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)

2010 ANNUAL RESULTS ANNOUNCEMENT

Result Highlights

- Successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited on 15 December 2010.
- Revenue increased by 56.7% to HK$1,391.6 million from 2009
- Gross profit increased by 45.6% to HK$376.4 million from 2009
- Profit for the year increased by 39.5% to HK$213.7 million from 2009
- Net profit attributable to equity holders of the Company increased by 40.9% to HK$213.7 million from 2009
- Basic earnings per share attributable to equity holders of the Company increased by 38.6% to HK$0.0977 from 2009

The board of directors (the "Board") of World Wide Touch Technology (Holdings) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2010 together with comparative figures of last year, as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December

	Note	**2010** *HK$'000*	2009 *HK$'000*
Revenue	*3*	**1,391,647**	888,348
Cost of sales	*4*	**(1,015,281)**	(629,802)
Gross profit		**376,366**	258,546
Other income — net		**1,273**	1,198
Distribution costs	*4*	**(10,190)**	(6,135)
Administrative expenses	*4*	**(105,380)**	(81,727)
Operating profit		**262,069**	171,882
Finance income		**105**	265
Finance costs		**(10,107)**	(8,454)
Finance costs — net		**(10,002)**	(8,189)
Profit before income tax		**252,067**	163,693
Income tax expense	*5*	**(38,400)**	(10,563)
Profit for the year		**213,667**	153,130
Attributable to:			
Equity holders of the Company		**213,667**	151,655
Non-controlling interests		**—**	1,475
		213,667	153,130
Earnings per share for profit attributable to equity holders of the Company			
— basic (expressed in HK cents per share)	*6*	**9.77**	7.05
— diluted (expressed in HK cents per share)	*6*	**N/A**	N/A

No statement of comprehensive income is presented as there is no other comprehensive income during the year (2009: same)

Dividends	*7*	**56,391**	51,000

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**462,232**	340,526
Land use right		**5,154**	5,270
Intangible assets		**27,421**	11,383
Deferred income tax assets		**104**	278
Prepayments		**6,883**	3,299
		501,794	360,756
Current assets			
Inventories		**193,692**	105,691
Trade receivables	*8*	**225,549**	227,932
Prepayments, deposits and other receivables		**96,806**	32,801
Financial assets at fair value through profit or loss		**1,251**	1,403
Pledged bank deposits		**75,832**	83,431
Cash and cash equivalents		**550,311**	36,057
		1,143,441	487,315
Total assets		**1,645,235**	848,071

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2010

	Note	**2010** *HK$'000*	2009 *HK$'000*
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital		**287,000**	215,250
Share premium		**517,267**	—
Other reserves		**202,057**	26,857
		1,006,324	242,107
LIABILITIES			
Non-current liabilities			
Bank borrowings		**44,000**	49,000
Deferred income tax liabilities		**3,776**	—
		47,776	49,000
Current liabilities			
Trade and bills payables	*9*	**210,917**	248,425
Accruals and other payables		**95,835**	52,211
Bank borrowings		**223,181**	186,577
Finance lease obligations		**38,291**	54,976
Current income tax liabilities		**22,911**	14,161
Amounts due to directors		**—**	614
		591,135	556,964
Total liabilities		**638,911**	605,964
Total equity and liabilities		**1,645,235**	848,071
Net current assets/(liabilities)		**552,306**	(69,649)
Total assets less current liabilities		**1,054,100**	291,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND GROUP REORGANISATION

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 Group is principally engaged in the trading and manufacturing of electronic products.

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

On 2 December 2010, the Company issued a prospectus (the "Prospectus") and launched a global offering of 861,000,000 ordinary shares, comprising 717,500,000 new shares issued by the Company and 143,500,000 shares offered by one of the Controlling Shareholders (the "Global Offering"), at an offer price of HK$0.95 per share (the "Offer Price"). The over-allotment option as detailed in the Prospectus was exercised on 4 January 2011 and 7 January 2011, and the Company allotted and issued 54,000,000 and 3,084,000 additional shares, respectively, at the Offer Price. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 15 December 2010.

