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## **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)**

### **2014 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 2014 together with the comparative figures for 2013.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Revenue	3	<b>741,056</b>	1,036,662
Cost of sales	4	<b>(991,840)</b>	(1,004,819)
Gross (loss)/profit		<b>(250,784)</b>	31,843
Other gain — net		<b>5,387</b>	315,581
Other income — net		<b>4,958</b>	1,048
Distribution costs	4	<b>(27,409)</b>	(31,383)
Administrative expenses	4	<b>(296,243)</b>	(172,845)
Operating (loss)/profit		<b>(564,091)</b>	144,244
Finance costs — net	5	<b>(1,470)</b>	(2,157)
Share of loss of and impairment provision for associates		<b>(9,905)</b>	(7,965)
(Loss)/profit before income tax		<b>(575,466)</b>	134,122
Income tax expense	6	<b>(7,686)</b>	(5,456)
(Loss)/profit for the year		<b>(583,152)</b>	128,666
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Fair value (loss)/gain on available-for-sale financial assets		<b>(117,293)</b>	19,004
Currency translation differences		<b>(409)</b>	—
Other comprehensive (loss)/income for the year		<b>(117,702)</b>	19,004
Total comprehensive (loss)/income for the year attributable to equity holders of the Company		<b>(700,854)</b>	147,670
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
— basic (expressed in Hong Kong cents per share)	7	<b>(19.92)</b>	4.40
— diluted (expressed in Hong Kong cents per share)	7	<b>(19.92)</b>	4.39
Dividends	8	<b>11,708</b>	23,416

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		81,547	572,382
Land use right		4,690	4,806
Intangible assets		75,373	74,069
Investments 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	9	1,763	–
Prepayments and other receivables		6,017	17,126
		<u>375,239</u>	<u>1,062,183</u>
<b>Current assets</b>			
Inventories		107,091	149,075
Trade receivables	9	134,073	209,599
Prepayments, deposits and other receivables		17,238	24,735
Amount due from a related party		2,684	–
Current income tax recoverables		–	145
Financial assets at fair value through profit or loss		1,162	1,321
Cash and cash equivalents		239,792	325,892
		<u>502,040</u>	<u>710,767</u>
<b>Total assets</b>		<u><u>877,279</u></u>	<u><u>1,772,950</u></u>
<b>EQUITY</b>			
<b>Owner's equity attributable to the Company's equity holders</b>			
Share capital		292,708	292,708
Share premium		565,489	565,489
Other reserves and (accumulated deficit)/ retained earnings		(367,039)	345,523
		<u>491,158</u>	<u>1,203,720</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As of 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings		58,333	62,500
Other payables		–	8,247
Deferred income tax liabilities		1,524	1,976
		<u>59,857</u>	<u>72,723</u>
<b>Current liabilities</b>			
Trade and bills payables	10	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
		<u>326,264</u>	<u>496,507</u>
<b>Total liabilities</b>		<u>386,121</u>	<u>569,230</u>
<b>Total equity and liabilities</b>		<u>877,279</u>	<u>1,772,950</u>
<b>Net current assets</b>		<u>175,776</u>	<u>214,260</u>
<b>Total assets less current liabilities</b>		<u>551,015</u>	<u>1,276,443</u>

## NOTES

### 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 value.

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.

## 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 standards 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:

		<b>Effective for annual periods beginning on or after</b>
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 to HKFRSs 2012–2014 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.

### 3 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 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".

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

	2014			2013		
	Total segment revenue HK\$'000	Inter segment revenue HK\$'000	Revenue from external customers HK\$'000	Total segment revenue HK\$'000	Inter segment revenue HK\$'000	Revenue from external customers 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	<u>746,139</u>	<u>(5,083)</u>	<u>741,056</u>	<u>1,038,177</u>	<u>(1,515)</u>	<u>1,036,662</u>

