translation differences	—	—	—	—	—	—	—	(409)	—	(409)
Total other comprehensive loss	—	—	—	—	—	—	(117,293)	(409)	—	(117,702)
Total comprehensive loss	—	—	—	—	—	—	(117,293)	(409)	(583,152)	(700,854)
Payment of 2013 final dividend	—	—	—	—	—	—	—	—	(11,708)	(11,708)
Transfer to statutory reserve	—	—	—	—	—	442	—	—	(442)	—
Dividends	—	—	—	—	—	—	—	—	—	—
At 31 December 2014	292,708	565,489	(215,150)	12,411	2,224	33,987	(88,215)	(387)	(111,909)	491,158

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014
(Expressed in thousands of HK dollar)

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash used in operations	31	(49,704)	(34,504)
Interest paid		(5,253)	(7,805)
Hong Kong profits tax paid		—	(1,444)
China enterprise income tax paid		(3,033)	(3,980)
Net cash used in operating activities		(57,990)	(47,733)
Cash flows from investing activities			
Purchase of property, plant and equipment		(12,319)	(21,847)
Additions of intangible assets		(12,072)	(20,215)
Acquisition of a subsidiary		—	(2,610)
Purchase of available-for-sale financial assets		(122,280)	(271,749)
Proceed received on disposal of property, plant and equipment and intangible assets	31	20	139
Proceed received on disposal of available-for-sale financial assets		179,513	370,118
Interest received		4,503	6,883
Prepayment for acquisition of property, plant and equipment, intangible assets and financial assets		(605)	(3,459)
Amount due from a related party		(2,684)	—
Loan receivables		—	19,400
Net cash generated from investing activities		34,076	76,660
Cash flows from financing activities			
New bank borrowings		496,019	892,384
Repayments of bank borrowings		(545,128)	(942,372)
Capital repayment of finance lease obligations		(973)	(7,720)
Dividends paid		(11,708)	(11,708)
Net cash used in financing activities		(61,790)	(69,416)
Net decrease in cash and cash equivalents		(85,704)	(40,489)
Cash and cash equivalents at beginning of the year		325,892	365,295
Exchange (losses)/gains on cash and cash equivalents		(396)	1,086
Cash and cash equivalents at end of the year		239,792	325,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of HK dollar)

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 (collectively, the "**Group**") are principally engaged in the manufacturing of a range of high-technology products, and the trading of and provision of services with respect to automation-related equipment.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 15 December 2010.

The consolidated financial statements are presented in thousands of units of Hong Kong dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 13 March 2015.

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 have 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, available-for-sale financial assets and contingent consideration payable in relation to acquisition of a subsidiary, which are carried at fair values.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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.

2.1.2 Changes in accounting policy and disclosures

(a) Amended standards and interpretation adopted by the Group

The following amendments to standards are mandatory for accounting periods beginning on or after 1 January 2014:

HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities
HK (IFRIC)-Int 21	Levies

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

(b) New standard and amendments to standards have been issued but not effective for the financial year beginning on or after 1 January 2014 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 19 (2011) (Amendment)	Defined benefit plans: employee contributions	1 July 2014
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2010–2012 Cycle	1 July 2014
HKFRSs (Amendment)	Annual Improvements to HKFRSs 2011–2013 Cycle	1 July 2014
HKFRSs (Amendment)	Annual Improvements 2012 to 2014 Cycle	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKAS 27 Amendment	Equity method in separate financial statements	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

The Group has not early adopted these new standards and amendments to the existing standards in the financial statements for the year ended 31 December 2014. The Group plans to apply the above standards and amendments when they become effective. The Group has already commenced an assessment of the related impact to the Group and it is not yet in a position to state whether any substantial changes to Group's significant accounting policies and presentation of the financial information will result.

(c) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2.2 Subsidiaries

(a) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated 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.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement (Note 2.8).

(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.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. 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 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

2.4 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.

2.5 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 statement of comprehensive income, 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 statement of comprehensive income within "other income — net".

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 statement of financial position presented are translated at the closing rate at the end of the reporting period;

— income and expenses for each statement of comprehensive income 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 in other comprehensive income.

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 other comprehensive income.

2.6 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.

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 statement of comprehensive income 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 the end of each reporting period.

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 2.9).

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

2.7 Land use right

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

2.8 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 of three years.

(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.

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 on a straight-line basis.

(d) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five years over the expected life of the customer relationship.

(e) Other intangible assets arising from business combinations

Intangible assets, other than goodwill, identified on business combinations are capitalized at their fair values. They represent mainly order backlogs and non-compete agreements. Intangible assets arising from business combinations with definite useful lives are amortised on a straight-line basis from the date of acquisition over their estimated useful lives of six years.

2.9 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.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. 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.

(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 end of the reporting period. 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.

2.10.2 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 statement of comprehensive income. 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. Available-for-sale financial assets and 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.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale financial assets are recognised in other comprehensive income. When these securities are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as "gains and losses from investment securities".

Dividends on financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

2.10.3 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 statement of comprehensive income. 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 statement of comprehensive income.

2.10.4 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 2.10.3 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 statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. 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 statement of comprehensive income.

2.11 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.

2.12 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.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, 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.

2.14 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.

2.15 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. Trade 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.

2.16 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 statement of comprehensive income 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 end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent it relates to items recognised in other comprehensive income or directly in equity.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period 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, 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 end of reporting period 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 and associates, 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.

2.18 Employee benefits

(a) Pension obligations

The Group maintains defined contribution plans in both Hong Kong and the China. 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 the end of reporting period 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.

2.19 Share-based payments

The Group operates an equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

— including any market performance conditions (for example, an entity's share price);

— excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

— including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2.20 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.

2.21 Revenue recognition

Revenue is measured at 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 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 flows 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.

2.22 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 statement of comprehensive income 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.

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 statement of comprehensive income 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.

2.23 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 statement of comprehensive income 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.

2.24 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 China. 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 China government.

As at 31 December 2014 and 2013, the Group's borrowings are mainly denominated in Hong Kong dollar and US dollar. 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 2014, if RMB had strengthened/weakened by 5% with all other variables held constant, the post tax loss for the year would have been HK$2,823,000 lower/higher, mainly as a result of foreign exchange gains/losses on revaluation of RMB denominated bank deposits, receivables and payables (2013: post tax profit HK$3,418,000 higher/lower, mainly as a result of foreign exchange gains/losses on revaluation of RMB denominated bank deposits, receivables and payables).

The Group has certain investments in available-for-sale financial assets which are denominated in foreign currencies (Note 11).

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.

Price risk

The Group is exposed to equity price change arising from its financial assets at fair value through profit or loss and available-for-sale financial assets. The Group's financial instruments are equity securities which are subject to change in market prices of the securities. To manage its price risk arising from investments in equity securities available for sale, the Group diversity its portfolio.

As of 31 December 2014, the Group's investments in listed entities that are publicly traded are subject to price risk. A 10% change is used when reporting the price risk internally to the management. If the price of the respective equity instruments had been 10% higher/lower, the equity would have been increased/decreased by approximately HK$8,452,000 (2013: HK$26,197,000).

The Group is not exposed to significant commodity price risk as at 31 December 2014 (2013: 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 2014, if interest rates on cash held at banks had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK$2,398,000 lower/higher, mainly as a result of higher/lower interest income on cash at banks. (2013: post-tax profit HK$3,259,000 higher/lower, mainly as a result of higher/lower interest income on cash at bank).

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 2014, if interest rates on borrowings had been 100 basis points higher/lower with all other variables held constant, post-tax loss for the year would have been approximately HK$2,134,000 higher/lower, mainly as a result of higher/lower interest expense on floating rate borrowings. (2013 post-tax profit: HK$2,552,000 lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings).

The Group is not exposed to any fair value interest-rate risk as the Group does not have any fixed rates borrowings as at 31 December 2014 (2013: Same).

(b) Credit risk

Credit risk mainly arises from trade and other receivables, loan receivables and cash and cash equivalents.

As at 31 December 2014, the top five debtors and the largest debtor accounted for approximately 33% (2013: 55%) and 11% (2013: 30%) 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.

For sales of machinery to automation customers, the Group normally requires customers to pay approximately 90% of the contracted sum before the goods delivery.

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 the end of each reporting period 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.

In regards to the loan granted by the Group, management assessed the financial position and performance of the counter-party, taking into account its business plans, past experience and other factors. Based on the assessment, the directors consider that the credit risk is not significant.

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

Certain share certificates of available-for-sale investments are placed in reputable securities brokers institutions. The credit risks in respect of these available-for-sale investments are considered to be low.

(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 flows. The Group aims to maintain flexibility in funding while minimising its overall costs by keeping a mix of committed and uncommitted credit lines available.

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

	On demand	**Within one year**	**Between one and two years**	**Between two and five years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group:					
At 31 December 2014					
Trade and bills payables	—	69,584	—	—	69,584
Accruals and other payables	—	34,891	—	—	34,891
Bank borrowings and interest payables *(Note i)*	143,077	58,298	31,555	30,136	263,066
	143,077	162,773	31,555	30,136	367,541
At 31 December 2013					
Trade and bills payables	—	154,992	—	—	154,992
Accruals and other payables	—	57,331	9,125	—	66,456
Bank borrowings and interest payables *(Note i)*	196,316	48,239	38,723	25,712	308,990
Finance lease obligations and interest payables	973	—	—	—	973
	197,289	260,562	47,848	25,712	531,411

	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 2014					
Bank borrowings and interest payables *(Note i)*	—	38,721	13,036	12,675	64,432
Financial guarantee contract to a subsidiary *(Note ii)*	143,077	19,577	18,519	17,460	198,633
	143,077	58,298	31,555	30,135	263,065
At 31 December 2013					
Bank borrowings and interest payables *(Note i)*	—	48,239	38,723	25,712	112,674
Financial guarantee contract to a subsidiary *(Note ii)*	196,316	—	—	—	196,316
	196,316	48,239	38,723	25,712	308,990

Note i:

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

	On demand	**Within one year**	**Between one and two years**	**Between two and five years**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group:					
At 31 December 2014					
Trade and bills payables	—	69,584	—	—	69,584
Accruals and other payables	—	34,891	—	—	34,891
Bank borrowings and interest payables	10,000	191,737	31,555	30,136	263,428
	10,000	296,212	31,555	30,136	367,903
At 31 December 2013					
Trade and bills payables	—	154,992	—	—	154,992
Accruals and other payables	—	57,331	9,125	—	66,456
Bank borrowings and interest payables	—	245,062	38,723	25,712	309,497
Finance lease obligations	—	979	—	—	979
	—	458,364	47,848	25,712	531,924

	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 2014					
Bank borrowings	—	38,721	13,036	12,675	64,432
Financial guarantee contract to a subsidiary *(Note ii)*	10,000	153,016	18,519	17,460	198,995
	10,000	191,737	31,555	30,135	263,427
At 31 December 2013					
Bank borrowings	—	48,239	38,723	25,712	112,674
Financial guarantee contract to a subsidiary *(Note ii)*	—	196,823	—	—	196,823
	—	245,062	38,723	25,712	309,497

Note ii:

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

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 capital structure of the Group consists of borrowings and shareholder's equity. Capital is managed so as to maximize the return to shareholders while maintaining a capital base to allow the Group to operate effectively in the marketplace and sustain future development of the business. This ratio is calculated as total liabilities divided by total assets.

The Group's total liabilities and total assets positions and debt-asset ratio at 31 December 2014 and 2013 were as follows:

	2014 HK$'000	2013 HK$'000
Total liabilities	386,121	569,230
Total assets	877,279	1,772,950
Debt-asset ratio	0.44	0.32

3.3 Fair value estimation

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

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

— Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. 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 and available-for-sale financial assets.

