

FOUNDERS

Mr. Chang is the founder of the Group. Prior to establishing Linfair (HK), Mr. Chang was the President of Linfair (Taiwan), responsible for its overall management and business operations. Under his leadership and management, Linfair (Taiwan) received a number of accreditations from its customers including the government of Taiwan in relation to the audio, visual and broadcasting engineering contracting projects. Having considered that there would be a substantial growth of engineering systems contracting services businesses in the PRC due to its economic reform, Mr. Chang set up Linfair (HK) with his partner, Mr. Poon Shing For, in late 1991 with a view to explore business opportunities in Hong Kong, the PRC and Southeast Asia.

HISTORY AND DEVELOPMENT

Linfair (HK) was incorporated in November 1991 and it commenced business operations in about February 1993. At the early stage of establishment of the Group, Linfair (HK) was owned as to 80% by Mr. Chang and 20% by Mr. Poon Shing For. In March 1993, Ms. Hsieh acquired 2,000 shares of Linfair (HK), representing 20% interest in Linfair (HK), from Mr. Poon Shing For at a total consideration of HK\$2,000, representing the aggregate nominal value of the shares acquired. After that, Linfair (HK) was owned by Mr. Chang and Ms. Hsieh as to 80% and 20% respectively.

Since the establishment of Linfair (HK), it has been engaged in engineering systems contracting services for audio-visual and broadcasting systems and the sale and distribution of broadcasting equipment in Hong Kong and the PRC. The Group commenced business relationship with The PRC Television Broadcasting and International Economic and Technological Co-operation Limited (中國廣播電視國際經濟技術合作總公司) through supply of broadcasting equipment and provision of relevant engineering services to it in 1992. In July 1993, the Group participated in one of its earliest audio-visual engineering system projects, under which the Group was responsible for the design, supply and installation of an audio-visual system for a reputable hotel in Hong Kong. In the same year, the Group also commenced the provision of its engineering systems contracting services to optical disc manufacturers. The Group established a CD double line replication facility for a manufacturer of optical discs in Panyu, Guangdong, the PRC. Since then, the Group has also been engaged in the provision of engineering systems contracting services for customers operating in optical storage media industry.

In February 1996, Linfair (Taiwan) was appointed by Del Mar as its exclusive agent for the promotion and sale of CD mastering systems in Hong Kong, the PRC and Taiwan. Linfair (Taiwan) then appointed Linfair (HK) as the exclusive sales sub-agent of Linfair (Taiwan) and was responsible for the sale of the CD mastering systems of Del Mar in the PRC and Hong Kong. A CD mastering system is engraving of data on a stamper using laser technology. Such stampers are used in optical disc manufacturing systems as master copies for mass reproduction of optical discs. The Group has obtained substantial technical knowledge of this system through its business relationship with Del Mar and Linfair (Taiwan). The relationship between the Group and Del Mar came to an end after Del Mar disposed of its laser optics division in 1998.

In April 1996, the Group set up its representative office in Beijing, the PRC which main function was to establish new business contacts and liaise with the existing and potential customers in the PRC. Since its establishment until closing in December 2004, the Beijing representative office had become the coordination centre for the Group's business in northern China whilst the Group's Hong Kong office became the head office for the Group's overall business development and the coordination centre for the Group's business in Hong Kong, southern China and Southeast Asia including Malaysia and Singapore.

During 1998, the Group's engineering systems contracting business in the PRC has been expanded from CD-R production lines to broadcasting systems. The Group entered into an agreement for the installation of two radio broadcasting and transmission systems in China Central Radio & TV Transmitting Centre (中央廣播電視發射台).

In August 2000, the Group entered into an agreement with Yamay International Development Corporation (月眉國際開發股份有限公司), the developer of a theme park in Taiwan, pursuant to which the Group agreed to design and set up six different entertainment attractions or shows systems in theme park which involved the design and installation of audio, lighting and special effect systems. The Directors consider this project represents, not only a further expansion of the application of the Group's engineering systems expertise, but also a major breakthrough for its business as it is the Group's first theme park project.