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

	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
<b>Operating (loss)/profit</b>		
Automation	<b>11,084</b>	11,049
Life Energy	<b>(18,139)</b>	(20,075)
Life Security	<b>1,852</b>	877
Life Touch	<b>(120,035)</b>	(16,483)
Other Segments	<b>(84,253)</b>	(2,310)
	<hr/>	<hr/>
Total	<b>(209,491)</b>	(26,942)
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<b>Unallocated:</b>		
Depreciation shared by various reportable segments and head office	<b>(16,620)</b>	(17,235)
Provision for impairment of property, plant and equipment shared by various reportable segments and head office	<b>(258,525)</b>	–
Amortisation of land use right	<b>(116)</b>	(116)
Other gain — net	<b>5,387</b>	315,581
Other income — net	<b>4,958</b>	1,048
Other distribution costs and administrative expenses	<b>(89,684)</b>	(128,091)
Finance costs — net	<b>(1,470)</b>	(2,157)
Share of loss of and impairment provision for associates	<b>(9,905)</b>	(7,966)
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(Loss)/profit before income tax	<b>(575,466)</b>	134,122
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	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
<b>Other segment items — depreciation and amortisation</b>		
Automation	<b>(2,971)</b>	(2,971)
Life Energy	<b>(4,556)</b>	(5,991)
Life Security	<b>(27,870)</b>	(22,462)
Life Touch	<b>(30,737)</b>	(35,797)
Other Segments	<b>(4,245)</b>	(5,832)
	<hr/>	<hr/>
Total	<b>(70,379)</b>	(73,053)
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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:

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

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

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 external 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.

#### 4 EXPENSES BY NATURE

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

## 5 FINANCE INCOME AND COSTS

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

## 6 INCOME TAX EXPENSE

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

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

The statutory income tax rate applicable to entities operating in the PRC is 25% (2013: 25%).

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.

## 7 (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
(Loss)/profit attributable to equity holders of the Company (HK\$'000)	<u>(583,152)</u>	<u>128,666</u>
Weighted average number of ordinary shares in issue (thousands)	<u>2,927,084</u>	<u>2,927,084</u>
Basic (loss)/earnings per share (expressed in HK cents per share)	<u>(19.92)</u>	<u>4.40</u>

### (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.

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

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.

## 8 DIVIDENDS

	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
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 — HK\$0.4 cents per share	<b>11,708</b>	–
	<b>11,708</b>	23,416

## 9 TRADE RECEIVABLES

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

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:

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

## 10 TRADE AND BILLS PAYABLES

	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
Trade payables	<b>69,489</b>	153,856
Bills payables	<b>95</b>	1,136
	<b>69,584</b>	154,992

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During 2014, the Group has successfully transformed from a labor-intensive manufacturing-focused enterprise to a value-added, innovative technology corporation. The Group has implemented a range of strategic and transformative measures including elimination of low-margin and labor-intensive business segments, and effective allocation of resources to business segments with high demand and greater growth potential such as biometric security technology. As a result, the Group's employees have been reduced from approximately 1,500 in the past year to approximately 700 as at 31 December 2014.

As of the year ended 31 December 2014, Automation products accounted for 54.6% (2013: 36.0%) of the Group's total revenue; Life Energy products accounted for 4.7% (2013: 4.9%); Life Security products accounted for 25.0% (2013: 12.4%); Life Touch products accounted for 7.4% (2013: 35.3%); and Other Segments accounted for 8.3% (2013: 11.4%).

As part of its transformation strategy, the Group discontinued the Life Touch business in June 2014, in order to redirect its resources to business segments delivering greater margins and growth.

### Business Overview

#### Automation

Since its acquisition in January 2012, Gallant Tech Limited ("Gallant Tech") has continued to contribute stable revenue to the Group. In 2014, Gallant Tech recorded a revenue of HK\$404.4 million (2013: 373.2 million), accounting for 54.6% (2013: 36.0%) of the Group's total revenue.

