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)

2013 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the "Board") of World Wide Touch Technology (Holdings) Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 together with the comparative figures for 2012.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Revenue	*4*	**1,036,662**	1,200,435
Cost of sales	*5*	**(1,004,819)**	(1,074,600)
Gross profit		**31,843**	125,835
Other gain		**315,581**	350
Other income — net		**1,048**	9,289
Distribution costs	*5*	**(31,383)**	(20,178)
Administrative expenses	*5*	**(172,845)**	(164,235)
Operating profit/(loss)		**144,244**	(48,939)
Finance (costs)/income — net	*6*	**(2,157)**	22
Share of loss of associates		**(7,965)**	(2,127)
Profit/(loss) before income tax		**134,122**	(51,044)
Income tax expense	*7*	**(5,456)**	(3,564)
Profit/(loss) for the year		**128,666**	(54,608)
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Fair value gain on available-for-sale financial assets		**19,004**	10,074
Currency translation differences		**–**	22
Other comprehensive income for the year		**19,004**	10,096
Total comprehensive income/(loss) for the year attributable to equity holders of the Company		**147,670**	(44,512)
Earnings/(loss) per share for profit/(loss) attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	*8*	**4.40**	(1.87)
— diluted (expressed in Hong Kong cents per share)	*8*	**4.39**	N/A
Dividends	*9*	**23,416**	–

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**572,382**	615,882
Land use right		**4,806**	4,922
Intangible assets		**74,069**	85,777
Investments in associates		**22,500**	30,465
Available-for-sale financial assets		**357,304**	94,759
Deferred income tax assets		**13,996**	11,869
Loan receivables		**–**	19,379
Prepayments and other receivables		**17,126**	38,628
		1,062,183	901,681
Current assets			
Inventories		**149,075**	174,698
Trade receivables	*10*	**209,599**	258,836
Prepayments, deposits and other receivables		**24,735**	36,161
Current income tax recoverables		**145**	1,183
Financial assets at fair value through profit or loss		**1,321**	1,276
Cash and cash equivalents		**325,892**	365,295
		710,767	837,449
Total assets		**1,772,950**	1,739,130

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As of 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
EQUITY			
Owner's equity attributable to the Company's equity holders			
Share capital		**292,708**	292,708
Share premium		**565,489**	565,489
Other reserves and retained earnings		**345,523**	207,337
		1,203,720	1,065,534
LIABILITIES			
Non-current liabilities			
Bank borrowings		**62,500**	–
Other payables		**8,247**	16,949
Deferred income tax liabilities		**1,976**	2,630
		72,723	19,579
Current liabilities			
Trade and bills payables	*11*	**154,992**	180,207
Accruals and other payables		**87,465**	102,435
Bank borrowings		**242,149**	353,736
Finance lease obligations		**973**	8,693
Current income tax liabilities		**10,928**	8,946
		496,507	654,017
Total liabilities		**569,230**	673,596
Total equity and liabilities		**1,772,950**	1,739,130
Net current assets		**214,260**	183,432
Total assets less current liabilities		**1,276,443**	1,085,113

NOTES

1 GENERAL INFORMATION

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

The Company is an investment holding company. The Group is principally engaged in the manufacturing of a range of high-technology products; and trading of and the provision of services with respect to automation-related equipment.

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

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

2 BASIS OF PREPARATION

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

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3 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 2013:

HKAS 1 (Amendment)	Presentation of financial statements
HKAS 19 (Amendment)	Employee benefits
HKAS 27 (Revised 2011)	Separate financial statements
HKAS 28 (Revised 2011)	Associates and joint ventures
HKFRS 1 (Amendment)	First time adoption on government loans
HKFRS 7 (Amendment)	Financial instruments: Disclosure on asset and liability offsetting
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurements
HK(IFRIC) — Int 20	Stripping costs in the production phase of a surface mine

Amendment to HKAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from such amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment resulted in separate disclosures in the consolidated statement of comprehensive income for items that will potentially be reclassifiable to profit or loss subsequently. Other than this, it did not have any significant impact on the consolidated financial statements.

HKFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The new standard resulted in additional disclosures for the Group's investments in associates. Other than this, it did not have any significant impact on the consolidated financial statements.

HKFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRS. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRS. The new standard resulted in additional disclosures for the Group's fair value estimation. Other than this, it did not have any significant impact on the consolidated financial statements.

(b) New standards and amendments to standards have been issued but not effective for the financial year beginning on or after 1 January 2013 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: Presentation on asset and liability offsetting	1 January 2014
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets	1 January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Investment entities	1 January 2014
HK(IFRIC) — Int 21	Levies	1 January 2014
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015

4 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 an perspective of different product categories. The Group's reportable segments comprise Automation, Life Energy, Life Security and Life Touch.

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

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

Sales between segments were carried out on an arm's-length basis. The Group's revenue by segment is as follows:

	2013			2012		
	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	**374,754**	**(1,515)**	**373,239**	393,257	(24,319)	368,938
Life Energy	**51,115**	**–**	**51,115**	93,275	–	93,275
Life Security	**128,090**	**–**	**128,090**	175,908	–	175,908
Life Touch	**365,805**	**–**	**365,805**	374,321	–	374,321
Other Segments	**118,413**	**–**	**118,413**	187,993	–	187,993
Total	**1,038,177**	**(1,515)**	**1,036,662**	1,224,754	(24,319)	1,200,435

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

	2013	2012
	HK$'000	*HK$'000*
Operating (loss)/profit		
Automation	**11,049**	8,030
Life Energy	**(20,075)**	5,346
Life Security	**877**	7,753
Life Touch	**(16,483)**	45,001
Other Segments	**(2,310)**	2,938
Total	**(26,942)**	69,068
Unallocated:		
Depreciation shared by various reportable segments and head office	**(17,235)**	(17,773)
Amortisation of land use right	**(116)**	(116)
Other income — net	**316,629**	9,639
Other distribution costs and administrative expenses	**(128,091)**	(109,757)
Finance (costs)/income — net	**(2,157)**	22
Share of loss of associates	**(7,966)**	(2,127)
Profit/(loss) before income tax	**134,122**	(51,044)

	2013	2012
	HK$'000	*HK$'000*
Other segment items — depreciation and amortisation		
Automation	**(2,971)**	(3,839)
Life Energy	**(5,991)**	(7,026)
Life Security	**(22,462)**	(25,139)
Life Touch	**(35,797)**	(28,813)
Other Segments	**(5,832)**	(7,689)
Total	**(73,053)**	(72,506)

During the year, the Group recorded a provision for impairment of inventories of HK$13,305,000 (2012: Nil), HK$18,510,000 (2012: Nil) and HK$1,185,000 (2012: Nil) in the segment results of Life Energy, Life Touch and Other Segments respectively. No provision for impairment of inventories has been made for Automation and Life Security (2012: Nil).

In addition, the Group recorded a provision for impairment of intangible assets of HK$7,761,000 (2012: Nil), HK$1,089,000 (2012: Nil) and HK$2,133,000 (2012: Nil) in the segment results of Life Energy, Life Security and Other Segments respectively. No provision for impairment of intangible assets has been made for Automation and Life Touch (2012: Nil).

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

	2013	2012
	HK$'000	*HK$'000*
Segment assets		
Automation	**201,654**	220,936
Life Energy	**43,755**	73,320
Life Security	**96,785**	89,131
Life Touch	**198,428**	246,746
Other Segments	**122,892**	138,203
Segment assets for reportable and other segments	**663,514**	768,336
Unallocated:		
Property, plant and equipment shared by various reportable segments	**323,580**	330,812
Land use right	**4,806**	4,922
Available-for-sale financial assets	**357,304**	94,759
Investments in associates	**22,500**	30,465
Deferred income tax assets	**13,996**	11,869
Inventories shared by various reportable segments	**76,994**	115,529
Prepayments, deposits and other receivables	**34,056**	53,376
Financial assets at fair value through profit or loss	**1,321**	1,276
Loan receivables	**–**	19,379
Cash and cash equivalents	**274,879**	308,407
Total assets	**1,772,950**	1,739,130