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 of 31 December 2013, instruments included in level 2 comprised available-for-sale financial assets which represent investments in equity instruments that do not have a quoted market price in an active market as of the end of reporting period. The fair values of these unlisted securities were determined by the information available from recent transactions.

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 and contingent consideration payable in relation to acquisition of a subsidiary which represents payable to the selling shareholder that do not have a quoted market price in an active market as of 31 December 2014 and 2013.

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 Group's assets/(liabilities) that are measured at fair value at 31 December 2014:

	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2014				
Assets				
Financial assets at fair value through profit or loss	1,162	—	—	1,162
Available-for-sale financial assets	83,353	—	74,391	157,744
Liabilities				
Contingent consideration in relation acquisition of a subsidiary	—	—	(9,672)	(9,672)
	84,515	—	64,719	149,234
As at 31 December 2013				
Assets				
Financial assets at fair value through profit or loss	1,321	—	—	1,321
Available-for-sale financial assets	260,644	22,269	74,391	357,304
Liabilities				
Contingent consideration in relation acquisition of a subsidiary	—	—	(16,949)	(16,949)
	261,965	22,269	57,442	341,676

Transfer between level 2 & 3 is addressed in the Level 3 reconciliation in Note 3.5 below.

3.4 Valuation techniques used to derive Level 2 fair values

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

As at 31 December 2014, the available-for-sale financial asset was measured at cost less impairment, if any, because it is a startup business and in the new products development stage, in which there are uncertainties as to the future performance of these new products and accordingly, the fair value cannot be determined reliably. In accordance with HKAS 39 under these circumstances, the carrying amount of the investment in unquoted security of HK$29,518,000 became its new cost (Note 11).

3.5 Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2014:

	Available-for-sale financial assets *HK$'000*	Contingent consideration payable in relation to acquisition of a subsidiary *HK$'000*
Opening balance at 1 January 2014	74,391	(16,949)
Losses recognised in profit or loss	—	(1,725)
Settlement during the year	—	9,002
Closing balance at 31 December 2014	74,391	9,672
Change in unrealised losses for the period included in profit or loss for liabilities held at end of the reporting period, under 'Finance costs' *(Note 27)*	—	874

The following table presents the changes in level 3 instruments for the year ended 31 December 2013:

	Available-for-sale financial assets *HK$'000*	Contingent consideration payable in relation to acquisition of a subsidiary *HK$'000*
Opening balance at 1 January 2013	—	(23,124)
Addition	27,584	—
Transfer to Level 3 *(Note)*	46,807	—
Losses recognised in profit or loss	—	(1,973)
Settlement during the year	—	8,148
Closing balance at 31 December 2013	74,391	(16,949)
Change in unrealised losses for the period included in profit or loss for liabilities held at end of the reporting period, under 'Finance costs' *(Note 27)*	—	(1,333)

Note:

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

Information about fair value measurements using significant unobservable inputs (Level 3)

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

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

Description	Fair value at 31 December 2014 (HK$'000)	Valuation technique(s)	Unobservable inputs	Unobservable inputs	Relationship of unobservable inputs to fair value
Equity security	48,886	Market comparable approach using equity allocation method	Volatility	60%	The higher the volatility, the higher the fair value
		Discounted cash flow using equity allocation method	Weighted average cost of capital	21.5%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value
Equity security	27,509	Discounted cash flow	Weighted average cost of capital	33%	The higher the weighted average cost of capital, the lower the fair value
			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value

There were no changes in valuation techniques during the year.

3.6 Group's valuation processes

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

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

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 the end of each reporting period.

(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.

(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 write down 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 the end of each reporting period.

(e) Income taxes

The Group is mainly subject to income taxes in jurisdictions in Hong Kong and China. 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 the end of each reporting period. In addition, all internal activities related to the research and development of new products is continuously monitored by the Group's management.

(g) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. 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 financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial assets is impaired in accordance with the accounting policy stated in Note 2.10. 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 flows.

(i) Contingent considerations of acquisition

The Group's business acquisition involved post-acquisition performance-based contingent considerations. The Group follows the requirement of HKFRS 3 (Revised) to recognise the fair value of those contingent considerations for acquisition, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired business. These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgement on time value of money. Contingent considerations shall be re-measured at their fair value resulting from events or factors emerge after the acquisition date, with any resulting gain or loss recognised in the consolidated comprehensive income.

5 SEGMENT INFORMATION

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

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

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

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

	2014			**2013**		
	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*
Automation	409,433	(5,083)	404,350	374,754	(1,515)	373,239
Life Energy	34,650	—	34,650	51,115	—	51,115
Life Security	185,271	—	185,271	128,090	—	128,090
Life Touch	54,811	—	54,811	365,805	—	365,805
Other Segments	61,974	—	61,974	118,413	—	118,413
Total	746,139	(5,083)	741,056	1,038,177	(1,515)	1,036,662

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

	2014	**2013**
	HK$'000	*HK$'000*
Operating (loss)/profit		
Automation	11,084	11,049
Life Energy	(18,139)	(20,075)
Life Security	1,852	877
Life Touch	(120,035)	(16,483)
Other Segments	(84,253)	(2,310)
Total	(209,491)	(26,942)
Unallocated:		
Depreciation shared by various reportable segments	(16,620)	(17,235)
Provision for impairment of property, plant and equipment shared by various reportable segments	(258,525)	—
Amortisation of land use right	(116)	(116)
Other gain — net	5,387	315,581
Other income — net	4,958	1,048
Other distribution costs and administrative expenses	(89,684)	(128,091)
Finance costs — net	(1,470)	(2,157)
Share of loss of and impairment provision for associates	(9,905)	(7,966)
(Loss)/profit before income tax	(575,466)	134,122

	2014	2013
	HK$'000	*HK$'000*
Other segment items — depreciation and amortisation		
Automation	(2,971)	(2,971)
Life Energy	(4,556)	(5,991)
Life Security	(27,870)	(22,462)
Life Touch	(30,737)	(35,797)
Other Segments	(4,245)	(5,832)
	(70,379)	(73,053)

During the year ended 31 December 2014, the Group recorded a provision for impairment of inventories of HK$9,396,000 (2013: HK$13,305,000), HK$393,000 (2013: HK$18,510,000), HK$828,000 (2013: Nil) and HK$1,183,000 (2013: HK$1,185,000) in the segment results of Life Energy, Life Touch, Life Security and Other Segments respectively. No provision for impairment of inventories has been made for Automation (2013: Nil).

In addition, the Group recorded a provision for impairment of property, plant and equipment of HK$9,327,000 (2013: Nil), HK$82,708,000 (2013: Nil) and HK$83,940,000 (2013: Nil) in the segment results of Life Energy, Life Touch and Other segments respectively. No provision for impairment of property, plant and equipment has been made for Life Security and Automation (2013: Nil).

During the year ended 31 December 2014, no provision for impairment of intangible assets has been made. During the year ended 31 December 2013, the Group recorded a provision for impairment of intangible assets of HK$7,761,000, HK$1,089,000 and HK$2,133,000 in the segment results of Life Energy, Life Security and Other Segments respectively. No provision for impairment of intangible assets has been made for Life Touch and Automation.

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 operating profit, which is in a manner consistent with that of the consolidated financial statements.

Other gain — net, other income — net, distribution and administrative expenses, depreciation and amortisation of land use right are not allocated to segments, as they are inseparable for each product and not attributable to particular reportable segments. Finance costs — net and shares of losses and impairment provision of associates are not allocated to segments, as these items are managed by the central finance and accounting function, which manages the working capital of the Group.

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

	2014	2013
	HK$'000	*HK$'000*
Segment assets		
Automation	197,611	201,654
Life Energy	7,652	43,755
Life Security	91,425	96,785
Life Touch	9,091	198,428
Other Segments	22,843	122,892
Segment assets for reportable and other segments	328,622	663,514
Unallocated:		
Property, plant and equipment shared by various reportable segments	45,278	323,580
Land use right	4,690	4,806
Available-for-sale financial assets	187,262	357,304
Investments in associates	12,595	22,500
Deferred income tax assets	5,992	13,996
Inventories shared by various reportable segments	61,939	76,994
Prepayments, deposits and other receivables shared by various reportable segments	20,780	34,056
Financial assets at fair value through profit or loss	1,162	1,321
Cash and cash equivalents shared by various reportable segments	208,959	274,879
Total assets	877,279	1,772,950

The amounts provided to the CEO with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. Segment assets represent property, plant and equipment, intangible assets, trade receivables, prepayments, deposits and other receivables, current income tax recoverables, amount due from a related party, cash and cash equivalents, goodwill and inventories attributable to various reportable segments.

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

Reportable segments liabilities are reconciled to total liabilities as follows:

	2014	2013
	HK$'000	*HK$'000*
Segment liabilities		
Automation	133,667	110,932
Life Energy	4,187	9,501
Life Security	22,389	23,808
Life Touch	6,623	67,992
Other Segments	7,489	22,010
Segment liabilities for reportable and other segments	174,355	234,243
Unallocated:		
Accruals and other payables	36,090	73,172
Bank borrowings	170,076	250,050
Finance leases obligations	—	973
Current income tax liabilities	5,399	10,792
Deferred income tax liabilities	201	—
Total liabilities	386,121	569,230

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 represent trade payables which are allocated based on the operations of the segment, accruals and other payables, deferred income tax liabilities, current income tax liabilities and bank borrowings attributed to various reportable segments.

Unallocated segment liabilities comprise accruals and other payables, bank borrowings, finance leases obligations, current income tax liabilities and deferred income tax liabilities, which are inseparable for each product and are not attributable to particular reportable segments.

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

Members of the Group are mainly domiciled in Hong Kong and China while their major customers are mainly located in China and the United States of America.

The Group's revenue derived from external customers located in China and the United States of America is HK$569,908,000 (2013: HK$479,884,000) and HK$64,967,000 (2013: HK$448,198,000) respectively, while the remaining revenue is derived from customers located in other countries.

The total amount of non-current assets other than deferred income tax assets located in China is HK$91,626,000 (2013: HK$586,904,000), and the total amount of these non-current assets located in other countries is HK$277,621,000 (2013: HK$461,283,000).

For the year ended 31 December 2014, revenue of approximately HK$58,651,000 (2013: HK$373,258,000) is derived from a customer in the Life Touch segment and approximately HK$58,969,000 (2013: HK$35,102,000) is derived from a customer in the Life Security segment.