As strong demand in the mobile manufacturing and testing equipment sectors drives sales of automation products, Gallant Tech has continued to record a stable growth. During the year under review, Gallant Tech has entered into a cooperation agreement with Fuji Machine Mfg. Co., Ltd. to expand its product offerings for its electronics assembly equipment. Growing awareness of economic benefits derived from automation technologies among Chinese manufacturers is expected to sustain market demand for automation products. The Group is highly confident that the long-term outlook of its automation business remains positive and will continue to capture business opportunities with its excellent after-sales services.

## ***Life Energy***

The Life Energy product segment consists of wireless charging devices. Revenue from wireless charging devices decreased by 32.3% to HK\$34.6 million from HK\$51.1 million during the corresponding period in 2013.

As developments in wireless power solutions continued to gain momentum, the strategic investments made by the Group in PowerMat, an innovative leader in the global wireless charging industry in 2011 and 2012, have strengthened its presence in the wireless charging market. In June 2014, PowerMat has launched its wireless charging service for portable devices in Starbucks across the United States beginning with Starbucks outlets in the San Francisco Bay Area. The national rollout of the PowerMat wireless charging service in Starbucks enhances PowerMat's market share and boosts the sales of PowerMat's charging products. In addition to Starbucks, PowerMat holds a diverse client portfolio comprising internationally-recognised brands including General Motors, Procter & Gamble and AT&T.

The increasing popularity of wearable technology is also expected to boost demand for wireless power and further penetrate the mainstream products on the market. The Group will continue to capture such emerging growth opportunities via its strategic investment in this segment.

## ***Life Security***

The Life Security product segment consists mainly of biometric fingerprint modules used in notebook computers. In 2014, the Life Security segment delivered substantial revenue growth of 44.7% to HK\$185.3 million from HK\$128.1 million during the corresponding period in 2013. It accounted for 25.0% (2013: 12.4%) of the Group's total revenue during the year under review.

Demand for safety and security in internet and mobile communications and services continues to surge, as many facets of our daily lives and business across the private and public sectors become increasingly reliant on technology. Securing critical assets and personal information has become a key concern for all. The Group has successfully identified this important development in internet and mobile security years before other market players since 2009, and has launched the world's first biometric fingerprint identity privacy protection platform, FingerQ, and biometric communication device, PrivacQ, in 2013 in major cities across the Asia Pacific region including Hong Kong, Taiwan and Singapore. In 2014, the Group leveraged its patented FingerQ technologies to form partnerships with industry leaders across different sectors to develop biometric security solutions for new businesses in the area of mobile payment and healthcare services.

The Group continues to actively participate in major international exhibitions to promote its biometric security technology, strengthen the FingerQ brand, and explore partnership opportunities with leading industry players around the world.

## ***Life Touch***

The Group has completed the discontinuation of its Life Touch business by June 2014 as part of its restructuring to eliminate low-margin products in order to enhance resources allocation and maximize investment return. During the year under review, the Life Touch product segment contributed revenue of HK\$54.8 million (2013: HK\$365.8 million) to the Group, mainly arising from the first half of 2014.

## **Other Segments**

The Group's other segments primarily consist of communication and automotive-related products. During the year under review, revenue from communication products was stable at HK\$14.2 million (2013: HK\$14.2 million) and revenue from automotive-related products decreased by 50.6% to HK\$35.9 million from HK\$72.6 million during the corresponding period in 2013.

## **Technology Investment and Partnership**

The Group invests significant resources in developing and enabling partnerships with a number of industry-leading companies specializing in biometric security, wireless data transmission and communication technologies. The goal of the Group is to provide users with a compelling experience through a diversified product and services portfolio, so as to provide the best secured technology solutions for both the consumer and enterprise markets.

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 has continued to invest in companies with advanced biometric security technology as well as other supporting technologies to support its product and services roadmap.

## **New Investments**

### *Bio-Key International, Inc.*

Bio-Key International, Inc. ("Bio-Key") is a US public company that is listed on the NASDAQ. As at 31 December 2014, the Group held 2,133,000 shares of Bio-Key at a value of approximately HK\$2.0 million. This strategic investment further enhances the Group's technology knowhow and capability in the biometric security arena.