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

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

Reportable segments liabilities are reconciled to total liabilities as follows:

	2013	2012
	HK$'000	*HK$'000*
Segment liabilities		
Automation	**110,932**	131,686
Life Energy	**9,501**	16,952
Life Security	**23,808**	31,970
Life Touch	**67,992**	68,031
Other Segments	**22,010**	34,167
Segment liabilities for reportable and other segments	**234,243**	282,806
Unallocated:		
Accruals and other payables	**73,172**	77,665
Bank borrowings	**250,050**	295,997
Finance leases obligations	**973**	8,693
Current income tax liabilities	**10,792**	8,435
Total liabilities	**569,230**	673,596

The amounts provided to the CEO with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. Segment liabilities represented trade payables which are allocated based on the operations of the segment, accruals and other payables, deferred income tax liabilities, current income tax liabilities and interest-bearing liabilities attributable to various reportable segments.

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

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

Members of the Group are mainly domiciled in Hong Kong and China while its 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$479,884,000 (2012: HK$541,097,000) and HK$448,198,000 (2012: HK$488,903,000) respectively, while the remaining revenue is derived from customers located in other countries.

The total of non-current assets other than deferred income tax assets located in China is HK$586,904,000, (2012: HK$630,568,000), and the total of these non-current assets located in other countries is HK$461,283,000 (2012: HK$259,244,000).

For the year ended 31 December 2013, the revenue of approximately HK$373,258,000 (2012: HK$381,051,000) is derived from a customer in the life touch segment.

5 EXPENSES BY NATURE

	2013	2012
	HK$'000	*HK$'000*
Employee benefit expenses	**169,829**	156,879
Cost of inventories	**790,289**	910,860
Provision of impairment loss on inventories	**33,000**	–
Provision of impairment loss on intangible assets	**10,983**	–
Provision for impairment on trade receivables	**291**	–
Auditor's remuneration		
— Audit services	**2,851**	2,523
— Non-audit services	**1,168**	5,844
Depreciation of property, plant and equipment	**67,582**	66,046
Operating lease rentals — office premises, factory and warehouse	**8,482**	8,673
Amortisation of land use right	**116**	116
Consumables and factory supplies	**1,939**	1,947
Electricity, water and utilities expenses	**16,346**	16,909
Freight and transportation	**8,716**	5,423
Bank charges	**2,999**	3,365
Other tax levies	**6,689**	6,772
Research and development expenses		
— Employee benefit expenses	**3,814**	3,937
— Amortisation of intangible assets	**23,840**	24,233
Commission expenses	**9,985**	12,919
Advertising and promotion expenses	**12,166**	1,534
Others	**37,962**	31,033
Total cost of sales, distribution costs and administrative expenses	**1,209,047**	1,259,013

6 FINANCE INCOME AND COSTS

	2013	2012
	HK$'000	*HK$'000*
Finance income:		
— Interest income on bank deposits	**6,165**	8,529
— Interest income on loan receivables	**628**	95
	6,793	8,624
Finance costs:		
— Bank loans	**(5,714)**	(5,008)
— Finance lease obligations	**(101)**	(295)
— Trust receipt loans	**(1,802)**	(3,511)
— Notional accretion on deferred revenue	**–**	(268)
— Notional accretion of interest on contingent consideration payable	**(1,333)**	(1,426)
	(8,950)	(10,508)
Less amounts capitalised on qualifying assets	**–**	1,906
	(8,950)	(8,602)
Net finance (costs)/income	**(2,157)**	22

7 INCOME TAX EXPENSE

	2013 *HK$'000*	2012 *HK$'000*
Current income tax		
— Hong Kong profits tax	**2,480**	2,425
— China enterprise income tax	**5,917**	3,875
— Overseas income tax	**–**	26
	8,397	6,326
(Over)/under-provision in prior years	**(160)**	8,060
	8,237	14,386
Deferred income tax	**(2,781)**	(10,822)
	5,456	3,564

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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% (2012: 12.5%). 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.