6 PROPERTY, PLANT AND EQUIPMENT

The Group:

	Buildings	Leasehold improvements, furniture and fixtures and office equipment	Machinery and factory equipment	Computer equipment	Motor vehicles	Construction-in-progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013							
Cost	205,684	38,814	528,917	22,042	8,199	95,630	899,286
Accumulated depreciation	(17,893)	(22,162)	(226,038)	(13,842)	(3,469)	—	(283,404)
Net book amount	187,791	16,652	302,879	8,200	4,730	95,630	615,882
For the year ended 31 December 2013							
Opening net book amount	187,791	16,652	302,879	8,200	4,730	95,630	615,882
Additions	—	4,861	9,716	2,957	—	7,823	25,357
Transfers	—	136	4,332	—	178	(4,646)	—
Disposal	—	(1,032)	—	(243)	—	—	(1,275)
Depreciation	(5,142)	(5,078)	(53,254)	(3,224)	(884)	—	(67,582)
Closing net book amount	182,649	15,539	263,673	7,690	4,024	98,807	572,382
At 31 December 2013							
Cost	205,684	41,950	542,965	23,997	8,377	98,807	921,780
Accumulated depreciation	(23,035)	(26,411)	(279,292)	(16,307)	(4,353)	—	(349,398)
Net book amount	182,649	15,539	263,673	7,690	4,024	98,807	572,382
For the year ended 31 December 2014							
Opening net book amount	182,649	15,539	263,673	7,690	4,024	98,807	572,382
Additions	—	2,625	8,536	691	668	—	12,520
Transfers	—	1,755	2,800	—	—	(4,555)	—
Disposal	(73)	(83)	(1,690)	(53)	—	(584)	(2,483)
Depreciation	(5,142)	(4,657)	(52,601)	(3,027)	(945)	—	(66,372)
Impairment	(145,199)	(10,932)	(180,047)	(2,791)	(1,863)	(93,668)	(434,500)
Closing net book amount	32,235	4,247	40,671	2,510	1,884	—	81,547
At 31 December 2014							
Cost	205,596	43,134	545,410	22,506	9,045	93,668	919,359
Accumulated depreciation and impairment	(173,361)	(38,887)	(504,739)	(19,996)	(7,161)	(93,668)	(837,812)
Net book amount	32,235	4,247	40,671	2,510	1,884	—	81,547

Depreciation expense of HK$49,356,000 (2013: HK$49,941,000) has been charged to cost of sales and HK$17,016,000 (2013: HK$17,641,000) has been charged to administrative expenses, respectively. Impairment loss of HK$273,715,000 (2013: Nil) has been charged to cost of sales and HK$160,785,000 (2013: Nil) has been charged to administrative expenses, respectively.

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

During the year ended 31 December 2014, no machinery is held under finance leases (2013: HK$5,531,000).

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$15,413,000 (2013: HK$179,970,000) as of 31 December 2014.

The Group carried out reviews of the recoverable amounts of each cash-generating unit ("CGU") which is determined as each operating segment.

During the year ended 31 December 2014, the Group has transformed from a labour-intensive manufacturing focused enterprise to a value-added, innovative technology corporation, in which it has moved its focus and redirected its resources from Life Touch, Life Energy and Other segments to Life Security, which is able to deliver higher margins and growth. As Life Security is technology-intensive and less manufacturing-intensive, the Group was significantly under production capacity during the year.

In light of the impairment indicators identified for Life Touch, Life Energy and Other segments, the directors have reviewed the recoverability of the relevant carrying amounts of these CGUs.

During the year, impairment loss of HK$434,500,000 has been recognised in respect of property, plant and equipment (2013: Nil), including abandoned construction-in-progress and other property, plant and equipment amounting to HK$93,700,000 and HK$340,800,000, respectively. The recoverable amount of abandoned construction-in-progress is determined based on fair value less costs of disposal and is recognised under level 3 of fair value hierarchy which largely uses observable and unobservable inputs including the market rent of completed buildings and capitalisation rate. The recoverable amount of other property, plant and equipment is determined based on the value-in-use calculation of relevant CGU. These calculations use pre-tax cash flow projections based on the budgets approved by the management covering a five-year period with the key assumptions used in the value-in-use calculation for the years ended 31 December 2014 and 2013 disclosed below. Cash flows beyond the five-year period are extrapolated based on the fifth year cash flow projection. In assessing the appropriateness of the recoverable amount of other property, plant and equipment, the management has made reference to market rent of buildings and resale value in secondary market for the equipments and the other assets.

	2014	**2013**
Growth rate — Life Touch	0%	5%
Growth rate — Life Security	1.5%	5%
Growth rate — Life Energy	0%	5%
Growth rate — Others	0%	5%
Discount rate	10%	10%

Revenue growth rates are based on past practices and expectations on market and operational development. Based on the latest business plan, management expects Life Security revenue will grow at 1.5% each year, whereas revenues from Life Touch, Life Energy and other segment are expected to either decrease or remain stable due to change in market conditions, hence, their growth rates are forecasted to be zero.

The discount rate applied by the Group is a rate that reflects the current market assessment of the time value of money and the risk specific to the CGUs.

There is no impairment loss for CGU of Life Security. If there is a decrease in budgeted revenue for Life Security by 20% and an increase in discount rate (pre-tax) by 1%, the value-in-use would still be in excess of the carrying amount of the CGU. Judgment is required to determine key assumptions adopted in the cash flow projections and the changes to key assumptions can significantly affect these cash flow projections. If there is an increase in discount rate (pre-tax) by 1% for Life Touch, Life Energy and Other segments, the impairment loss will increase by an aggregate amount of HK$3,300,000.

7 LAND USE RIGHT

The Group:

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

	2014	2013
	HK$'000	*HK$'000*
In China held on:		
Lease between 10 and 50 years	4,690	4,806

Movements during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
At beginning of year	4,806	4,922
Amortisation	(116)	(116)
At end of year	4,690	4,806

Amortisation expense of HK$116,000 (2013: HK$116,000) has been charged to administrative expenses.

8 INTANGIBLE ASSETS

The Group:

	Goodwill HK$'000	Trademarks and patents HK$'000	Development costs HK$'000	Contractual customers relationships HK$'000	Other intangible assets HK$'000	Total HK$'000
For the year ended 31 December 2013						
Opening net book amount	45,222	950	27,651	11,598	356	85,777
Acquisition of a subsidiary	2,900	—	—	—	—	2,900
Additions	—	2,670	17,545	—	—	20,215
Amortisation	—	(1,376)	(19,493)	(2,899)	(72)	(23,840)
Impairment	—	—	(10,983)	—	—	(10,983)
Closing net book amount	48,122	2,244	14,720	8,699	284	74,069
At 31 December 2013						
Cost	48,122	7,519	87,201	14,497	832	158,171
Accumulated amortisation and impairment	—	(5,275)	(72,481)	(5,798)	(548)	(84,102)
Net book amount	48,122	2,244	14,720	8,699	284	74,069
For the year ended 31 December 2014						
Opening net book amount	48,122	2,244	14,720	8,699	284	74,069
Additions	—	7,110	10,119	—	—	17,229
Amortisation	—	(2,943)	(10,010)	(2,900)	(72)	(15,925)
Closing net book amount	48,122	6,411	14,829	5,799	212	75,373
At 31 December 2014						
Cost	48,122	14,629	97,320	14,497	832	175,400
Accumulated amortisation and impairment	—	(8,218)	(82,491)	(8,698)	(620)	(100,027)
Net book amount	48,122	6,411	14,829	5,799	212	75,373

Amortisation expense of HK$15,925,000 (2013: HK$23,840,000) has been charged to cost of sales in the consolidated statement of comprehensive income.

Impairment test for goodwill

Management considered each subsidiary represents a separate CGU for the purpose of goodwill impairment testing.

The recoverable amount of the CGUs are determined based on value-in-use calculations.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts.

As of 31 December 2014, the carrying amounts of goodwill allocated to the Automation and Life Security segment amounted to HK$43,722,000 (2013: HK$43,722,000) and HK$4,400,000 (2013: HK$4,400,000) respectively.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years with a terminal value related to the future earnings potential of CGU beyond the next five years. The financial budgets and growth rates are estimated based on past performance and its expectations of market development. The key assumptions used for the value-in-use calculations are as follows:

	Automation	**Life Security**
For the year ended 31 December 2014		
Growth rate (terminal growth rate)	5%	1%
Discount rate	10%	10%
For the year ended 31 December 2013		
Growth rate (terminal growth rate)	3%	3%
Discount rate	10%	10%

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of CGUs to exceed the aggregate recoverable amount of CGUs.

9 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM/TO SUBSIDIARIES

	2014	**2013**
	HK$'000	*HK$'000*
The Company		
Investment in unlisted subsidiaries, at cost	250,000	250,000
Amounts due from subsidiaries	916,907	911,568
Amounts due to subsidiaries	(301,433)	(283,284)

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

Details of the subsidiaries of the Company are 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:					
Great Sphere Developments Limited	3 July 2012	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Success Charm Holdings Limited	11 May 2009	British Virgin Islands	27,774,264 shares of US$1 each	100%	Investment holding
Indirectly held:					
Brilliant Victory Holdings Limited	23 November 2012	British Virgin Islands	1 share of US$1 each	100%	Investment holding
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	100%	Investment holding
Cyber Communications Company Limited	24 February 2011	Hong Kong	1 share of HK$1 each	100%	Investment holding
Cyber Energy Limited	18 December 2009	Hong Kong	1 share of HK$1 each	100%	Investment holding
Cyber Lighting Technology Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Inactive
Cyber Medics Company Limited	24 February 2011	Hong Kong	1 share of HK$1 each	100%	Investment holding
Cyber Products Technology Company Limited	2 March 2011	Hong Kong	1 share of HK$1 each	100%	Inactive
Cyber Vision Technology Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Ever Firm Limited	6 May 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
FingerQ Japan Co., Ltd	27 December 2013	Japan	50 share of JPY10,000 each	100%	Business development and product marketing

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
FingerQ Technology Limited	30 May 2013	British Virgin Islands	1 share of US$1 each	100%	Investment holding
FingerQ Secure Network Limited	19 February 2013	Hong Kong	1 share of HK$1 each	100%	Investment holding
FingerQ Macao Commercial Offshore Limited	13 December 2007	Macau	1 share of MOP$100,000 each	100%	Trading of software
Forever Best Investments Limited	9 August 2013	Hong Kong	1 share of HK$1 each	100%	Inactive
Gain Glory Holdings Limited	28 September 2012	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Gallant Tech Limited	10 May 2007	Hong Kong	5,000,000 shares of HK$1 each	100%	Trading of machines and spare parts and investment holding
Gallant Tech (i-manufacturing) Limited	15 October 2012	British Virgin Islands	1 share of US$1 each	100%	Inactive
Giant Leap International Limited	27 September 2013	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Golden Vast Limited	11 April 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Golden Vast Macao Commercial Offshore Limited	25 February 2003	Macau	1 share of MOP$1,000,000 each	100%	Trading of electronic products
Grand Sheen Group Limited	18 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Great Earnings Limited	23 April 2012	Hong Kong	1 share of HK$1 each	100%	Inactive
Great Ray Developments Limited	3 July 2012	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Heshan World Fair Electronics Technology Limited	18 November 2004	China	US$57,250,000	100%	Manufacturing of printed circuit board touch pad
Majestic Fortune Limited	11 January 2011	British Virgin Islands	1 share of US$1 each	100%	Investment holding
Shining Union Limited	9 July 2009	Hong Kong	1 share of HK$1 each	100%	Management and holding of patents, trademarks and designs

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
Silkray Limited	11 May 2009	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
Surplus Creation Investments Limited	3 January 2013	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%	Trading of electronic products
World Design Technology Limited	4 November 2009	British Virgin Islands	1 share of US$1 each	100%	Investment holding
World Fair International Limited	27 December 1996	Hong Kong	100,000 shares of HK$1 each	100%	Trading of electronic products
深圳市佳力興業電子科技有限公司	23 June 2006	China	RMB1,500,000	100%	Trading of machines and spare parts
WWTT Technology China	1 November 2011	China	HK$1,000,000	100%	Research and development

10 INVESTMENTS IN ASSOCIATES

The Group:

	2014	2013
	HK$'000	*HK$'000*
At 1 January	22,500	30,465
Share of losses of and provision for impairment loss on associates	(9,905)	(7,965)
At 31 December	12,595	22,500

Set out below are the associates of the Group as at 31 December 2014. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Details of investment in associates as at 31 December 2014 and 2013

Name	Place of business/ country of incorporation	Ownership interest	Principal activities	Measurement method
Advanced Radio Device Technologies, Inc. ("ARDT")	Korea	43%	Research and development, manufacturing, sales and marketing of semiconductors for communication and related equipment	Equity
Tekmar, Inc.	USA	37.76%	Research and development, manufacturing, sales of carrier grade wireless telecommunication systems and components	Equity

ARDT and Tekmar, Inc. are private companies and there is no quoted market price available for its shares.