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

2 SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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.

The Reorganisation was accounted for as a reorganisation of business under common control using the principle of merger accounting as presented in Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Accordingly, the consolidated financial statements have been prepared as if the group structure had been in existence as at all dates during the years presented.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by 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, which are carried at fair value.

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.

The following new standards, amendments and interpretations are effective in 2010.

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of assets
HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HKFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations
HK(IFRIC) 9 and HKAS 39 (Amendment)	Reassessment of embedded derivatives, Financial instruments: Recognition and measurement
HK(IFRIC) 16	Hedges of a net investment in a foreign operation
HK(IFRIC) 17	Distribution of non-cash assets to owners
HK(IFRIC) 18	Transfers of assets from customers

The following new standards, amendments and interpretations that have been published but are not yet effective.

HKAS 12 (Amendment)	Deferred tax on investment properties at fair value
HKAS 24 (Revised)	Related party disclosures
HKAS 32 (Amendment)	Classification of rights issues
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopter
HKFRS 9	Financial instruments
HK (IFRIC) — Int 14 (Amendments)	Prepayments of a minimum funding requirement
HK (IFRIC) — Int 19	Extinguishing financial liabilities with equity instruments

HKICPA's improvements to HKFRS

Annual improvements project to HKFRS have been published in May 2010. These improvements to HKFRS have introduced certain amendments to those standards set out below.

HKFRS 3 (Revised) (Amendment)	Business Combinations
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financials Reporting Standards
HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 27 (Revised) (Amendment)	Consolidated and Separate Financial Statements
HKAS 34 (Amendment)	Interim Financial Reporting
HK (IFRIC) Int 13 (Amendment)	Customer Loyalty Programmes

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

3 REVENUE AND SEGMENT INFORMATION

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

The CEO considers the business from a product perspective.

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

Other products include automotive devices, medical equipment products and mining and drilling machine system products. These are not qualified as reportable segment as these segments do not meet the quantitative threshold required by HKFRS 8 and accordingly, the segment information of these operations are included in "other segments".

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

	2010	2009
	HK$'000	*HK$'000*
Revenue from external customers		
Capacitive touch products	**766,907**	689,364
Fingerprint biometric devices	**151,849**	42,281
Lighting source	**90,929**	17,775
Wireless charging devices	**234,860**	102,431
Other segments	**147,102**	36,497
Segment revenue for reportable and other segments	**1,391,647**	888,348
Segment gross profit		
Capacitive touch products	**183,769**	190,593
Fingerprint biometric devices	**54,564**	17,820
Lighting source	**33,436**	6,744
Wireless charging devices	**68,647**	30,525
Other segments	**35,950**	12,864
Segment gross profit for reportable and other segments	**376,366**	258,546
Other segment item — amortisation charge of intangible assets		
Fingerprint biometric devices	**(5,795)**	(1,167)
Lighting source	**(1,372)**	(274)
Wireless charging devices	**(448)**	—
Other segments	**(1,597)**	—
	(9,212)	(1,441)
Unallocated:		
Depreciation shared by various reportable segments	**(9,688)**	(6,240)
Amortisation of land use right	**(116)**	(115)
Share-based compensation expenses	**—**	(5,699)
Other income — net	**1,273**	1,198
Other distribution costs and administrative expenses	**(96,554)**	(74,367)
Finance costs — net	**(10,002)**	(8,189)
	(115,087)	(93,412)
Profit before income tax	**252,067**	163,693

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

The CEO assesses the performance of the operating segments based on a measure of gross profit margin, which are in a manner consistent with that of the consolidated financial statements.

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

Finance income and costs are not allocated to segments, as this type of activities are managed by the central finance and accounting function, which manages the working capital of the Group.