8 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

	2013	2012
Profit/(loss) attributable to equity holders of the Company *(HK$'000)*	**128,666**	(54,608)
Weighted average number of ordinary shares in issue *(thousands)*	**2,927,084**	2,927,084
Basic earnings/(loss) per share *(expressed in HK cents per share)*	**4.40**	(1.87)

(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 share) 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.

	2013	2012
Earnings		
Profit/(loss) attributable to equity holders of the Company *(HK$'000)*	**128,666**	(54,608)
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)*	**2,928,521**	2,927,084
Diluted earnings/(loss) per share *(expressed in HK cents per share)*	**4.39**	N/A

9 DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Interim dividend paid — HK0.4 cents (2012: Nil) per share	**11,708**	–
Proposed final dividend — HK0.4 cents (2012: Nil) per share	**11,708**	–
	23,416	–

10 TRADE RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**210,427**	259,373
Less: Provision for impairment of receivables	**(828)**	(537)
Trade receivables — net	**209,599**	258,836

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:

	2013	2012
	HK$'000	*HK$'000*
0 to 30 days	**131,227**	176,950
31 to 60 days	**30,672**	32,743
61 to 90 days	**27,167**	28,629
91 to 120 days	**6,590**	1,697
Over 120 days	**14,771**	19,354
	210,427	259,373

11 TRADE AND BILLS PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**153,856**	178,515
Bills payables	**1,136**	1,692
	154,992	180,207

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

	2013	2012
	HK$'000	*HK$'000*
0 to 30 days	**99,071**	152,595
31 to 60 days	**28,922**	21,442
61 to 90 days	**14,652**	2,390
91 to 120 days	**9,387**	7
Over 120 days	**2,960**	3,773
	154,992	180,207

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the latest financial year, the management implemented a number of transformative measures in view of the sluggish performance of the electronic manufacturing services (the "EMS") market. Their foresight has enabled the Group to become more technology oriented, with a particular focus on biometric security technology, a segment that has grown increasingly relevant with consumers and the public in general.

As at the year ended 31 December 2013, Automation products accounted for 36.0% (2012: 30.7%) of the Group's total revenues, with Life Energy products accounted for 4.9% (2012: 7.8%); Life Security products accounted for 12.4% (2012: 14.7%); Life Touch products accounted for 35.3% (2012: 31.2%); and Other Segments accounted for 11.4% (2012: 15.6%).

Business Overview

Automation

Gallant Tech Limited ("Gallant Tech") has continued to contribute a stable revenue to the Group since its acquisition in January 2012. During the review year, Gallant Tech recorded a revenue of HK$373.2 million, accounting for 36.0% of the Group's total revenue.

Gallant Tech has continued to record a stable growth; benefitting from a strong demand from the mobile manufacturing sector for its testing equipment, as well as appreciation for its excellent after-sales services. With a growing awareness among manufacturers in China of the financial benefits derived from automation technologies, the management is confident that this business will continue to contribute a stable revenue to the Group over the long term.

Life Energy

The Life Energy product segment principally consists of wireless charging devices and plasma lighting source products.

Revenue from wireless charging devices declined by 45.9% to HK$49.1 million, while plasma lighting source products recorded HK$2.0 million in revenue, representing a 18.1% decrease when compared with the corresponding period of last year.

To capitalise on the significant growth expected from the mobile device wireless charging market, which will be driven by consumers' insatiable demand for smart devices, the Group made two strategic investments in PowerMat Technologies Ltd. ("PowerMat") in 2011 and 2012. Even though the wireless charging market is presently in a nascent stage, the management remains fully confident in the investment's ability to deliver favorable returns as the technology gains wider acceptance not only in the United States but across the Asia Pacific.

PowerMat is a pioneer and leader in the burgeoning wireless charging industry. Indicative of the confidence that its technologies inspire, PowerMat has a portfolio of world renowned and diversified clients, including General Motors, Procter & Gamble, Starbucks and AT&A. Moreover, Power Matters Alliance (PMA) — the world's fastest growing wireless power standard and ecosystem — has incorporated PowerMat technology in its own open standard.