There are no contingent liabilities relating to the Group's interest in the associates.

As a result of the continued loss sustained and the financial difficulties faced by Tekmar, the Group has fully impaired the interest in Tekmar, Inc. of HK$6,119,000 during the year ended 31 December 2014 and did not have any unrecognised share of losses of associates (2013: Nil).

Summarised financial information for associates

Set out below are the summarised financial information for the ARDT and Tekmar, Inc. which are accounted for using the equity method.

Summarised statement of financial position

	ARDT	
	2014	**2013**
	HK$'000	*HK$'000*
Current		
Total current assets	6,576	7,977
Total current liabilities	(179)	(84)
Non-current		
Total non-current assets	4,365	6,140
Total non-current liabilities	(2,170)	(2,327)
Net assets	8,592	11,706

Summarised statement of comprehensive income

	ARDT	
	2014	**2013**
	HK$'000	*HK$'000*
Revenue	3,164	901
Post-tax loss from continuing operations	(3,114)	(5,176)
Other comprehensive loss	—	—
Total comprehensive loss	(3,114)	(5,176)
Dividends received from associate	—	—
Post-tax loss from continuing operations after acquisition	(3,114)	(5,176)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates.

	ARDT	
Summarised financial information	**2014** *HK$'000*	**2013** *HK$'000*
Opening net assets 1 January	11,706	16,882
Post acquisition loss for the period	(3,114)	(5,176)
Closing net assets	8,592	11,706
% of ownership	43.00%	43.00%
Interest in associates	3,695	5,034
Goodwill	8,900	8,900
Carrying value	12,595	13,934

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The Group:

	2014	**2013**
	HK$'000	*HK$'000*
Unlisted shares	103,909	96,660
Listed shares	83,353	260,644
	187,262	357,304
Market value of listed shares	83,353	260,644

Certain unlisted shares of aggregated carrying amount of HK$74,391,000 (2013: HK$74,391,000) are measured at fair value determined by using discounted cash flow approaches which are not based on observable inputs.

Certain unlisted shares of aggregated carrying amount of HK$29,518,000 (2013: HK$22,269,000) are measured at cost (Note 3.3 and 3.4).

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

At the end of reporting period, the Group's available-for-sale financial assets were individually reviewed for impairment by management. There was no provision for impairment (2013: Nil) recognised in the consolidated statement of comprehensive income for the year ended 31 December 2014. The Group does not hold any collateral over these balances.

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

Available-for-sale financial assets are denominated in the following currencies:

	2014	**2013**
	HK$'000	*HK$'000*
US dollar	78,263	163,889
Norwegian Kroner	79,481	113,715
Swedish Krona	—	57,432
Canadian dollar	29,518	22,268
	187,262	357,304

12 INVENTORIES

The Group:

	2014	**2013**
	HK$'000	*HK$'000*
Raw materials	62,073	92,057
Work in progress	5,709	16,435
Finished goods	39,309	40,583
	107,091	149,075

Cost of inventories of HK$600,533,000 (2013: HK$790,289,000) has been included in cost of sales.

As at 31 December 2014, raw materials, work in progress and finished goods of HK$30,356,000 (2013: HK$33,000,000) in total are considered as obsolete. A provision of HK$30,356,000 was made as at 31 December 2014 (2013: HK$33,000,000). The amount of provision for impairment has been included in "cost of sales" in the consolidated statement of comprehensive income.

13 TRADE RECEIVABLES

The Group:

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	136,504	210,427
Less: Provision for impairment of receivables	(668)	(828)
Trade receivables — net	135,836	209,599
Less: non-current portion	(1,763)	—
Current portion	134,073	209,599

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

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	58,365	131,227
31 to 60 days	29,584	30,672
61 to 90 days	23,758	27,167
91 to 120 days	8,694	6,590
Over 120 days	16,103	14,771
	136,504	210,427

As at 31 December 2014, trade receivables of HK$97,907,000 (2013: HK$177,693,000) are neither past due nor impaired. These relate to customers for whom there is no recent history of default.

As at 31 December 2014, trade receivables of HK$37,929,000 (2013: HK$31,906,000) 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:

	2014	2013
	HK$'000	*HK$'000*
0 to 30 days	2,287	8,050
31 to 60 days	6,306	5,207
61 to 90 days	11,039	11,381
91 to 120 days	7,746	3,683
Over 120 days	10,551	3,585
	37,929	31,906

As of 31 December 2014, trade receivables of HK$668,000 (2013: HK$828,000) were impaired and provided for. Amounts due from these customers were aged over 120 days.

Trade receivables are denominated in the following currencies:

	2014	2013
	HK$'000	*HK$'000*
US dollar	88,376	185,447
Hong Kong dollar	1,592	100
RMB	35,866	20,947
EUR	9,201	3,105
Others	801	—
	135,836	209,599

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

	2014	2013
	HK$'000	*HK$'000*
At 1 January	828	537
Provision for impairment of trade receivables	131	291
Reversal of provision of impairment of trade receivables	(291)	—
At 31 December	668	828

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.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Prepayments for purchase of property, plant and equipment and intangible assets	1,317	8,866	—	—
Prepaid insurance for a director	4,700	4,870	—	—
Others	—	3,390	—	—
	6,017	17,126	—	—
Current				
Prepayments for purchase of inventories	245	6,064	—	—
Utility and other deposits	3,573	3,554	—	—
Value-added tax recoverable	2,287	7,282	—	—
Escrow amount receivable	3,390	—	—	—
Others	7,743	7,835	779	1,745
	17,238	24,735	779	1,745

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

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group:

	2014	2013
	HK$'000	*HK$'000*
Listed shares	1,162	1,321

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 based on their current bid prices in an active market. Changes in fair values of financial assets at fair value through profit or loss are recorded in other gain — net in the consolidated statement of comprehensive income. Financial assets at fair value through profit or loss are presented within 'investing activities' in the consolidated statement of cash flows.

16 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash in hand	165	128	—	—
Cash at banks	239,627	325,764	102,079	139,003
	239,792	325,892	102,079	139,003

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RMB	127,748	153,845	59,989	5,295
US dollar	51,121	163,218	18,814	132,338
Hong Kong dollar	58,685	5,554	22,358	1,365
Others	2,238	3,275	918	5
	239,792	325,892	102,079	139,003

17 SHARE CAPITAL AND PREMIUM

	Number of shares (thousands) HK$'000	Nominal value of ordinary shares HK$'000	Share premium HK$'000	Total HK$'000
Authorised capital — ordinary shares of HK$0.1 each				
At 1 January 2013, 31 December 2013 and 31 December 2014	3,500,000	350,000	—	350,000
Issued and fully paid:				
At 1 January 2013, 31 December 2013 and 31 December 2014	2,927,084	292,708	565,489	858,197

18 OTHER RESERVES AND (ACCUMULATED DEFICIT)/RETAINED EARNINGS

The Group:

	Merger reserve (Note a) HK$'000	Capital reserve (Note b) HK$'000	Share option reserve HK$'000	Statutory reserve (note d) HK$'000	Available for-sale financial assets HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Total HK$'000
For the year ended 31 December 2013									
At 1 January 2013	(215,150)	12,411	—	32,463	10,074	22	(160,180)	367,517	207,337
Profit for the year	—	—	—	—	—	—	—	128,666	128,666
Other comprehensive income:									
Fair value gain on available-for-sale financial assets	—	—	—	—	19,004	—	19,004	—	19,004
Total other comprehensive income	—	—	—	—	19,004	—	19,004	—	19,004
Total comprehensive income	—	—	—	—	19,004	—	19,004	128,666	147,670
Share options — value of employee services	—	—	2,224	—	—	—	2,224	—	2,224
Transfer to statutory reserve	—	—	—	1,082	—	—	1,082	(1,082)	—
Dividends	—	—	—	—	—	—	—	(11,708)	(11,708)
At 31 December 2013	(215,150)	12,411	2,224	33,545	29,078	22	(137,870)	483,393	345,523

	Merger reserve *(Note a)*	Capital reserve *(Note b)*	Share option reserve	Statutory reserve *(note d)*	Available for-sale financial assets	Exchange reserve	Sub-total	Retained earnings/ (accumulated deficit)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2014									
At 1 January 2014	(215,150)	12,411	2,224	33,545	29,078	22	(137,870)	483,393	345,523
Loss for the year	—	—	—	—	—	—	—	(583,152)	(583,152)
Other comprehensive income:									
Fair value loss on available-for-sale financial assets	—	—	—	—	(117,293)	—	(117,293)	—	(117,293)
Currency translation differences	—	—	—	—	—	(409)	(409)	—	(409)
Total other comprehensive loss	—	—	—	—	(117,293)	(409)	(117,702)	—	(117,702)
Total comprehensive loss	—	—	—	—	(117,293)	(409)	(117,702)	(583,152)	(700,854)
Payment of 2013 final dividend	—	—	—	—	—	—	—	(11,708)	(11,708)
Transfer to statutory reserve	—	—	—	442	—	—	442	(442)	—
At 31 December 2014	(215,150)	12,411	2,224	33,987	(88,215)	(387)	(255,130)	(111,909)	(367,039)

The Company:

	Capital reserve *(Note c)*	Retained earnings	Share option reserve	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2013	34,750	2,471	—	37,221
Profit for the year	—	14,568	—	14,568
Payment of 2013 interim dividend	—	(11,708)	—	(11,708)
Share options — value of employee services	—	—	2,224	2,224
At 31 December 2013	34,750	5,331	2,224	42,305
At 1 January 2014	34,750	5,331	2,224	42,305
Profit for the year	—	13,663	—	13,663
Payment of 2013 final dividend	—	(11,708)	—	(11,708)
At 31 December 2014	34,750	7,286	2,224	44,260

(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 reorganization 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.

(d) The China laws and regulations require companies registered in China 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. China 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.

19 BANK BORROWINGS

	The Group		**The Company**	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Bank loans, secured	58,333	62,500	25,000	62,500
Current				
Bank loans, secured	99,767	178,129	37,500	45,833
Trust receipts loans, secured	97,477	64,020	—	—
	197,244	242,149	37,500	45,833
Total bank borrowings	255,577	304,649	62,500	108,333

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

	The Group		**The Company**	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	197,244	242,149	37,500	45,833
Between one and two years	29,167	37,500	12,500	37,500
Between two and five years	29,166	25,000	12,500	25,000
	255,577	304,649	62,500	108,333

The effective interest rates per annum were as follows:

	2014			**2013**		
	HK$	*US$*	*Others*	*HK$*	*US$*	*Others*
Bank loans	2.51%	—	—	2.49%	1.75%	—
Trust receipt loans	—	1.98%	1.85%	—	2.17%	—

As at 31 December 2014, the Company's effective interest rate per annum in bank borrowings was 2.31% (2013: 2.7%).

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

Certain of the Group's bank facilities are subject to covenants, whereby the Group is required to meet certain key performance indicators. The Group did not fulfil the tangible net worth as required by banking facility line of approximately HK$30,000,000 (2013: Nil), in which approximately HK$10,000,000 (2013: Nil) had been utilised as at 31 December 2014. The lender has not requested early repayment of the loan upon the failure of fulfilment of such covenant clause and the loan will be repayable in March 2015.

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 and are within Level 2 of the fair value hierarchy.