4 EXPENSES BY NATURE

	2010	2009
	HK$'000	*HK$'000*
Employee benefit expenses	**174,847**	119,126
Cost of inventories	**824,135**	486,387
Auditor's remuneration	**1,100**	1,000
Depreciation of property, plant and equipment	**47,182**	32,955
Operating lease rentals — office premises, factory and warehouse	**7,136**	5,265
Amortisation of land use right	**116**	115
Consumables	**4,987**	17,681
Electricity, water and utilities expenses	**19,732**	16,934
Freight and transportation	**7,715**	5,648
Research and development expenses		
— Employee benefit expenses	**4,936**	11,091
— Amortisation of intangible assets	**9,212**	1,441
Others	**29,753**	20,021
Total cost of sales, distribution costs and administrative expenses	**1,130,851**	717,664

5 INCOME TAX EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits income tax	**17,569**	12,722
— PRC enterprise income tax	**16,881**	—
	34,450	12,722
Deferred income tax	**3,950**	(2,159)
	38,400	10,563

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

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

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

The effective tax rate of the Group is 15.2% for the year ended 31 December 2010 (2009: 6.5%).

The increase in effective tax rate in the year ended 31 December 2010 was caused by the lapse of the two years exemption period from PRC enterprise income tax as at 31 December 2009, after which the PRC subsidiary is eligible for a 50% reduction for three years.

6 EARNINGS PER SHARE

(a) Basic

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

	2010	2009
Profit attributable to equity holders of the Company *(HK$'000)*	**213,667**	151,655
Weighted average number of ordinary shares in issue *(thousands)*	**2,185,918**	2,152,500
Basic earnings per share *(HK cents)*	**9.77**	7.05

(b) Diluted

As the Company had no dilutive ordinary shares for the year (2009: Nil), diluted earnings per share for the year is not presented.

7 DIVIDENDS

	2010 *HK$'000*	2009 *HK$'000*
Interim dividend declared and paid by a subsidiary of the Group *(Note a)*	**—**	51,000
Interim dividend declared and paid by the Company *(Note b)*	**56,391**	—
	56,391	51,000

Notes:

(a) Interim dividend of HK$51,000,000 relating to 2009 was declared by World Fair International Limited, a subsidiary of the Group, to its then shareholders.

(b) Interim dividend of HK$56,391,000 relating to 2010 was declared by the Company to its shareholders.

8 TRADE RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**225,549**	227,932
Less: Provision for impairment of receivables	**—**	—
Trade receivables — net	**225,549**	227,932

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

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**102,177**	147,400
31 to 60 days	**74,311**	73,208
61 to 90 days	**21,511**	6,715
91 to 120 days	**9,849**	598
Over 120 days	**17,701**	11
	225,549	227,932

9 TRADE AND BILLS PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables	**184,866**	200,066
Bills payables	**26,051**	48,359
	210,917	248,425

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

	2010	2009
	HK$'000	*HK$'000*
0 to 30 days	**70,989**	105,132
31 to 60 days	**66,599**	92,826
61 to 90 days	**57,641**	40,436
91 to 120 days	**13,161**	9,715
Over 120 days	**2,527**	316
	210,917	248,425

PROPOSED DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of ordinary shares of the Company will be closed from 19 April 2011 to 21 April 2011, both days inclusive, during which period no transfer of ordinary shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 18 April 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Despite the sluggish global economic recovery, the global capacitive touch pad market was robust in 2010 as evidenced by the increase in the Group's revenue in touch products by 11.2% to HK$766.9 million from 2009.

Since 2007, the Group has been actively diversifying its products. During 2010, the percentage of capacitive touch products revenue to the total revenue decreased from 77.6% to 55.1% when compared to 2009. The remaining 44.9% revenue mainly came from fingerprint biometric devices, wireless charging devices, lighting source products and other products. These sectors are expected to experience high growth as they grow from a low base and as technological advancements occur. The Group, as an experienced manufacturing solutions provider for capacitive touch products, believes it is now in an excellent position to capture the growth at these sectors.

Business Review

In the post-financial crisis year 2010, the global economy showed signs of resurgence and underwent restructuring, the progress of which would be crucial to the recovery. The development of emerging industries is likely to be a turning point in the economy. Last year, the long-awaited touch interface technology was one of the eye-catching breakthroughs. Amid favourable market conditions, the Group delivered excellent results in line with expectations of the management of the Group.