The management maintains the belief that as wireless charging devices further develop and advance, revenue contributions from such devices will become more stable and healthy. Accordingly, the Group trusts that as its strategic investment in PowerMat continues to strengthen, resulting in a wider presence in the wireless charging market.

As for the plasma lighting source products, the Group will continue to remain cautious to identify potential projects that would secure profitability as well as providing a strong cash flow.

Life Security

The Life Security product segment principally consists of biometric fingerprint modules that are used in PC notebooks of world renowned brands, and fingerprint biometric devices. During the review year, revenue from the Life Security segment slipped by 27.2% to HK$128.1 million.

In view of the sluggish demand for notebook computers, the Group has continued to leverage its expertise in biometric security technology — an area that it has been involved in since 2009 — to help safeguard data transmissions among smart devices. Given that the need for secure internet communication capabilities will only increase, fingerprint biometric technology will quickly become a widely-adopted feature among the said devices for identity verification and protection.

Holding true to its belief in the growing need for secure internet communications, the management officially launched FingerQ, the world's first biometric fingerprint privacy protection platform; and PrivacQ, a biometric communication device, during 2013 — the former featuring a number of patented technologies developed by the Group. Both FingerQ and PrivacQ have successfully tapped into the Hong Kong, Taiwan and Singapore markets.

PrivacQ Q-Case S was named 2014 International CES Innovations Design and Engineering Awards Honoree during the 2014 Consumer Electronics Show in Las Vegas. PrivacQ products have also been showcased at Mobile World Congress 2013 in Barcelona, demonstrating FingerQ's growing global presence. Separately, the Group has been granted two patent certificates from the State Intellectual Property Office ("SIPO") of the People's Republic of China for its biometric applications, comprising encryption and decryption technology for point-to-point and point-to-group information sharing. The biometric applications are of relevance to internet messaging, chat, e-commerce and enterprise applications, as well as the ability to take advantage of the Group's security platform.

Life Touch

The Group's capacitive touch products performed steadily in 2013. The segment recorded a total revenue of HK$365.8 million by the year end of 2013, which is at a similar level with the preceding financial year.

Other Segments

The Group's other segments mainly consist of communication and automobile-related products. Sales from communication- and automobile-related products recorded a drop of 76.2% to HK$14.2 million and 23.5% to HK$72.6 million respectively.

Technology Investment

In order to expedite its transformation into a technology company without investing substantial time and resources in research and development, the Group has been forging cooperative ties with a number of technology companies that are mainly involved in biometric security, wireless data transmission and communication.

Biometric Security Technology

In anticipation of the growth of biometric security technologies in the coming years, and to support its product roadmap for FingerQ and PrivacQ, since 2012, the Group has invested in a number of companies that specialise in the biometric security technological area, including the following:

Fingerprint Cards AB

Fingerprint Cards AB ("FPC") is a Swedish public company that is listed on NASDAQ OMX Stockholm. As at 31 December 2013, the Group held 886,978 FPC shares, at a value of approximately HK$57.4 million.

FPC develops and produces biometric components and technologies that, through the analysis and matching of an individual's unique fingerprint, can verify the person's identity. The technology consists of biometric sensors, processors, algorithms and modules that can be used separately or in combination with each other. Given that the Group and FPC are both involved in the development and sale of fingerprint biometric systems, the management believes that its investment will encourage a long-term strategic partnership with FPC.

IDEX ASA

IDEX ASA ("IDEX") is a Norwegian public company that is listed on the Oslo Axess market of the Oslo Børs (Oslo Stock Exchange). As at 31 December 2013, the Group held 14,656,505 IDEX ASA shares at a value of approximately HK$113.7 million.

IDEX specialises in fingerprint imaging and recognition technology. IDEX's vision is to ensure individuals have safe, secure, and user-friendly uses of their personal ID. IDEX developed an award-winning SmartFinger® technology platform based on the company's core intellectual property, including the patented fingerprint imaging principle, sensing scheme and chip design.

Synaptics Incorporated

Synaptics Incorporated ("Synaptics") is a US public company that is listed on the NASDAQ. As at 31 December 2013 the Group held 222,602 shares, at a value of approximately HK$89.5 million.