Bank borrowings are denominated in the following currencies:

	The Group		The Company	
	2014	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
US dollar	95,706	108,316	—	—
Hong Kong dollar	158,100	196,333	62,500	108,333
Japanese yen	1,771	—	—	—
	255,577	304,649	62,500	108,333

20 FINANCE LEASE OBLIGATIONS

Details of finance lease obligations are analysed as follows:

	2014	**2013**
	HK$'000	*HK$'000*
Total minimum lease payments under finance leases:		
— not later than one year	—	979
Less: Future finance charges	—	(6)
Finance leases obligations	—	973
Analysis of present value of finance lease obligations:		
— not later than one year	—	973

Finance lease obligations are denominated in Hong Kong dollar.

The effective interest rates per annum were as follows:

	2014	**2013**
Effective interest rates	2.21%	2.21%

21 DEFERRED INCOME TAX

The Group:

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 statement of financial position:

	2014	**2013**
	HK$'000	*HK$'000*
Deferred income tax assets to be recovered after more than 12 months	(5,992)	(13,996)
Deferred income tax liabilities to be settled after more than 12 months	1,524	1,976
	(4,468)	(12,020)

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

	2014	**2013**
	HK$'000	*HK$'000*
At beginning of year	(12,020)	(9,239)
Charged/(credited) to the consolidated statement of comprehensive income *(Note 28)*	7,552	(2,781)
At end of year	(4,468)	(12,020)

The movement in deferred income tax assets and liabilities during the years 2014 and 2013, 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**		**Fair value gains/ (losses)**		**Tax loss**		**Total**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deferred income tax liabilities/(assets)										
At 1 January	84	316	(7,188)	(9,059)	1,977	2,630	(6,893)	(3,126)	(12,020)	(9,239)
Charged to/(credited to) the consolidated statement of comprehensive income	116	(232)	1,196	1,871	(653)	(653)	6,893	(3,767)	7,552	(2,781)
At 31 December	200	84	(5,992)	(7,188)	1,324	1,977	—	(6,893)	(4,468)	(12,020)

Deferred income tax liabilities of HK$2,128,000 (2013: HK$6,860,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted retained earnings of the Group's Chinese subsidiary amounting to HK$42,569,000 (2013: HK$137,192,000). 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. The Group did not recognise deferred income tax assets of HK$11,391,000 (2013: HK$999,000) in respect of losses amounting to HK$69,037,000 (2013: HK$6,055,000) that can be carried forward against future taxable income due to uncertainty of availability of future taxable income. Such losses do not have expiry date.

22 TRADE AND BILLS PAYABLES

The Group:

	2014	**2013**
	HK$'000	*HK$'000*
Trade payables	69,489	153,856
Bills payables	95	1,136
	69,584	154,992

The ageing analysis of trade and bills payables based on invoice date is as follows:

	2014	**2013**
	HK$'000	*HK$'000*
0 to 30 days	42,022	99,071
31 to 60 days	14,253	28,922
61 to 90 days	2,886	14,652
91 to 120 days	3,317	9,387
Over 120 days	7,106	2,960
	69,584	154,992

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:

	2014	**2013**
	HK$'000	*HK$'000*
RMB	6,072	44,876
US dollar	44,532	96,498
Hong Kong dollar	12,768	12,879
EUR	6,189	739
Others	23	—
	69,584	154,992

23 ACCRUALS AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	2014	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current				
Contingent consideration payable in relation to acquisition of a subsidiary *(Note)*	—	8,247	—	—
Current				
Payable for purchase of property, plant and equipment	1,701	3,602	—	—
Salary and wages payable	9,098	19,467	262	4,270
Accrued operating expenses	2,064	7,023	732	4,718
Advance receipts from customers	9,864	13,596	—	—
Provision for value-added tax and other taxes in China	5,252	16,320	—	—
Contingent consideration payable in relation to acquisition of a subsidiary *(Note)*	9,672	8,702	—	—
Commission payables	1,368	2,212	—	—
Other accruals and other payables	12,558	16,543	2,381	1,209
	51,577	87,465	3,375	10,197

The carrying amounts of accruals and other payables approximate their fair values. As at 31 December 2014, approximately 37% (2013: 50%) of the carrying amounts of accruals and other payables are denominated in RMB, the remainings are mainly denominated in Hong Kong dollar.

Note:

On 16 January 2012, the Group acquired 100% of the issued shares in Gallant Tech Limited. Total consideration amounts to approximately HK$80.2 million, which includes cash payment of HK$58.8 million, amount payable of HK$0.2 million and estimated contingent consideration of approximately HK$21.2 million.

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

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

For the year ended 31 December 2014, settlement of HK$9,002,000 (2013: HK$8,148,000) was made to the former owner of Gallant Tech Group based on the net profit of Gallant Tech Group for the year ended 31 December 2013. In addition, an accretion of interest of HK$874,000 (2013: HK$1,333,000) at an effective interest rate and change of assumed probability-adjusted net profit of Gallant Tech Group for the year ended 31 December 2014 of HK$851,000 (2013: HK$640,000) have been recognised in profit or loss for the contingent consideration arrangement.

24 OTHER GAIN AND OTHER INCOME — NET

	2014	2013
	HK$'000	*HK$'000*
Other gain — net		
Fair value (loss)/gains on financial assets at fair value through profit or loss	(159)	45
Gain on disposal of available-for-sale financial assets	5,546	315,536
Other income — net	5,387	315,581
Forfeiture of trade deposits of a customer	3,151	—
Recovery of bad debt	291	—
Others	1,516	1,048
	4,958	1,048

25 EXPENSES BY NATURE

	2014	2013
	HK$'000	*HK$'000*
Employee benefit expenses *(Note 26)*	97,638	169,829
Cost of inventories	600,533	790,289
Provision of impairment loss on inventories	11,800	33,000
Provision for impairment loss on property, plant and equipment	434,500	—
Provision of impairment loss on intangible assets	—	10,983
Provision for impairment on trade receivables	131	291
Auditor's remuneration		
— Audit services	2,437	2,851
— Non-audit services	1,509	1,168
Depreciation of property, plant and equipment *(Note 6)*	66,372	67,582
Operating lease rentals — office premises, factory and warehouse	8,453	8,482
Amortisation of land use right *(Note 7)*	116	116
Consumables and factory supplies	1,848	1,939
Electricity, water and utilities expenses	11,787	16,346
Freight and transportation	6,135	8,716
Bank charges	1,591	2,999
Other tax levies		
Research and development expenses	3,362	6,689
— Employee benefit expenses *(Note 26)*	5,197	3,814
— Amortisation of intangible assets *(Note 8)*	15,925	23,840
Commission expenses	10,269	9,985
Advertising and promotion expenses	4,846	12,166
Others	31,043	37,962
Total cost of sales, distribution costs and administrative expenses	1,315,492	1,209,047

26 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2014	2013
	HK$'000	*HK$'000*
Wages and salaries	95,284	166,755
Other employee benefits	7,132	10,915
Share-based compensations	—	2,224
Pension costs — defined contribution plans and social security costs	10,538	11,294
	112,954	191,188
Less: amount recorded in research and development expenses *(Note 25)*	(5,197)	(3,814)
Less: amount capitalised as intangible assets *(Note 8)*	(10,119)	(17,545)
	97,638	169,829

(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$1,500 since June 2014 (January 2013 to May 2014: HK$1,250) and thereafter contributions are voluntary.

(ii) As stipulated by the rules and regulations in China, the subsidiary operating in China 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.

(iii) Directors' emoluments

The remuneration of every director of the Company paid/payable by the Group for the year ended 31 December 2014 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Employer's contribution to pension scheme	Share-based compensations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:						
Wong Kwok Fong	500	2,221	—	—	—	2,721
Ching Pui Yi	480	690	—	17	—	1,187
Tan Hui Kiat	150	531	—	—	—	681
Independent non-executive directors:						
Wong Chun Bong	288	—	—	—	—	288
Lee Kwok On, Matthew	216	—	—	—	—	216
Chan Wai	252	—	—	—	—	252
	1,886	3,442	—	17	—	5,345

The remuneration of every director of the Company paid/payable by the Group for the year ended 31 December 2013 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Employer's contribution to pension scheme	Share-based compensations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:						
Wong Kwok Fong	480	2,384	—	—	540	3,404
Ching Pui Yi	480	720	3,600	15	370	5,185
Tan Hui Kiat	150	542	400	—	148	1,240
Independent non-executive directors:						
Wong Chun Bong	288	—	—	—	—	288
Lee Kwok On, Matthew	216	—	—	—	—	216
Chan Wai	252	—	—	—	—	252
	1,866	3,646	4,000	15	1,058	10,585

Notes:

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 (2013: Same).

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.

(iv) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two directors (2013: two directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals (2013: three individuals) during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
Basic salaries, bonuses, other allowances and benefits in kind	3,227	5,419
Share-based compensations	—	796
Retirement benefit — defined contribution scheme	33	30
	3,260	6,245

The emoluments fell within the following bands:

	Number of individuals 2014	2013
Emolument bands Under HK$1,000,000	2	—
HK$1,000,001–HK$1,500,000	1	—
HK$1,500,001–HK$2,000,000	—	2
HK$2,000,001–HK$2,500,000	—	—
HK$2,500,001–HK$3,000,000	—	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 (2013: Same).

27 FINANCE INCOME AND COSTS

	2014	**2013**
	HK$'000	*HK$'000*
Finance income		
— Interest income on bank deposits	4,555	6,165
— Interest income on loan receivables	—	628
	4,555	6,793
Finance costs:		
— Bank loans	(4,008)	(5,714)
— Finance lease obligations	(6)	(101)
— Trust receipt loans	(1,137)	(1,802)
— Notional accretion of interest on contingent consideration payable	(874)	(1,333)
	(6,025)	(8,950)
Net finance costs	(1,470)	(2,157)

28 INCOME TAX EXPENSE

	2014	**2013**
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	3,018	2,480
— China enterprise income tax	3,034	5,917
— Overseas income tax	4	—
	6,056	8,397
Over-provision in prior years	(5,922)	(160)
	134	8,237
Deferred income tax *(Note 21)*	7,552	(2,781)
	7,686	5,456

Provision for income tax

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the year (2013: 16.5%).

The statutory income tax rate applicable to entities operating in the PRC is 25% (2013: 25%). A 5% withholding income tax is also imposed on dividends relating to profits remitted from the Chinese subsidiary.

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 taxation on the Group's (loss)/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:

	2014	**2013**
	HK$'000	*HK$'000*
(Loss)/profit before income tax	(575,466)	134,122
Tax calculated at domestic tax rates applicable to profits in the respective jurisdiction	(136,068)	14,105
Income not subject to tax	(725)	(52,241)
Expenses not deductible for tax purposes	139,978	42,386
Tax effects of associates' results reported net of tax	221	367
Over provision in prior years	(5,922)	(160)
Tax loss for which no deferred income tax asset was recognised	10,202	999
Income tax expense	7,686	5,456

29 (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.

	2014	**2013**
	HK$'000	*HK$'000*
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	(583,152)	128,666
Weighted average number of ordinary shares in issue *(thousands)*	2,927,084	2,927,084
Basic (loss)/earnings per share (expressed in HK cents per share)	(19.92)	4.40

(b) Diluted

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

	2014	2013
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/profit attributable to equity holders of the Company *(HK$'000)*	(583,152)	128,666
Weighted average number of ordinary shares in issue *(thousands)*	2,927,084	2,927,084
Adjustments for:		
— Share options *(thousands)*	—	1,437
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	2,927,084	2,928,521
Diluted (loss)/earnings per share (expressed in HK cents per share)	(19.92)	4.39

The basic and diluted earnings per share for the year ended 31 December 2014 were the same because the effect of the assumed conversion of all dilutive potential ordinary shares during the year were anti-dilutive.