The Group as a top brand takes every opportunity to develop new products and heighten its influence. With its strong research and development capability, it had 33 patents and registered designs up to the end of 2010. The Group unveiled at the Consumer Electronics Show (CES) a series of capacitive touch products as well as computer security and solid-state storage solutions, including the G3 fingerprint sensor mouse and a series of fingerprint identification devices, both iF Design Award China winning products. These products attracted the attention of over a thousand of viewers at the CES.

In its quality control system and procedures, the Group has invited its major customers to participate in research and development and i-Manufacturing quality control. The Group also arranged major customers to carry out on-site quality checks to ensure that product requirements were met. From procurement of raw materials, different stages of production to delivery of products, the Group has adopted various monitoring programmes for quality assurance. It has adopted the just-in-time concept in its inventory management for its major vendors located close to its production plant in Heshan.

In light of the above, the turnover of the Group rose by 56.7% from 2009 to HK$1,391.6 million in 2010. Sales from capacitive touch products, fingerprint biometric devices, lighting source products and wireless charging devices went up by 11.2%, 259.1%, 411.6% and 129.3% respectively in 2010 when compared with 2009.

The Group's cost of sales accounted for 73.0% of its total revenue in 2010, up by 2.1% from 2009. This resulted in a decrease in the gross profit margin from 29.1% in 2009 to 27.0% in 2010. We believe, however, this gross profit margin was still very competitive for the electronics industry of the PRC.

Profit attributable to equity holders of the Company amounted to HK$213.7 million in 2010, a 40.9% increase compared to the same period in 2009.

Financial Review

For the year ended 31 December 2010, the Group's revenue amounted to HK$1,391.6 million, up 56.7% from 2009. Profit attributable to equity holders of the Company rose 40.9% from a year earlier to HK$213.7 million. Earnings per share were HK$0.0977, up 38.6% year-on-year.

For the year ended 31 December 2010 and the same period in 2009, the revenue by product category are shown as follows:

	For the year ended 31 December			
	2010		2009	
	Revenue HK$ *million*	***% of total***	Revenue HK$ *million*	*% of total*
Capacitive touch products	**766.9**	**55.1**	689.3	77.6
Fingerprint biometric devices	**151.8**	**10.9**	42.3	4.8
Lighting source products	**90.9**	**6.5**	17.8	2.0
Wireless charging devices	**234.9**	**16.9**	102.4	11.5
Other segments	**147.1**	**10.6**	36.5	4.1
	1,391.6	**100.0**	888.3	100.0

Revenue

In 2010, the Group's revenue raised by 56.7% from 2009 and came up to HK$1,391.6 million.

The revenue from capacitive touch products rose by 11.2% from HK$689.3 million in 2009 to HK$766.9 million in 2010.

The revenue from fingerprint biometric devices increased by 259.1% from HK$42.3 million in previous year to HK$151.8 million in current year.

The revenue from lighting source products increased by 411.6% to HK$90.9 million in 2010 when compared with that of HK$17.8 million last year.

The revenue from wireless charging devices grew by 129.3% from HK$102.4 million last year to HK$234.9 million in 2010.

It is worth highlighting that the revenue contribution from capacitive touch products has reduced from 77.6% of total sales revenue in 2009 to 55.1% in 2010, an indication of the Group's success in reducing its reliance on one particular product segment.

Meanwhile, as mentioned above, the revenue from other non-touch products increased rapidly by 214.0% to HK$624.7 million in 2010. This was mainly due to the fact that certain new products were launched to the market in the second half of 2009. In 2010, the promotion of such products came to an advanced stage and thus the market demand for these new products experienced strong growth in 2010.

Cost of Sales

The cost of sales of the Group increased by 61.2% from HK$629.8 million for the year ended 31 December 2009 to HK$1,015.3 million for the year ended 31 December 2010. Such increase was primarily attributable to the sharp rise in volume of production as evidenced by the sharp rise in revenue from HK$888.3 million in 2009 to HK$1,391.6 million in 2010. The overall cost structure of the Group remained relatively stable in 2010 when compared with 2009 with direct materials amounted to 59.2% of revenue, direct labour 9.9%, depreciation 2.7% and factory overhead 1.8%.