Synaptics is a leading developer of human interface solutions that enhance a user's experience in the expanding digital lifestyle. The company is able to combine technology, expertise and innovation to create comprehensive and customized solutions (from prototyping, module design to manufacturing and testing).

On 7 November 2013, Synaptics acquired Validity Sensors, Inc ("Validity"), a US company, providing fingerprint sensor solutions with the highest levels of performance, security, cost-effectiveness and design flexibility.

Wireless Data Transmission Technology

The increased use of smartphones and tablets not only creates a high demand for data security technology, it also creates massive data traffic and therefore requires the support of ultra high-speed wireless data transmission.

WaveConnex

WaveConnex, Inc. is a US private company that principally develops wireless technology for data transfer. The Group believes that the investments made will strengthen its foothold in the wireless technology for data transfer market.

Communication Technology

With the expectation of the strong demand for high-speed wireless data transmission infrastructure, the Group invested into two companies in 2012, that are engaging in wireless telecommunication systems and components.

Advanced Radio Device Technologies, Inc.

Advanced Radio Device Technologies, Inc. ("ARDT") is mainly involved in the research and development, sale and marketing of semiconductors for communication and related equipments. The Group acquired a 43% stake in ARDT in July 2012.

During the review period, ARDT commenced operation, though it has yet to deliver profits to the Group. The management believes that ARDT's technological input and streamlined operations will be of benefit to the Group; specifically, for helping to enhance its presence in the Radio Frequency ("RF") communications products market.

Tekmar, Inc.

The Group also set to help further its presence in the RF market is the Group's investment in Tekmar, Inc. ("Tekmar"), which it acquired a 39.4% stake in September 2012. Tekmar, which specializes in the development, manufacturing and sale of carrier-grade wireless telecommunication systems and components, including RF filters for the 4G LTE FDD and TDD infrastructures, was in a start-up stage during the review period.

Financial Review

Revenue

The revenue for the year ended 31 December 2013 amounted to HK$1,036.6 million (2012: HK$1,200.4 million), analysed by the following segments:

	2013		2012		
	HK$ million		*HK$ million*		*% change*
Automation	**373.2**	**36.0%**	368.9	30.7%	+1.2%
Life energy	**51.1**	**4.9%**	93.3	7.8%	-45.2%
Life security	**128.1**	**12.4%**	175.9	14.7%	-27.2%
Life touch	**365.8**	**35.3%**	374.3	31.2%	-2.3%
Other segments	**118.4**	**11.4%**	188.0	15.6%	-37.0%
	1,036.6	**100.0%**	1,200.4	100.0%	-13.6%

During the year under review, the Group's revenue dropped by 13.6% to HK$1,036.6 million as compared with last year. Such decline was mainly attributable to the drop in revenue in all segments except for automation segment which remained stable.

Gross Profit and Margin

As a result of the change in product mix, provision of impairment loss on intangible assets and provision for slow moving and obsolete inventory, the gross profit for the year ended 31 December 2013 amounted to HK$31.8 million, a decrease of HK$94.0 million as compared with the corresponding period in 2012. For the same reason, the gross profit margin for the year ended 31 December 2013 has decreased from 10.5% to 3.1% as compared with the corresponding period in 2012.

Other Gain

The other gain increased by HK$315.2 million as compared with the corresponding period in 2012 mainly due to gain from the disposals of certain investments.

Other Income — Net

The other income — net decreased by HK$8.2 million as compared with the corresponding period in 2012 mainly due to the tax indemnification of HK$7.8 million to the Company, by Mr. Wong Kwong Fong and Ms. Ching Pui Yi, the controlling shareholders of the Company.

Distribution Costs

Distribution costs for the period amounted to HK$31.4 million, accounting for 3.0% of the total revenue. This represented an increase of 55.5% when compared to the corresponding period in 2012. The increase was mainly caused by the promotional activities for FingerQ and PrivacQ.