30 DIVIDENDS

	2014	2013
	HK$'000	*HK$'000*
2014 interim dividend paid — Nil (2013: HK0.4 cents) per share	—	11,708
2014 proposed final dividend — Nil (2013: HK0.4 cents) per share	—	11,708
2013 final dividend paid — HK0.4 cents per share	11,708	—
	11,708	23,416

31 CASH USED IN OPERATIONS

	2014	2013
	HK$'000	*HK$'000*
(Loss)/profit before income tax Adjustments for:	(575,466)	134,122
— Finance income *(Note 27)*	(4,555)	(6,793)
— Finance costs *(Note 27)*	6,025	8,950
— Depreciation of property, plant and equipment *(Note 6)*	66,372	67,582
— Amortisation of land use right *(Note 7)*	116	116
— Amortisation of intangible assets *(Note 8)*	15,925	23,840
— Loss on disposal of property, plant and equipment and intangible assets	2,463	1,136
— Share-base payment *(Note 26)*	—	2,224
— Gain of disposal of available-for-sale financial assets *(Note 24)*	(5,546)	(315,536)
— Fair value loss/(gains) on financial assets at fair value through profit or loss *(Note 24)*	159	(45)
— Provision of impairment loss on inventories	11,800	33,000
— Provision of impairment loss on trade receivables	131	291
— Provision of impairment on property, plant and equipment	434,500	—
— Provision of impairment loss on intangible assets	—	10,983
— Reversal of provision of impairment loss on trade receivables	(291)	—
— Write-off of current and non-current prepayment	1,063	4,893
— Share of loss of associates *(Note 10)*	9,905	7,965
Operating loss before working capital changes	(37,399)	(27,272)
Changes in working capital:		
— Inventories	30,184	(7,377)
— Trade receivables	73,923	48,946
— Prepayments, deposits and other receivables	13,903	1,230
— Trade and bills payables	(85,408)	(25,215)
— Accruals and other payables	(44,907)	(24,816)
Cash used in operations	(49,704)	(34,504)

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

	2014	2013
	HK$'000	*HK$'000*
Net book amount of property, plant and equipment *(Note 6)*	2,483	1,275
Loss on disposal of property, plant and equipment and intangible assets	(2,463)	(1,136)
Proceeds from disposal of property, plant and equipment and intangible assets	20	139

32 OPERATING LEASE COMMITMENTS

The Group leases various offices and warehouses under non-cancellable operating lease agreements. The lease expenditure expensed in the consolidated statement of comprehensive income during the year is disclosed in Note 25 to the consolidated financial statements.

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

	2014	2013
	HK$'000	*HK$'000*
Not later than one year	6,373	6,172
Later than one year and not later than five years	4,692	3,479
	11,065	9,651

The Company has no operating lease commitment as at 31 December 2014 (2013: Nil).

33 CAPITAL COMMITMENTS

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

	2014	2013
	HK$'000	*HK$'000*
Not later than one year	—	2,158

The Company has no capital commitment as at 31 December 2014 (2013: 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 renewed a three-year residential premises lease agreement with Mr. Wong Kwok Fong on 15 December 2013, pursuant to which Heshan World Fair Electronics Technology Limited agreed to lease from Mr. Wong's certain residential premises in Jiangmen, the PRC, at an annual rental of RMB1,200,000 as residences for the Group's senior management (2013: HK$1,200,000) ("**Existing Lease Agreement**"). The Existing Lease Agreement was early terminated on 31 December 2014, and a new lease agreement was entered to renew the Existing Lease Agreement for a term of three years commencing from 1 January 2015 at an annual rental of RMB408,000.

(b) Key management compensation

	2014 *HK$'000*	2013 *HK$'000*
Directors' fees	1,886	2,106
Basic salaries, housing allowances, other allowances and benefits in kind	7,398	15,231
Contributions to pension plans	68	52
Share-based compensations	—	2,131
	9,352	19,520

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

(d) Mr. Wong Kwok Fong and Ms. Ching Pui Yi (together, the "**Controlling Shareholders**") have agreed to fully indemnify the Group and hold the Group harmless for all costs and expenses in relation to the Group's failure to obtain the requisite licenses and permits and any demolish costs for certain properties of the Group.

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

35 SHARE-BASED PAYMENTS

Share options were granted to executive and independent non-executive directors, certain members of the senior management and employees of the Company on 17 June 2013 (the "**Date of Grant**"). The exercise price of the granted options is HK$0.42. Options are granted unconditionally and vested immediately on the Date of Grant. The options are exercisable in ten years starting immediately from the date of grant. The Group has no legal or constructive obligation to repurchase or settle options in cash.

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

	2014	
	Exercise price in HK$ per share option	**Options** *(thousands)*
At 1 January 2014 and 31 December 2014	0.42	12,020

Share options outstanding at the end of the year have the following expiry date and exercise prices:

	Exercise price in HK$ per share option	**Options** *(thousands)* **2014**	**2013**
Expiry date			
16 June 2023	0.420	12,020	12,020

All outstanding options were exercisable upon the date of grant. No option was exercised during the year ended 31 December 2014 (2013: Nil).

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

No share option expenses was recognised in the consolidated statement of comprehensive income for the year ended 31 December 2014 (2013: HK$2,224,000).

2. INDEBTEDNESS STATEMENT

At the close of business on 30 April 2015, being the most recent practicable date, the Group had outstanding secured borrowings of approximately HK$219,311,000, comprising secured bank loans of approximately HK$173,717,000 and secured trust receipts loans of HK$45,594,000.

The loans were secured by corporate guarantees provided by the Company and certain of its subsidiaries.

Save as aforesaid and apart from intra-group liabilities, the Group did not have at the close of business on 30 April 2015, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY STATEMENT

Taking into account the financial resources available to the Group, including the internally generated funds, the available credit facilities and the estimated net proceeds of the Share Subscription, the directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Circular.

4. MATERIAL CHANGE

The Directors confirm that there had been no material change in the financial or trading position or outlook of the Group other than (i) the expected decrease in revenue and the consequential decrease in trade receivables and payables for the six months ending 30 June 2015, (ii) the expected improvement in the financial results for the six months ending 30 June 2015 as detailed in the Company's announcement dated 28 May 2015, and (iii) an increase in 34% in respect of the fair value of available-for-sale financial assets, which mainly represent the listed shares in the investee companies held by the Group, since 31 December 2014, being the date to which the latest published audited financial statements of the Group was made up, to and including the Latest Practicable Date.

5. FOREIGN EXCHANGE

As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside of Hong Kong.

6. MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, 31.7% of the Group's revenue and 71.1% of the Group's purchases, were attributable to the Group's five largest customers and five largest suppliers, respectively; and 8.0% of the Group's revenue and 24.8% 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 close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers or suppliers.

7. LOSS FORECAST

The Board announced on 28 May 2015 that the the Group is expected to record a significant improvement in the financial results for the six months ending 30 June 2015 (the "**Profit Alert Statement**") as compared with the same period in 2014, mainly attributable to (i) a significant decrease in depreciation due to the impairment losses made on the carrying amounts of certain assets of the Group such as machineries, (ii) a significant decrease in administrative expenses of the Group in addition to the decrease in depreciation mentioned in (i) above, (iii) an improvement in connection with the share of loss and impairment provision for associates, despite an offset by a significant decrease in the gain from the disposal of shares in investee companies by the Group. Such Profit Alert Statement is regarded as a "profit forecast" under Rule 10 of the Takeovers Code and requires to be reported on by the Company's reporting accountant and financial adviser. The texts of the letters from the reporting accountants of the Company, PricewaterhouseCoopers and from the independent financial adviser, CLC International Limited, about the Profit Alert are set out in Appendix IIIA and IIIB to this circular.

8. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Since the beginning of the year 2014, the Group has commenced its transformation plan to wind down its low profit margin electronic manufacturing businesses such as plasma lightings and touch pads manufacturing and intended to extend the scope of its biometrics security technology and product offerings from hardware applications to comprehensive solutions (which provide a secured and reasonably-priced method to provide online privacy by applying the point-to-point payment authentication as well as token encryption and decryption functions) beyond mere lock and unlock functions currently available in the biometric market, targeting both consumer and enterprise markets. After completion of the Share Subscription, the Group intends to (i) continue its existing business activities and develop its *FingerQ* business; (ii) develop biometric security technology and mobile payment solutions by investing in companies with advanced biometric security technology as well as other supporting technologies; (iii) expand its business development into the international market by participating in more business exhibitions or shows. Nonetheless, the Group has encountered limitations in establishing a solid customer base in respect of such existing businesses, and limited financial resources to maintain and promote such technology. The Board believes that the reputation and business network of the Investors in the PRC and the proceeds from the Share Subscription will help promote its biometric security technology (in particular, its *FingerQ* business in the PRC).

On top of the above, it is the management's intention to diversify its income streams by exploring new business opportunities. In view of the increasing demand for energy-saving lighting products in China, the Company intends to tap into the energy-saving lighting industry through its proposed acquisition of the Optoelectronic Enterprise. In addition, leveraging on the reputation and substantial experience of the Second Investor, the Company also intends to capture the development opportunities in the booming financial industry in the PRC by way of acquisition or capital injection into a domestic financial enterprise particularly in the insurance or asset management sector.

For illustrative purposes, the financial information prepared in accordance with paragraph 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the Share Subscription as if the Share Subscription had been completed on 31 December 2014.

The statement has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the Group's financial position on the completion of the Share Subscription.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an illustrative and unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Share Subscription as if it had taken place on 31 December 2014. This unaudited pro forma statement of adjusted consolidated net tangible assets had been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Share Subscription been completed as at 31 December 2014 or at any future date.

	Audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2014	Estimated net proceeds from the Share Subscription	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Share Subscription	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after completion of the Share Subscription
	HK$'000	*HK$'000*	*HK$'000*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*
Share Subscription of 18,611,994,100 new Shares to be issued at subscription price of HK$0.18 per new Share	415,785	3,346,159	3,761,944	0.17

Notes:

(1) The consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2014 is based on the audited consolidated net assets of the Group attributable to the equity holders of the Company as at 31 December 2014 of HK$491,158,000, with an adjustment for the intangible assets of approximately HK$75,373,000, as extracted from the published annual report of the Group for the year ended 31 December 2014.

(2) The estimated net proceeds from the Share Subscription are based on 18,611,994,100 new Shares to be issued at the subscription price of HK$0.18 per new Share, after deduction of the related expenses of approximately HK$4,000,000.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after completion of the Share Subscription is arrived at after aggregating the audited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 31 December 2014 of HK$415,785,000 (Note 1) and the estimated net proceeds of HK$3,346,159,000 from the Share Subscription (Note 2) and on the basis that 2,927,084,000 Shares were in issue as at 31 December 2014 and 18,611,994,100 new Shares were issued under the Share Subscription assuming the Share Subscription had been completed on 31 December 2014.

(4) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company after completion of the Share Subscription to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2014.

2. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Circular.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR

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

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of World Wide Touch Technology (Holdings) Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2014, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-2 of the Company's Circular dated 29 June 2015, in connection with the proposed issuance of new shares of the Company under specific mandate (the "**Transaction**"). The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the Transaction on the Group's financial position as at 31 December 2014 as if the Transaction had taken place at 31 December 2014. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial statements for the year ended 31 December 2014, on which an audit report has been published.

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

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed issuance of new shares of the Company under specific mandate at 31 December 2014 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 June 2015

pwc 羅兵咸永道

The Board of Directors
World Wide Touch Technology (Holdings) Limited

Dear Sirs,

We refer to the forecast of the consolidated loss attributable to owners of World Wide Touch Technology (Holdings) Limited (the "**Company**") and its subsidiaries (together the "**Group**") for the six months ending 30 June 2015 (the "**Loss Forecast**") in connection with the profit alert statement (the "**Statement**") made by the Company in its announcement dated 28 May 2015.