Bio-Key develops and delivers advanced identification solutions to commercial and government enterprises, systems integrators, and custom application developers. Bio-key's award-winning, high performance, scalable, cost-effective and easy-to-deploy biometric finger identification technology accurately identifies and authenticates users of wireless and enterprise applications. Their solutions are used in local embedded original equipment manufacturer ("OEM") products as well as in some of the world's largest identification deployments to improve security, guarantee identity, and help reduce identity theft.

### *Kili Corporation*

Kili Corporation ("Kili") is a private company incorporated under the Laws of the Province of Ontario, Canada, with the headquarter at Toronto of Canada and offices at the United States. The Group acquired additional shares in Kili during the review year. As of 31 December 2014, the Group held 2,472,320 Kili shares at a value of approximately HK\$29.5 million, representing a 18.4% interest in Kili. This strategic investment enhances the Group's technology knowhow and capability in integrated circuit and secure element.

Kili is a fabless semiconductor company develops cost effective, secure and certifiable solutions for payment process based on its patented technology implemented in system-on-chip (SoC) ICs, firmware, reference designs, and hardware modules which enables customers to get to market quickly with the lowest cost mobile and countertop Point of Sales solutions.

#### *Link Mobility Group*

Link Mobility Group ("Link Mobility") is a Norwegian public company listed on the Oslo Axess market of the Oslo Børs ("Oslo Stock Exchange"). As of 31 December 2014, the Group held 680,081 Link Mobility shares at a value of approximately HK\$17.0 million. This investment enhances the Group's partnership with Link Mobility to deliver leading-edge solutions for e-commerce and mobile payment services.

Link Mobility is a leading provider of mobile solutions and mobile services in the Nordic and Baltic countries. It facilitates clients contact with their customers and provides a mobile payment solution to its clients. Link Mobility offers products and services encompassing mobile payment, mobile marketing, mobile dialogue, mobile CRM and mobile applications.

#### **Biometric Security Technology**

##### *IDEX ASA*

IDEX ASA ("IDEX") is a Norwegian public company listed on the Oslo Stock Exchange. The Group acquired additional IDEX ASA shares during the year under review. As of 31 December 2014, the Group held a total of 21,673,299 IDEX ASA shares at a value of approximately HK\$62.5 million. As both the Group and IDEX are in the business of the development and sale of information technology-related products and in particular fingerprint biometric systems, the investment represents a valuable opportunity to strengthen long-term strategic business collaboration with IDEX.

IDEX specializes in fingerprint imaging and recognition technology, with the vision to ensure individuals have safe, secure, and user-friendly ways to use 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. SmartFinger® solutions can be seamlessly integrated into a variety of embedded applications such as mobile phones, One Time Password devices, Smartcards, payment and ID cards, payment terminals, access control devices and biometric security, login tokens, and swipe sensor modularization solutions.

#### **Wireless Data Transmission Technology**

##### *Keyssa Inc. (previously known as WaveConnex Inc.)*

Keyssa Inc. ("Keyssa") is a U.S. privately-held company whose principal business is developing wireless technology for data transfer and has changed its name to Keyssa during the year under review. As of 31 December 2014, the Group held 2,511,954 Keyssa shares, representing a 7.4% interest in Keyssa. This investment is expected to strengthen the Group's position in the wireless data transfer and mobile internet market.

## Communication Technology

### *Advanced Radio Device Technologies, Inc.*

The principal business of Advanced Radio Device Technologies, Inc. ("ARDT") is the research and development, sales and marketing of semiconductor solutions for wireless communications and related infrastructure equipment. The management expects that ARDT's technology and its lean operation can benefit the Group by bolstering its position in the Radio Frequency ("RF") communications application market.

### *Tekmar, Inc.*

As a result of the continued loss sustained and the financial difficulties currently faced by Tekmar, the Group, after strategic consideration, decided to make a provision for the impairment of its interest in Tekmar in the amount of HK\$6.1 million during the year under review (2013: Nil). Tekmar specializes in the development, manufacturing and sale of carrier-grade wireless telecommunication systems and components, including RF filters for 4G LTE FDD and TDD infrastructure.