Administrative Expenses

During the period under review, administrative expenses increased to HK$172.8 million from HK$164.2 million, mainly due to the bad debt written-off, share option expenses and staff bonus incurred during 2013 and offset by decrease in legal and professional fees.

Finance (costs)/income — net

Net finance cost was HK$2.2 million, as compared to net finance income of HK$0.02 million during the corresponding period in 2012. The change was primarily resulted from less interest income from deposits.

Income Tax Expense

Income tax expense increased by 53.1% to HK$5.5 million as compared to an income tax expense of HK$3.6 million during the corresponding period in 2012. The change was mainly due to the fact that for the year of 2013, Heshan World Fair Electronics Technology Limited, a wholly owned subsidiary of the Company, is subjected to the statutory income tax rate of 25% (2012: 12.5%).

Profit for the Period

Profit for the year was HK$128.7 million, as compared to a loss of HK$54.6 million during the corresponding period in 2012.

Financial Resources Review

Liquidity, Financial Resources and Debt Structure

Adhering to a conservative financial management system, the Group continued to maintain a healthy and solid liquidity position. As of 31 December 2013, the Group's cash and cash equivalents totalled HK$325.9 million (2012: HK$365.3 million). Working capital represented by net current assets amounted to HK$214.3 million (2012: HK$183.4 million). The Group's current ratio was 1.4 (2012: 1.3).

Bank borrowings included trust receipt loans amounting to HK$64.0 million (2012: HK$120.6 million) and bank loans amounting to HK$240.6 million (2012: HK$233.1 million) and were secured by corporate guarantees provided by the Company and certain of its subsidiaries. As of 31 December 2013 and 2012, the Group was in a net cash position, representing the bank balances and cash exceeded total debts at the end of each reporting period.

Capital Commitments

As of 31 December 2013, the Group had contracted but not provided for capital commitments of HK$2.2 million (2012: HK$3.0 million), and did not have any authorised but not contracted for capital commitments (2012: Nil).

Subsequent Events

On 13 March 2014, the Group disposed of certain shares representing 0.71% of the equity interest of Synaptics Inc ("Synaptics"), which is a company incorporated in the USA and is listed on NASDAQ, with the gain of approximately HK$20.9 million.

Currency Exposure and Management

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

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

Future plans for capital investments and expected source of funding

Currently, the Group's operating and capital expenditures are mainly financed by its internal resources such as operating cash flow and shareholders' equity, and, to a certain extent, by bank loans. The Group has sufficient funding resources and unutilised banking facilities to meet future capital expenditure and working capital requirements. As of 31 December 2013, the Group had total capital commitments of HK$2.2 million mainly for the purchase of machineries.

Employees

As of 31 December 2013, the Group had approximately 1,500 (2012: 2,400) full-time employees mainly in Hong Kong and China. The Group recognises the importance of human resources to its success. Qualified and experienced personnel are recruited with remuneration maintained at competitive levels.

Use of Proceeds from Initial Public Offering

The Company was listed on the main board of the Stock Exchange on 15 December 2010 and the proceeds raised by the placing and public offering, net of listing expenses, were approximately HK$642.0 million. During the period from the listing date to 31 December 2013, the net proceeds were utilised as follows:

		HK$' million
1	Purchase of equipment for the production of capacitive touch screen products and upgrading production capacity	166.0
2	Research and development costs on company products	56.7
3	Acquisitions of new technology or cooperation	67.2
4	Acquisitions for vertical integration	57.8
5	Construction of additional production plants	57.8
6	General working capital purpose	64.2
Total net proceeds utilised		469.7

The balance of the net proceeds was deposited with the banks in the People's Republic of China and Hong Kong and will be used for the intended uses as set out in the prospectus of the Company dated 2 December 2010.

Business Outlook

Despite a sluggish global economic environment, the demand for smart devices has continued to grow unabated. This trend sets to continue, and is a development that the Group will seek to fully leverage. In particular, the proliferation of smart technologies has led to a sharp rise in data generation, and the corresponding need for data protection. Having shifted its focus to biometric technologies in 2009 as part of its transformation from being a labor-intensive manufacturing-focused entity to a premium, innovative technologies company, the Group is now in an ideal position to capitalize on the increasing demand for data security solutions.