Gross Profit and Margin

The gross profit of the Group increased by 45.6% from HK$258.5 million in 2009 to HK$376.4 million in 2010. This was mainly due to the additional revenue contributions from the non-touch products as mentioned above.

The fall in the overall gross profit margin to 27.0% in 2010 from 29.1% in 2009 was mainly due to the changes in products mix, in particular in two revenue segments, (i) capacitive touch products and (ii) other segments.

For capacitive touch products, the gross profit margin decreased from 27.6% in 2009 to 24.0% in 2010. This was mainly because more single-touch capacitive products, largely used in netbook computers, were sold in 2009 when compared to 2010, which enjoyed a higher gross profit margin than other capacitive touch products mainly used in notebook computers.

Likewise, the gross profit margin of the other segments also experience a decrease from 35.2% in 2009 to 24.4% in 2010. This is because automotive devices and amplifiers, which had a lower gross profit margin, contributed a larger portion to the revenue under this segment in 2010 than in 2009.

Other Income — net

Net other income for the year ended 31 December 2010 was HK$1.3 million, compared to a net income of HK$1.2 million for the year ended 31 December 2009.

Distribution Costs

The distribution costs increased by 66.1%, from HK$6.1 million for the year ended 31 December 2009 to HK$10.2 million for the year ended 31 December 2010 and the increase was mainly due to the increase in freight and transportation costs in line with increased sale volume.

Administrative Expenses

The administrative expenses increased by 29.0%, from HK$81.7 million for the year ended 31 December 2009 to HK$105.4 million for the year ended 31 December 2010, mainly due to the recruitment of more administrative staff in anticipation of the Group's expansion and the amortisation of intangible assets.

Finance Costs

The finance costs increased by 19.6%, from HK$8.5 million for the year ended 31 December 2009 to HK$10.1 million for the year ended 31 December 2010, primarily resulted from an increase in trust receipt loan facilities, partly offset by slight decrease in interest rate.

Income Tax Expense

Income tax expense increased by 263.5%, from HK$10.6 million for the year ended 31 December 2009 to HK$38.4 million for the year ended 31 December 2010 and the increase was caused by the lapse of the two-year exemption period for enterprise income tax in the PRC, after which, the Group's subsidiary in the PRC is eligible for a 50% reduction in enterprise income tax for three years effective from 2010.

Profit for the Year

As a result of the foregoing, the profit for the year increased by 39.5%, from HK$153.1 million for the year ended 31 December 2009 to HK$213.7 million for the year ended 31 December 2010. The net profit margin decreased from 17.2% for the year ended 31 December 2009 to 15.4% for the year ended 31 December 2010.

Profit Attributable to Equity Holders of the Company

Profit attributable to shareholders of the Company increased by 40.9% from HK$151.7 million for the year ended 31 December 2009 to HK$213.7 million for the year ended 31 December 2010.

Final Dividend

The Board does not recommend the payment of a final dividend for the year ended 31 December 2010.

Corporate Finance and Risk Management

Liquidity and Capital Resources

As at 31 December 2010, the Group's total debts to total assets ratio was 18.6% (31 December 2009: 34.3%). The gearing structure is set out below:

	As at 31 December 2010	As at 31 December 2009
Total debts (HK$ million) *(note)*	**305.5**	290.6
Net debts (HK$ million) *(note)*	**0**	171.1
Total assets (HK$ million)	**1,645.2**	848.1
Equity attributable to the owners of the Company (HK$ million)	**1,006.3**	242.1
Current assets/current liabilities	**1.9**	0.9
Net debt/equity attributable to the owners of the Company	**0%**	70.7%

Note: Total debts represent the total interest-bearing borrowings. "Net debts" is defined as total debts less bank balances and cash. A zero balance of net debts represent that the bank balances and cash exceeded total debts at the end of the reporting period.

The management and control of the Group's financial, capital management and external financing functions are centralised at the headquarters in Hong Kong. The Group has been adhering to the principal of prudent financial management in order to minimise financial and operational risks.

The Group mainly utilises its internally generated funds and bank borrowings to finance its operations and expansion. The net proceeds of HK$589.0 million raised from the listing of the Company has enlarged the capital base of the Group and strengthened the Group's financial position.