In February 2001, the Group completed a research on intelligent traffic management system which can be used for management of road, air and vessel traffic and an assessment of the Group's technical capabilities in entering into the market. In February 2002, the Group entered into two agreements with a French contractor of a VTS project in Dalian, the PRC, for the engagement in provision of assistance in project management and the design and development of a database software for integration with the VTS. As the Group considered VTS as one of the areas of potential business development of the Group, the Group employed an experienced engineer who is specialised in the air traffic management system with a view to further strengthen the Group's position in this market in September 2002.

In July and August 2001, Excellent Overseas and Linfair (BVI) were respectively incorporated pending activation. In September 2001, Mr. Chang acquired the entire interest of Excellent Overseas at an aggregate of US\$1.00, held the same (as to 80% for himself and 20% as trustee for Ms. Hsieh) and remained as the legal owner of Excellent Overseas until the acquisition of Excellent Overseas by the Company in May 2005 as referred to below. In September 2001, Excellent Overseas acquired the entire interest of Linfair (BVI) at US\$1.00. Excellent Overseas is an investment holding company. Linfair (BVI) is set up for the planned purpose of providing installation and maintenance services and has been dormant since its incorporation. In March 2002, Excellent Overseas subscribed for 9,990,000 shares in Linfair (HK), representing 99.9% interest in Linfair (HK), at HK\$9,990,000 and Mr. Chang and Ms. Hsieh disposed of their aggregate 0.1% interest in Linfair (HK) to Excellent Overseas at HK\$10,000.

HISTORY AND BUSINESS DEVELOPMENT

As the Group's engineering systems contracting services for overseas customers continue to grow, Linfair (Malaysia) and Linfair (Samoa) were established in September and November 2001 respectively. Linfair (Samoa) is mainly responsible for the provision of engineering systems contracting services outside Hong Kong while Linfair (Malaysia) mainly focuses on the provision of installation and maintenance services for projects in Malaysia.

The Directors consider 2001 as another milestone year for the Group. In about August 2001, the Group entered into an agreement for the installation of its first DVD-R production system for a customer. In December 2001, the Group made its first presence in the broadcasting industry in Malaysia by entering into a contract with a contractor for equipment supply and consultancy in respect of the supply, testing and commissioning of automated digital radio broadcasting and production system for Radio and Television Malaysia.

In order to build up closer relationship with its suppliers, the Group entered into a distribution agreement with Ciba in June 2002, pursuant to which the Group was appointed as the sole distributor of Ciba's two kinds of CD-R dyes in Hong Kong, the PRC, Singapore, Vietnam, Cambodia, Thailand, Burma, Laos, Malaysia, Indonesia, Australia and New Zealand. CD-R dyes are the major consumable products for recordable optical disc manufacturing systems which the Group supplies to its customers. Through working with Ciba, the Group has accumulated substantial knowledge in CD-R dyes and other auxiliary materials.

In January 2003, the Group set up a branch office of Linfair (Samoa) in Taiwan, which is responsible for the handling of local business contracts and administrative matters in Taiwan.

In January 2004, Linfair (Singapore) was set up for the planned provision of installation and maintenance services together with the provision of engineering systems contracting services in Singapore in future and has been dormant since its incorporation.

In September 2004, Linfair (Shenzhen) was established as a wholly foreign owned enterprise with both the total investment and registered capital of HK\$1 million in Shenzhen, the PRC for the Group's expansion in the PRC. The registered capital of Linfair (Shenzhen) has been fully paid up. Linfair (Beijing) was established in November 2004 as a wholly foreign owned enterprise with both the total investment and registered capital of HK\$1 million. The registered capital of Linfair (Beijing) has been paid up. Linfair (Beijing) replaces the representative office of the Group in Beijing, the PRC and is responsible for the Group's business in northern part of the PRC. With the establishment of Linfair (Beijing), the representative office in Beijing was closed on 31st December, 2004.

In May 2005, an aggregate of 149,999,999 shares of the Company were issued and allotted to Polestar at the direction of Mr. Chang and Ms. Hsieh as consideration for the transfer of the entire issued share capital of Excellent Overseas to the Company. Mr. Chang also transferred 1 share in the Company to Polestar. In consideration of the above, Polestar allotted and issued 7 shares and 2 shares of US\$1 each to Mr. Chang and Ms. Hsieh respectively.