Respective responsibilities of directors and ourselves

The Loss Forecast has been prepared by the directors of the Company based on the unaudited consolidated results of the Group based on management accounts for the four months ended 30 April 2015 and a forecast of the consolidated results of the Group for the remaining two months ending 30 June 2015 based on the bases and assumption made by the directors of the Company.

The Company's directors are solely responsible for Loss Forecast. It is our responsibility to form an opinion on the accounting policies and calculations of the Loss Forecast based on our procedures.

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

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Loss Forecast in accordance with the bases and assumptions made by the directors and as to whether the Loss Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Loss Forecast has been properly compiled in accordance with the bases and assumptions made by the directors of the Company as set out in Appendix I of the circular and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the text of which is set out in the Company's 2014 annual report.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 June 2015

The following is the text of a report on the Statement prepared from CLC International Limited to the Board of Directors, which has been prepared for the sole purpose of inclusion in this Circular.

CLC INTERNATIONAL LIMITED
創 僑 國 際 有 限 公 司

29 June 2015

To: The Board of Directors
World Wide Touch Technology (Holdings) Limited

Dear Sirs,

Terms used in this letter have the same meanings as defined in the circular of World Wide Touch Technology (Holdings) Limited dated 29 June 2015, of which this letter forms part, unless the context requires otherwise. We refer to the profit alert statement made by the Company in its announcement dated 28 May 2015 in respect of the Group's financial results for the six months ending 30 June 2015 (the "**Statement**").

We have reviewed the Statement, the unaudited consolidated results of the Group based on the management accounts for the four months ended 30 April 2015, a forecast of the consolidated results of the Group for the remaining two months ending 30 June 2015 and the interim report of the Company for the six months ended 30 June 2014, which you as the Directors are solely responsible for and discussed with you and the senior management of the Company the bases upon which the Statement has been made. In addition, we have considered, and relied upon, the report addressed to the Board from PricewaterhouseCoopers regarding the accounting policies and the calculations upon which the Statement has been made.

On the basis of the foregoing, we are satisfied that the Statement, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
For and on behalf of
CLC International Limited
Michael Chum
Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Investors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Investors) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

The directors of the Investors (excluding the Third Investor) and the Third Investor jointly and severally accept full responsibility for the accuracy of the information contained in this circular (other than those relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL, OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

(a) Share capital

Set out below is the issued share capital of the Company as at the Latest Practicable Date and upon completion of the Share Subscription:

Issued and fully paid or credited as fully paid:

2,927,084,000	Shares	HK$292,708,400

Upon completion of the Share Subscription and the issue of the Subscription Shares (assuming the share options granted by the Company have not yet been exercised and there is no change of the issued share capital from the Latest Practicable Date to the Completion Date save for the issue of the Subscription Shares):

21,539,078,100	Shares	HK$2,153,907,810

Upon completion of the Share Subscription and the issue of the Subscription Shares (assuming the share options granted by the Company have been exercised in full and there is no change of the issued share capital from the Latest Practicable Date to the Completion Date save for the issue of the Subscription Shares):

21,550,598,100	Shares	HK$2,155,059,810

All the issued Shares rank pari passu with each other in all respects including the rights in respect of capital, dividend and voting. No part of the share capital of the Company is listed or dealt in on any stock exchange other than the Stock Exchange.

No Shares have been issued since 31 December 2014, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date.

(b) Share options

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

Eligible participants of the Scheme include the following:

(i) Full-time or part-time employees; and

(ii) Full-time or part-time executive Directors and independent non-executive Directors of any member of the Group.

Details of the share options outstanding as at the Latest Practicable Date which have been granted under the Scheme were as follows:

	Number of options (in thousands)			
	Held at 31 December 2014	Held at the Latest Practicable Date	Exercise price per share *HK$*	Exercisable period
Executive directors				
Wong Kwok Fong	2,920	2,920	0.420	17 June 2013 to 16 June 2023
Ching Pui Yi	2,000	2,000	0.420	17 June 2013 to 16 June 2023
Tan Hui Kiat	800	800	0.420	17 June 2013 to 16 June 2023
Total for directors	5,720	5,720		
Employees	6,300	5,800	0.420	17 June 2013 to 16 June 2023
Total	12,020	11,520		

(c) Options, warrants and convertible securities

As at the Latest Practicable Date, save for the share options granted by the Company under the Scheme, the Company had no other outstanding debt securities, options, warrants or conversion rights affecting the Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests in the Company

As at the Latest Practicable Date, the following Directors or the chief executive of the Company and their respective associates had or was deemed to have any interests in the long or short positions in the shares, underlying shares and debentures or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any associated corporation (within the meaning of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (the "**Model Code**") adopted by the Company, to be notified to the Company and the Stock Exchange:

Long positions in shares and underlying shares of the Company

Name of director	Capacity and nature of interests	Number of Shares held	Approximate percentage of shareholding
Mr. Wong Kwok Fong *(Note)*	Interest in controlled corporation	1,927,778,827	65.86%
	Beneficial owner	83,268,000	2.84%
	Interest of spouse	30,700,061	1.05%
Ms. Ching Pui Yi *(Note)*	Interest in controlled corporation	1,927,778,827	65.86%
	Beneficial owner	30,700,061	1.05%
	Interest of spouse	83,268,000	2.84%
Mr. Tan Hui Kiat	Beneficial owner	8,836,017	0.30%

Note:

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

Save as disclosed above, as at the Latest Practicable Date, 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.

(b) Substantial shareholders and other persons' interests in Shares and underlying shares

As at the Latest Practicable Date, the Shareholders set out below were interested in 5% or more of the issued share capital or any relevant securities (as defined in note 4 to Rule 22 of the Takeovers Code) of the Company. Pursuant to the Subscription Agreement and in compliance with Part XV of the SFO, the following persons have notified to the Company of their respective interest in the Shares which have been recorded in the register required to be kept by the Company under Section 336 of the SFO. These interests are the interests in the Subscription Shares and are subject to the Completion.

Long position in the shares and underlying shares of the Company

Name of Substantial shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of shareholding
Anglo Solution Limited *(Note 1)*	Interest in a controlled corporation	1,927,778,827	65.86%
Soar Plan Holdings Limited *(Note 1)*	Beneficial owner	1,927,778,827	65.86%
Tinmark Development Limited *(Note 2) (Note 8)*	Beneficial owner	10,771,835,600	368.01%
Yao Jianhui *(Note 2) (Note 8)*	Interest in a controlled corporation	10,771,835,600	368.01%
前海人壽保險股份有限公司 *(Note 8)*	Beneficial owner	4,219,560,000	144.16%
Fang Jianfu *(Note 8)*	Beneficial owner	833,333,300	28.47%
New Ethics Limited (新德有限公司) *(Note 3) (Note 8)*	Beneficial owner	621,211,000	21.22%
Ye Weiqing *(Note 3) (Note 8)*	Interest in a controlled corporation	621,211,000	21.22%
Chen Muwei *(Note 4) (Note 8)*	Interest in a controlled corporation	579,796,000	19.81%
State Leap Limited (國騰有限公司) *(Note 4) (Note 8)*	Beneficial owner	579,796,000	19.81%
Golden Chain International Limited *(Note 5) (Note 8)*	Beneficial owner	538,484,000	18.40%
Manavutiveth Siri *(Note 5) (Note 8)*	Interest in a controlled corporation	538,484,000	18.40%

Name of Substantial shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of shareholding
Liu Chunbin *(Note 6) (Note 8)*	Interest in a controlled corporation	528,028,500	18.04%
Robust Sino Limited (强華有限公司) *(Note 6) (Note 8)*	Beneficial owner	528,028,500	18.04%
Chen Zhijun *(Note 7) (Note 8)*	Interest in a controlled corporation	519,745,700	17.76%
Dawnfield Investments Limited (旭田投資有限公司) *(Note 7) (Note 8)*	Beneficial owner	519,745,700	17.76%

Note 1: The entire issued share capital of Soar Plan Holdings Limited is held by Anglo Solution Limited which is in turn held as to 50% each by Mr. Wong Kwok Fong and Ms. Ching Pui Yi.

Note 2: The entire issued share capital of Tinmark Development Limited is held by Mr. Yao Jianhui, who is therefore deemed to be interested in such Shares.

Note 3: The entire issued share capital of New Ethics Limited (新德有限公司) is held by Mr. Ye Weiqing, who is therefore deemed to be interested in such Shares.

Note 4: The entire issued share capital of State Leap Limited (國騰有限公司) is held by Mr. Chen Muwei, who is therefore deemed to be interested in such Shares.

Note 5: The entire issued share capital of Golden Chain International Limited is held by Mr. Manavutiveth Siri, who is therefore deemed to be interested in such Shares.

Note 6: The entire issued share capital of Robust Sino Limited (强華有限公司) is held by Mr. Liu Chunbin, who is therefore deemed to be interested in such Shares.

Note 7: The entire issued share capital of Dawnfield Investments Limited (旭田投資有限公司) is held by Mr. Chen Zhijun, who is therefore deemed to be interested in such Shares.

Note 8: By virtue of the SFO, it is deemed to be interested in such Shares and will only be holders of such Shares and be entitled to vote upon Completion.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other persons (other than the Directors and the chief executive of the Company) who had, or was deemed to have, an interest and/or short position in the Shares or underlying shares of the Company which is required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under Section 336 of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of the Company or any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

(a) none of the Directors had entered or proposed to enter into a service contract with the Company or any of its subsidiaries or associated companies which is not determinable by the Company within one year without payment of compensation, other than statutory compensation;

(b) none of the Directors had entered into or amended any service contracts (including both continuous and fixed term contracts) with the Company or any of its subsidiaries or any of its associated companies within six months before the date of the Initial Announcement;

(c) none of the Directors had any continuous service contracts with the Company or any of its subsidiaries or associated companies with a notice period of 12 months or more; and

(d) none of the Directors had any fixed term service contracts with the Company or any of its subsidiaries or associated companies with more than 12 months to run irrespective of the notice period.

5. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor his close associates is and was interested in any business which competes or may compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' INTERESTS IN ASSETS

On 31 December 2014, 鶴山市世逸電子科技有限公司 (Heshan World Fair Electronics Technology Ltd.)* ("**World Fair Heshan**"), an indirect wholly-owned subsidiary of the Company, and Mr. Wong entered into a lease agreement, pursuant to which World Fair Heshan agreed to lease from Mr. Wong 9 residential premises situated at 中國廣東省江門市蓬江區珠江帝景灣 (Zhujiang Dijing Wan, Pengjiang District, Jiangmen City, Guangdong Province, the PRC*) for a term of three years commencing from 1 January 2015 and ending on 31 December 2017 at an annual rent of RMB408,000 payable by World Fair Heshan.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

8. NO MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. QUALIFICATION AND CONSENT OF EXPERTS

The following is the name and qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong
CLC International Limited	A licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of PricewaterhouseCoopers and CLC International Limited was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

Each of PricewaterhouseCoopers and CLC International Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

10. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS IN SECURITIES

(a) Save for the Share Subscription, none of the members of the Concert Group held any securities, options, warrants, convertible securities, derivatives or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or had dealt in the securities, options, warrants, convertible securities and derivatives of the Company as at the Latest Practicable Date and during the Relevant Period.

(b) No Shares acquired by the Concert Group pursuant to the Share Subscription will be transferred, charged or pledged to any other persons.

(c) Save for the Share Subscription, the directors of the Concert Group are not interested in any securities, options, warrants, convertible securities and derivatives of the Company and they had not dealt for value in any securities, options, warrants, convertible securities and derivatives of the Company during the Relevant Period.

(d) As at the Latest Practicable Date, no person had irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Share Subscription, the Specific Mandate, the Whitewash Waiver and/or the Increase in Authorised Share Capital.