As at 31 December 2010, the Group had cash and cash equivalents and pledged bank deposits of HK$626.1 million (31 December 2009: HK$119.5 million) while bank borrowings and finance lease obligations amounted to HK$305.5 million (31 December 2009: HK$290.6 million). The Group's total current assets increased from HK$487.3 million as at 31 December 2009 to HK$1,143.4 million as at 31 December 2010, while total current liabilities increased from HK$557.0 million as at 31 December 2009 to HK$591.1 million as at 31 December 2010. As a result, the current ratio improved from 0.9 as at 31 December 2009 to 1.9 as at 31 December 2010.

Bank borrowings are secured by buildings, land use rights, financial assets at fair value through profit or loss, corporate guarantees provided by the Company, personal guarantees and pledges of properties provided and owned by Mr. Wong Kwok Fong and Ms. Ching Pui Yi, each a director of the Company.

Contingent Liabilities

In April 2010, World Fair International Limited ("WFHK"), a subsidiary of the Company, received an additional assessment dated 30 March 2010 from the Hong Kong Inland Revenue Department ("IRD") demanding an additional profits tax in the amount of HK$1,750,000 for the year of assessment 2003/04. This subsidiary also received a notice from the IRD of even date requesting an interview in relation to the tax audit of its tax affairs for the years of assessment 2003/04 to 2008/09.

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

A meeting between WFHK and the IRD in relation to the tax audit was held in June 2010. On 17 September 2010, a settlement proposal was submitted to the IRD for consideration but the settlement of the tax audit is still under negotiation with the IRD. As part of the settlement proposal, a deposit of HK$3,000,000 has been placed with the IRD. As the final outcome of the tax audit is still uncertain, the directors of the Company are of the view that except for those which have already been provided for in the accounts based on the Company's best estimate as prepared in the settlement proposal, there is no reliable basis for estimating and making additional provision for potential tax liabilities, if any, and the corresponding penalty and interest, if any, as at 31 December 2010, which may arise from tax adjustments made as a result of the above tax audit. The Controlling Shareholders have agreed to indemnify the Group in respect of any costs or liabilities arising out of additional assessment for which the Group may be liable.

Subsequent Events

In January 2011, the over-allotment option as detailed in the Prospectus was partially exercised and the Company allotted and issued 57,084,000 shares at the final offer price, being HK$0.95 per share, raising gross proceeds of HK$54.2 million.

In February 2011, all personal guarantees provided by Mr. Wong Kwok Fong and Ms. Ching Pui Yi, directors of the Company, in respect of the Group's borrowings were released and have since then been replaced by corporate guarantees provided by the Company.

Future Plans

Emerging industries are expected to be a strong driver of the global economy in 2011. In order to meet market demand, the Group will take advantage of the favourable momentum to expand its output capacity of capacitive touch screens and wireless charging devices, maintain its competitiveness in the industry and expand its market share. As part of its expansion plan, the Group will seek more collaborations to enhance its capacity and presence, and diversify its business in "life-technology".

Future Strategies

Capacitive touch products have been a major revenue driver of the Group. The Group will continue to focus on the development of such products, especially capacitive touch screen modules, to maintain the Group's leading position in the sector. The Group will also exert efforts in products with growth potential such as fingerprint biometric devices, wireless charging devices and lighting source products with a vision to become a "life-technology" provider in these markets.

Continue our focus on the capacitive touch product market with an increasing emphasis on the production of capacitive touch screen modules

The Group sees promising growth potential in the global capacitive touch product market for notebook computers, portable music and media players, and mobile and smart phones as the markets for these consumer electronics are expected to continue their growth. To capture growth opportunities in capacitive touch products and further explore the market, the Group plans to upgrade such products, especially capacitive touch screen modules by engaging in the lens and lumination production.

Capitalise on growth opportunities in fingerprint biometrics technology

There is an increasing demand for data security and biometric authentication in personal computers, computer peripherals, consumer electronics and other applications generally used in day-to-day life and the Group sees considerable room for expansion into this market with fingerprint biometric devices and thus plans to roll out a series of fingerprint biometric products under its "C-touch" brand and commercialise fingerprint security applications in daily life.