## Financial Review

### *Revenue*

The revenue for the year ended 31 December 2014 amounted to HK\$741.1 million (2013: HK\$1,036.6 million), analysed by the following segments:

	<b>2014</b>		2013		% change
	<b>HK\$ million</b>		HK\$ million		
Automation	<b>404.4</b>	<b>54.6%</b>	373.2	36.0%	8.4%
Life energy	<b>34.6</b>	<b>4.7%</b>	51.1	4.9%	(32.3)%
Life security	<b>185.3</b>	<b>25.0%</b>	128.1	12.4%	44.7%
Life touch	<b>54.8</b>	<b>7.4%</b>	365.8	35.3%	(85.0)%
Other segments	<b>62.0</b>	<b>8.3%</b>	118.4	11.4%	(47.6)%
	<b>741.1</b>	<b>100.0%</b>	1,036.6	100.0%	(28.5)%

During the year under review, the Group's revenue dropped by 28.5% from HK\$1,036.6 million to HK\$741.1 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 and life security segment with the increased revenue by 44.7%.

### *Gross Profit and Margin*

The gross loss for the year ended 31 December 2014 amounted to HK\$250.8 million as compared with a gross profit of HK\$31.8 million in 2013. The loss is mainly due to the decline in the manufacturing business of the Group and provision for impairment loss on property, plant and equipment. For the same reason, the gross loss margin for the year ended 31 December 2014 was 33.8% as compared to a gross profit margin of 3.1% for the corresponding period in 2013.

### *Other Gain — Net*

The net other gain decreased by HK\$310.2 million as compared with the corresponding period in 2013 mainly due to the gain from the disposals by the Group of shares in investee companies is significantly less than the same period in 2013.

### *Other Income — Net*

The net other income increased by HK\$3.9 million as compared with the corresponding period in 2013 mainly due to the forfeiture of the deposit of HK\$3.2 million from a customer.

### *Distribution Costs*

Distribution costs for the period amounted to HK\$27.4 million, accounting for 3.7% of the total revenue. This represented a decrease of 12.7% when compared to the corresponding period in 2013. The decrease was mainly caused by the reduction in promotional activities for FingerQ and PrivacQ.

### *Administrative Expenses*

During the year under review, administrative expenses increased to HK\$296.2 million from HK\$172.8 million, mainly due to the provision of impairment loss on property, plant and equipment incurred during 2014.

### *Finance costs — net*

Net finance cost was HK\$1.5 million, as compared to net finance cost of HK\$2.2 million during the corresponding period in 2013. The change was primarily resulted from less interest income from deposits and less interest expense from bank borrowings.

### *Income Tax Expense*

Income tax expense increased by 40.9% to HK\$7.7 million as compared to an income tax expense of HK\$5.5 million during the corresponding period in 2013. The change was mainly due to the write-off of deferred income tax assets of HK\$6.9 million which were recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefits through future taxable profits is probable, offset by the overprovision of income tax expense of HK\$5.9 million in respect of prior years.

## *Loss for the Year*

Loss for the year was HK\$583.2 million, as compared to a profit of HK\$128.7 million during the corresponding period in 2013. The loss was mainly due to the decline in the manufacturing business of the Group, provision for impairment loss on property, plant and equipment of HK\$434.5 million (2013: Nil) and decrease in the gain from the disposal of shares in investee companies by the Group by HK\$310.0 million.

## **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 2014, the Group's cash and cash equivalents totalled HK\$239.8 million (2013: HK\$325.9 million). Working capital represented by net current assets amounted to HK\$175.8 million (2013: HK\$214.3 million). The Group's current ratio was 1.5 (2013: 1.4).

Bank borrowings included trust receipt loans amounting to HK\$97.5 million (2013: HK\$64.0 million) and bank loans amounting to HK\$158.1 million (2013: HK\$240.6 million) and were secured by corporate guarantees provided by the Company and certain of its subsidiaries. As of 31 December 2014, the Group was in a net cash deficit position of HK\$15.8 million (2013: net cash position of HK\$21.3 million), representing total debts exceeded the bank balances and cash at the end of the reporting period.