Leading the Group's change into the data protection market will be its suite of privacy and information security products and solutions, which include FingerQ, the world's first biometric fingerprint privacy protection mobile platform, and PrivacQ biometric communication device. Given that mobile smart web-connected devices have no firewall safeguard, FingerQ represents an important development as it employs a comprehensive user identification encryption system, thus providing users with personal data and privacy protection. What is more, FingerQ's Q-Manager enables mobile applications to be locked using biometrics technology, while a value-added Q-Share feature enables users to encrypt messages, pictures or files and share them over different social networking platforms. Both FingerQ and PrivacQ have gained a positive exposure at several renowned technology exhibitions around the world, and the Group will continue to promote these innovative solutions at major events in the future. It will also apply for more patents with the State Intellectual Property Office ("SIPO") of the People's Republic of China so as to protect the status and intrinsic value of FingerQ and PrivacQ.

Having already made a positive impact on the data security solutions market with product introductions in Hong Kong, Taiwan and Singapore, the Group is determined to strengthen its foothold in Asia — eventually branching out to the rest of the world — by developing still more products that bring greater security and convenience to people's lives. Areas that the Group will explore include online payment and banking operations, as fingerprint biometric recognition technology would perfectly complement such applications. Correspondingly, the Group will direct energy and resources towards securing more patents and establishing strategic partnerships to bolster its technological edge, which also deliver the benefits of an increase brand recognition and a higher patent profile.

With respect to the automation business, Gallant Tech has been a welcomed addition to the Group, and the implementation of a sales network expansion plan has further raised its value. Gallant Tech continues to maintain good relations with its suppliers in the United States, Japan, Korea and Singapore by providing quality post-purchase services, and through the development of an extensive global network. In Greater China, the company now has registered offices in Hong Kong, Shenzhen, Shanghai, Beijing and Tianjin; sales and services support staff stationed in Suzhou, Wuhan, Chengdu and Xiamen; and it will continue its expansion drive in the western region of the country. This enlarged network will enhance the performance of Gallant Tech, leading to a stable revenue from the automation business, which the Group can utilize to seize new business opportunities.

Looking ahead, the Group will continue to capitalize on the increasing demand for data security solutions by consolidating its leadership position in the biometric fingerprint technologies segment, making further investments in technology companies that hold expertise in fingerprint authentication and data encryption of mobile devices, and by establishing cooperative ties with leading industry players. In respect of its portfolio of self-developed products, the Group will seek to integrate new features, as well as to work with different institution in order to widen their applications. The management remains confident in the long-term performance of the Group, and its ability to continue delivering favorable returns to its shareholders.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.4 cents per ordinary share for the year ended 31 December 2013 (2012: Nil).

In order to be entitled to the final dividend for the year ended 31 December 2013, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, of the following address for registration no later than 4:30 p.m. on Thursday, 15 May 2014.

Before 31 March 2014:	26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong
From 31 March 2014 onwards:	Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong

The final dividend will be paid in cash on or around Tuesday, 3 June 2014 to shareholders whose names appear on the register of members of the Company at the close of business on Thursday 15 May 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 7 May 2014 to Friday, 9 May 2014 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, of the above address for registration not later than 4:30 p.m. on Monday, 5 May 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries, purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2013.

CORPORATE GOVERNANCE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "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 year ended 31 December 2013, they have complied with the provisions of the Model Code.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference set out in the CG Code. The principal duties of the audit committee includes the review and supervision of the Group's financial reporting matters and internal control procedures. The audit committee comprises three independent non-executive directors of the Company, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Mr. Chan Wai. The audit committee has reviewed the audited financial statements and this annual results announcement of the Group for the year ended 31 December 2013.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC HK"), to the amounts set out in the Group's audited consolidated financial statements. The work performed by PwC HK 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC HK on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 9 May 2014 at 2:00 p.m. 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 RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.wwtt.hk). The 2013 Annual Report will be dispatched to the shareholders of the Company and available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, 14 March 2014

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