Combine capacitive touch and fingerprint technologies to create new applications

Leveraging its experience in capacitive touch products and fingerprint biometric devices, the Group will combine capacitive touch and fingerprint technologies to create new applications. The Group has developed a fingerprint keyboard comprising a SecuButton™ and a fingerprint sensor, which simplifies computer security controls. The Group plans to further develop and commercialise this combined application for use in notebook computers.

Diversify into life-technology with research and development capability and technology partnerships

The Group will adhere to its diversification plan to strengthen its in-house research and development capability by adding designs as well as applications to the existing portfolio, and to expand the range of products and solutions the Group currently offers. The Group will also maintain close relationships with customers and strategic partners, and partnerships with academic institutions to diversify into life-technology by supplying products, applications and technologies which enhance the quality of life of consumers at large.

Enhance the position in wireless charging market

As there is a growing future demand for wireless charging devices, the Group will leverage its technical know-how in battery design as well as capability to produce wireless charging devices and provide related engineering support to develop this business segment, increase marketing efforts in this market and explore opportunities in Asia as part of the Group's diversification plan.

Expand sales of plasma street lamps

The Group started the production of plasma street lamps in 2009 and the sales increased by over 400% during the year under review. The Group is in the process of negotiating with various potential customers both in PRC and overseas.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The Company became listed on the Stock Exchange on 15 December 2010. The net proceeds received by the Group from the Global Offering amounted to approximately HK$589.0 million. Up to 31 December 2010, approximately HK$53.0 million (equivalent to approximately 9.0% of the net proceeds) had been used as the Group's general working capital, while most of the remaining balance was placed at short-term interest-bearing deposits accounts with licensed banks in Hong Kong.

NUMBER AND REMUNERATION OF EMPLOYEES

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

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

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the period from 15 December 2010 (being the date of listing of the Company's ordinary shares on the Stock Exchange) to 31 December 2010 (both days inclusive).

REVIEW BY AUDIT COMMITTEE

The Group has established an audit committee with written terms of reference set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The audit committee of the Company, comprising three independent non-executive directors of the Company, Mr. Wong Chun Bong, Mr. Lee Kwok On, Matthew and Mr. Chan Wai, has reviewed the audited financial statements of the Group for the year ended 31 December 2010.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

Throughout the period from 15 December 2010 (being the date on which the Company became listed on the Stock Exchange) to 31 December 2010, the Company has complied with the code provisions of the CG Code, and where appropriate, met the recommended best practices in the CG Code except for the following deviation.

Under code provision A.2.1 in the CG Code, the roles of the chairman and the chief executive officer of a listed issuer should be separate and should not be performed by the same individual. Mr. Wong Kwok Fong is the Chairman and the Chief Executive Officer of the Company. He is mainly responsible for the Group's overall strategies, planning, management and business development. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person has the benefit of ensuring effective and efficient decision making and management control. Furthermore, the Company's present management structure comprises sufficient number of independent non-executive directors, and thus the Board believes that a balance of power and authority have been and will be maintained.

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company. All directors of the Company have confirmed that throughout the period from 15 December 2010 (being the date on which the Company became listed on the Stock Exchange) to 31 December 2010, they have complied with the provisions of such Model Code.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2010 have been agreed by the Group's auditor, PricewaterhouseCoopers, Certified Public Accountants ("PwC"), to the amounts set out in the Group's audited consolidated financial statements.

The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PwC on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 21 April 2011 at Taishan Room (Level 5), Island Shangri-la Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong. Notice of the annual general meeting will be published and issued to shareholders in due course.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company, including the information required by the Listing Rules, will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.wwtt.hk) in due course.

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

Hong Kong, 15 March 2011

As at the date hereof, the Board comprises four executive directors, namely Mr. Wong Kwok Fong, Ms. Ching Pui Yi, Mr. Cheung Wing Keung, and Mr. Tan Hui Kiat; and three independent non-executive directors, namely Mr. Wong Chun Bong, Mr. Lee Kwok On, Matthew, and Mr. Chan Wai.