### *Capital Commitments*

As of 31 December 2014, the Group did not have any contracted but not provided for capital commitments (2013: HK\$2.2 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 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 will adversely affect 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. During the year under review, the Group has not entered into any foreign exchange forward contracts.

### *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 its capital expenditure and working capital requirements. As of 31 December 2014, the Group had no outstanding capital commitments.

## EMPLOYEES

As of 31 December 2014, the Group had approximately 700 (2013: 1,500) 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 2014, the net proceeds were utilised as follows:

	<i>HK\$' million</i>
1 Purchase of equipment for the production of capacitive touch screen products and upgrading production capacity	173.1
2 Research and development costs on company products	132.8
3 Acquisitions of new technology or cooperation	83.5
4 Acquisitions for vertical integration	57.8
5 Construction of additional production plants	57.8
6 General working capital purpose	64.2
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Total net proceeds utilised	569.2
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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

Biometric security technology and near field communications have been two of the most investable technology trends in 2014, as demand for mobile payment and the standards for secure credentialing increases. The ubiquity of computing and technological tools has transformed personal and business productivity. As a global biometric security technology provider, the Group operates in a dynamic and competitive industry, with rapid changes in both technologies and business models. The Group is extending the scope of technology and product offerings from hardware and applications to comprehensive solutions beyond mere lock and unlock functions, targeting both the consumer and enterprise markets.

During 2014, the Group has continued participating at internationally recognised exhibitions and industry events for the establishment of a global presence, and to explore and form business partnerships with industry players to expand its portfolio and market reach. In the first quarter of 2015, the Group will showcase its technology in the 2015 International Consumer Electronic Show in Las Vegas and the 2015 Mobile World Congress in Barcelona.

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. Accordingly, the Group is allocating more resources towards securing more technology patents and establishing strategic partnerships to foster new growth niches. The Group believes that it is making solid investment decisions to capture the market wave of mobile payment, virtual security and information sharing, and expects these investments to bring meaningful synergies to the Group's long-term development.

In the future, the Group hopes to create technological solutions that transform the way people interact, work, and communicate across a wide range of platforms. Its ability to initiate and embrace disruptive technology trends, to drive broad adoption of its products, and to forge valuable partnerships with global industry leaders form a strong foundation that supports the Group's future development and profitable growth. Looking ahead, the Group intends to continue to push boundaries to explore possibilities and create new solutions through a broad range of research, partnership, and development initiatives that anticipate the changing demand of consumers, market trends, and competitive forces. The management is confident that the long-term prospects of the Group remain solid. The Group continues to leverage on its competitive advantages and invest in technology companies that it believes will deliver potential growth to maximize shareholder returns.

## **FINAL DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: HK0.4 cents per ordinary share).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 6 May 2015 to Friday, 8 May 2015 (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, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 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 2014.

## **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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), except that there is no separation of the roles of chairman and Chief Executive Officer, as stipulated in the code provision A2.1 of the CG Code. Mr. Wong Kwok Fong (“Mr. Wong”) currently assumes the roles of both the Chairman and the Chief Executive Officer of the Company. He is one of the founders of the Group and has extensive experience in manufacturing, supply chain and marketing functions in electronics and technologies. The Board believes that by holding both roles, Mr. Wong will be able to provide the Group with strong and consistent leadership and allows for more effective and efficient business planning and decisions as well as execution of long-term business strategies of the Group. As such, the structure is beneficial to the business prospects of the Group. Furthermore, the Company’s present management structure comprises sufficient number of independent non-executive directors, and thus the Board believes that a balance of power and authority 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 2014, 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 2014.

## **REVIEW OF PRELIMINARY ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2014 have been agreed with 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 Friday, 8 May 2015 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](http://www.hkexnews.hk)) and the Company ([www.wtt.hk](http://www.wtt.hk)). The 2014 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, 13 March 2015

*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.*