(e) As at the Latest Practicable Date, none of the members of the Concert Group had irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Share Subscription, the Specific Mandate, the Whitewash Waiver and/or the Increase in Authorised Share Capital.

(f) As at the Latest Practicable Date, no arrangement of the kind in the Company referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Concert Group and any other person.

(g) As at the Latest Practicable Date, no agreement, arrangement or understanding (including any compensation arrangement) existed between the Concert Group and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Share Subscription, the Specific Mandate, the Whitewash Waiver and/or the Increase in Authorised Share Capital.

(h) As at the Latest Practicable Date, there were no agreements or arrangements to which any member of the Concert Group is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Share Subscription (including any such agreements or arrangements that would result in any break fees being payable).

(i) As at the Latest Practicable Date, the Company did not have any interest in the securities, options, warrants, convertible securities and derivatives of the Concert Group and had no dealings in the securities, options, warrants, convertible securities and derivatives of the Concert Group during the Relevant Period.

(j) As at the Latest Practicable Date, none of the Company or the Directors had any interest in the securities, options, warrants, convertible securities and derivatives of the Concert Group.

(k) None of the Directors had dealt for value in the securities, options, warrants, convertible securities and derivatives of the Company or the Concert Group during the Relevant Period.

(l) As at the Latest Practicable Date, none of (i) the subsidiaries of the Company; (ii) the pension fund of the Company or of any of its subsidiaries; nor (iii) any adviser to the Company (as specified in class (2) of the definition of "associate" under the Takeovers Code), had any interest in the securities, options, warrants, convertible securities and derivatives of the Company and/or had dealt in the securities, options, warrants, convertible securities and derivatives of the Company during the Relevant Period.

(m) As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.

(n) As at the Latest Practicable Date, no securities, options, warrants, convertible securities and derivatives of the Company were managed on a discretionary basis by any fund managers connected with the Company, nor did any such fund managers deal in any securities, options, warrants, convertible securities and derivatives of the Company during the Relevant Period.

(o) As at the Latest Practicable Date and during the Relevant Period, no securities, options, warrants, convertible securities and derivatives or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company had been borrowed or lent by any of the Directors or by the Company or by any member of the Concert Group.

(p) As at the Latest Practicable Date, there was no agreement or arrangement between any of the Directors and any other person which was conditional or dependent on the outcome of the Share Subscription, the Specific Mandate, the Whitewash Waiver and/or the Increase in Authorised Share Capital or otherwise connected with the Share Subscription, the Specific Mandate, the Whitewash Waiver and/or the Increase in Authorised Share Capital.

(q) As at the Latest Practicable Date, no benefit had been given or will be given to any Directors as compensation for loss of office or otherwise in connection with the Share Subscription, the Specific Mandate, the Whitewash Waiver and/or the Increase in Authorised Share Capital.

(r) As at the Latest Practicable Date, there was no material contract entered into by any member of the Concert Group in which any Director had a material personal interest.

(s) As at the Latest Practical Date, none of the Directors beneficially held any Shares and accordingly, none of the them will be entitled to vote to accept or reject the Share Subscription, the Specific Mandate, the Whitewash Waiver and/or the Increase in Authorised Share Capital.

(t) None of the members of the Concert Group has acquired or disposed of or entered into any agreement or arrangement to acquire or dispose of any voting rights in the Company during the six months period prior to the date of the Initial Announcement, and was interested in any issued Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Latest Practicable Date.

11. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) have been entered into by members of the Group after the date two years immediately preceding the date of the Initial Announcement and up to the Latest Practicable Date and are or may be material:

(a) the memorandum of understanding dated 16 April 2015 entered into between the First Investor and the Company in relation to the Share Subscription; and

(b) the Subscription Agreement.

12. MATERIAL ADVERSE CHANGE

The Directors confirm that there had been no material adverse change in the financial or trading position or outlook of the Group other than (i) the expected decrease in revenue and the consequential decrease in trade receivables and payables for the six months ending 30 June 2015, (ii) the expected improvement in the financial results for the six months ending 30 June 2015 as detailed in the Company's announcement dated 28 May 2015, and (iii) an increase in 34% in respect of the fair value of available-for-sale financial assets, which mainly represent the listed shares in the investee companies held by the Group, since 31 December 2014, being the date to which the latest published audited financial statements of the Group was made up, to and including the Latest Practicable Date.

13. MARKET PRICE

The table below shows the closing prices of the Shares on the Stock Exchange (i) on 13 April 2015 (being the last business day immediately preceding the date of the Initial Announcement), (ii) at the end of each of the six calendar months immediately preceding the date of the Initial Announcement and ending on the Latest Practicable Date (iii) on 7 May 2015 (being the last trading day immediately preceding the date of the Announcement) and (iv) on the Latest Practicable Date:

	Closing price per Share *(HK$)*
31 October 2014	0.280
28 November 2014	0.240
31 December 2014	0.1999
30 January 2015	0.202
27 February 2015	0.250
31 March 2015	0.2380
13 April 2015	0.305
30 April 2015	1.000
7 May 2015 (being the last trading day immediately preceding the date of the Announcement)	1.020
29 May 2015	suspended
Latest Practicable Date	1.390

The lowest and highest closing market prices of the Shares recorded on the Stock Exchange during the Relevant Period were HK$0.19 on 15 January 2015 and HK$1.76 on 8 June 2015 respectively.

14. MISCELLANEOUS

(a) The registered office and correspondence address of the First Investor are at Akara Bldg, 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands and 19th Floor, Cameron Commercial Centre, 468 Hennessy Road, Causeway Bay, Hong Kong, respectively; the registered office and correspondence address of the Second Investor are at 中國深圳市南山區臨海路59號招商海運中心9樓909–918房 (Rooms 909–918, 9/F, China Merchants Shipping Centre, 59 Linhai Avenue, Nanshan District, Shenzhen, PRC*); the registered office and correspondence address of the Fourth Investor are at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands and 中國深圳市羅湖區寶安北路2088號深業物流大廈19樓 (19/F, Shenye Logistics Building, 2088 Bao'an North Road, Luohu District, Shenzhen, PRC*), respectively.

(b) The registered office and principal place of business of the Company in Hong Kong is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Suites 2601–2, 26/F, Tower 2, Nina Tower, 8 Yeung Uk Road, TWTL 353, Tsuen Wan, New Territories, Hong Kong.

(c) The share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The secretary of the Company is Ms. Kwok Ling Yee, Pearl Elizabeth ("**Ms. Kwok**"). Ms. Kwok has over 23 years of experience in accounting and auditing. She is a member of Certified Public Account 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.

(e) The registered office of the Independent Financial Adviser is at Room 4703A-4, 47/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.

(f) The registered office of the auditors of the Company in Hong Kong, PricewaterhouseCoopers, is at 22/F, Prince's Building, Central, Hong Kong.

(g) The English text of this circular and the accompany form of proxy shall prevail over their respective Chinese texts for the purpose of interpretation.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m. on any weekday (except for Saturday and public holidays) at the registered office and principal place of business of the Company in Hong Kong at Suites 2601–2, 26/F, Tower 2, Nina Tower, 8 Yeung Uk Road, TWTL 353, Tsuen Wan, New Territories, Hong Kong, (ii) on the website of the Company (http://www.wwtt.hk), and (iii) on the website of the SFC (www.sfc.hk), from the date of this circular up to and including the date of the EGM:

(a) the articles of association of the Company;

(b) the memorandum and articles of association of the Investors (excluding the Third Investor);

(c) the annual reports of the Company for each of the two years ended 31 December 2014;

(e) the letter from the Board, the text of which is set out in this circular;

(f) the letter from the Independent Board Committee, the text of which is set out in this circular;

(g) the letter from the Independent Financial Adviser, the text of which is set out in this circular;

(h) the letters from Pricewaterhouse Coopers and CLC International Limited in relation to the Profit Alert Statement, the text of which are set out in Appendices IIIA and IIIB to this circular;

(i) the material contracts as referred to in the paragraph headed "Material contracts" in this appendix;

(j) the written consents referred to in the paragraph headed "Qualification and consent of experts" in this appendix;

(k) the Subscription Agreement; and

(l) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "**EGM**") of World Wide Touch Technology (Holdings) Limited (the "**Company**") will be held at 3 p.m. on 15 July 2015 at Taishan Room, Level 5, Island Shangri-La Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong for the following purpose of considering and, if thought fit, passing with or without amendment, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**:

(a) the subscription agreement (the "**Subscription Agreement**") entered into between the Company and Tinmark Development Limited, Foresea Life Insurance Co., Ltd. (前海人壽保險股份有限公司), Mr. Fang Jianfu (方建富), New Ethics Limited (新德有限公司), State Leap Limited (國騰有限公司), Golden Chain International Limited, Robust Sino Limited (强華有限公司) and Dawnfield Investment Limited (旭田投資有限公司) (collectively, the "**Investors**") dated 9 May 2015 pursuant to which the Investors agreed to subscribe and procure the subscription of 18,611,994,100 new shares of the Company (the "**Subscription Shares**") at an aggregate consideration of HK$3,350,158,138 at the subscription price of HK$0.18 per Subscription Share (the principal terms of which are set out in the circular of the Company dated 29 June 2015 (the "**Circular**"), and a copy of which having been produced to this meeting and marked "**A**" and initialled by the chairman of this meeting for the purpose of identification), and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;

(b) the grant of the Specific Mandate to the Directors to exercise the powers of the Company to allot and issue the Subscription Shares to the Investors (as defined in the Circular) pursuant to the terms of the Subscription Agreement be and are hereby approved; and

(c) any one or more directors of the Company be and are hereby authorised to allot and issue the Subscription Shares in accordance with the terms of the Subscription Agreement and to do all such acts and things as they consider necessary or expedient for the purpose of giving effect to the Subscription Agreement, the grant of the Specific Mandate and completing the transactions contemplated thereby."

2. "**THAT**:

(a) subject to the granting of the Whitewash Waiver (as defined below) by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (or any delegate of the Executive Director), the waiver of the obligation on the part of the Concert Group (as defined in the Circular), of which this notice forms part) to make a mandatory general offer to the shareholders of the Company for all the issued shares of the Company not already owned or agreed to be acquired by it which might otherwise arise as a result of the Concert Group (as defined in the Circular) subscribing for the Subscription Shares (as defined in the Circular) under the Subscription Agreement (as defined in the Circular) pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers (the "**Whitewash Waiver**") be and is hereby approved; and

(b) any one or more directors of the Company be and are hereby authorised to do all such further acts and things and to sign and execute all such documents and to take all such steps which in his/her opinion may be necessary, appropriate, desirable or expedient to implement and/or give effects to any matters relating to or incidental to the Whitewash Waiver."

3. "**THAT**:

(a) the authorised share capital of the Company be increased from HK$350,000,000 divided into 3,500,000,000 shares of par value HK$0.10 each to HK$50,000,000,000 divided into 500,000,000,000 Shares with effect from the date of passing this resolution; and

(b) any one or more directors of the Company be and are hereby authorised to do all such further acts and things and to sign and execute all such documents and to take all such steps which in his opinion may be necessary, appropriate, desirable or expedient to implement and/or give effect to the transactions contemplated under this resolution."

Yours faithfully
By the order of the Board
WORLD WIDE TOUCH TECHNOLOGY (HOLDINGS) LIMITED
Wong Kwok Fong
Chairman and Chief Executive Officer

Hong Kong, 29 June 2015

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

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

Notes:

1. Every member of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy (if a member who is holder of two or more shares) to attend and vote for him/her on his/her behalf of the meeting.

2. A form of proxy for use at the meeting is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof.

3. Completion and return of the form of proxy will not preclude members from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof.