
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

INTRODUCTION

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 17 July 2009.

We are a leading provider of capacitive touch pads by shipment volume for use in notebook computers and we have been in the business of producing touch pads for over 10 years. We operate our business primarily through two of our subsidiaries, World Fair Hong Kong (through which our manufacturing arm, World Fair Heshan, is held) and Cybertouch (through which we develop our own “C-touch” brand fingerprint biometric products which we plan to commercialise).

Shining Union was incorporated on 9 July 2009 to centralise the holding and management of all our patents, trademarks, designs and domain names with respect to the business of our Group. Up Castle was incorporated on 9 July 2009 to centralise the management and operation of our R&D capabilities. For details of our corporate structure, please refer to the section headed “History, Reorganisation and corporate structure – Corporate development of our Group – Our corporate structure” in this prospectus.

OUR HISTORY

Our business started when our first subsidiary, World Fair Hong Kong was incorporated in December 1996 for engaging in trading business. Through World Fair Hong Kong, our founders, Mr. Wong and Ms. Ching, commenced their business in capacitive touch products with Synaptics in 1998.

As Mr. Wong and Ms. Ching had familiarised with the capacitive touch pad product design and manufacturing processes, they decided to set up a manufacturing plant in Hong Kong in around 2002 to produce capacitive touch pad products as a contract manufacturer for Synaptics. With increasing orders, the production capacity of our Hong Kong plant was no longer able to cope with the demand and hence we relocated our manufacturing plant to Heshan City, the PRC.

In 2008, with the foresight to diversify and expand our business further, we started to establish our in-house R&D capabilities. In 2008, building on our manufacturing business of capacitive touch products mainly as a manufacturing services provider, capturing the change in technology and market expectations, with the support of our R&D team, we further developed and diversified into other markets which we believe to possess significant growth potentials, beginning with the commercialisation of fingerprint biometric devices in July 2008. We are also a manufacturing services provider in this product segment by sourcing fingerprint sensors externally and manufacturing fingerprint biometric devices for use in notebook computers. We provide engineering design support in the course of production to our customers. In addition, we have designed and developed a series of fingerprint biometric products which we plan to commercialise under our own brand “C-touch”.

With the support of our R&D team and our customers, we have further diversified into the production of wireless charging devices and lighting source products. We are committed to distinguishing ourselves from a traditional manufacturing services provider and we have invested resources into the research and development of these new products. For wireless charging devices, we co-developed wireless charging devices with our customer by providing battery design and engineering support. For lighting source products, we provided manufacturing services to our customer for plasma light projectors and also developed and introduced plasma street lamps to another customer during the Track Record Period.

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Although our business relationship with some of our non-touch products customers is relatively short, being less than one year on average, we aim to continue our ongoing business relationship with them in the future.

In December 2009, we were awarded the Innovation Knowledge Enterprise Award organised by the Hong Kong Productivity Council for successful implementation of intellectual property management.

We have received numerous awards and accreditations. For further details, please refer to the section headed “Business – Awards and Accreditations” in this prospectus. In recognition of our quality management and environmental management systems, we have also obtained various certifications. For further details, please refer to the section headed “Business – Quality Control” in this prospectus.

CORPORATE DEVELOPMENT OF OUR GROUP

The following is a brief corporate history of the establishment and changes in the shareholding of our Company and other members of our Group.

Our Company

- (a) On 17 July 2009, our Company was incorporated in the Cayman Islands as an investment-holding company with an authorised share capital of HK\$380,000 divided into 3,800,000 Shares of par value HK\$0.10 each.
- (b) On 17 July 2009, one Share was allotted and issued to Codan Trust Company (Cayman) Limited as the initial subscriber, and 7,497 Shares and 2,502 Shares were allotted and issued to Mr. Wong and Ms. Ching respectively on the same date.
- (c) On 17 July 2009, Codan Trust Company (Cayman) Limited transferred one Share to Mr. Wong and upon such transfer, Mr. Wong and Ms. Ching became the shareholders of our Company holding 74.98% and 25.02% therein respectively.
- (d) On 27 November 2009, pursuant to the Reorganisation, our Company allotted and issued 1,558,363,838, 541,605,050 and 52,521,112 Shares credited as fully paid to Mr. Wong, Ms. Ching and the Awarded Employees (excluding Ms. Ching) respectively.
- (e) On 1 December 2009, Mr. Wong transferred 1,414,871,336 and Ms. Ching transferred 512,907,491 Shares into The KW Trust.

World Fair Hong Kong

- (a) World Fair Hong Kong was incorporated in Hong Kong on 27 December 1996 as a limited liability company. On the day of its establishment, one share was issued to each of Corpsec Limited and Corporation Formation Limited as subscribers. Corpsec Limited and Corporation Formation Limited are Independent Third Parties.
- (b) On 18 January 1997, Corpsec Limited transferred one share in World Fair Hong Kong to Ms. Chan Ai Lee, Jenny, and Corporation Formation Limited transferred one share in World Fair Hong Kong to Mr. Ho Ho Yin. Both Ms. Chan Ai Lee, Jenny and Mr. Ho Ho Yin were nominees of Mr. Wong.

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- (c) On 22 March 1997, World Fair Hong Kong allotted and issued 3,999 and 5,999 fully paid shares of HK\$1.00 each to Ms. Chan Ai Lee, Jenny and Mr. Ho Ho Yin respectively. Both Ms. Chan Ai Lee, Jenny and Mr. Ho Ho Yin were nominees of Mr. Wong.
- (d) On 15 January 2001, the authorised share capital of World Fair Hong Kong was increased from HK\$10,000 to HK\$100,000 by the creation of 90,000 new shares of HK\$1.00 each. On 23 January 2001, World Fair Hong Kong allotted and issued 90,000 fully paid shares of HK\$1.00 each to Mr. Ho Ho Yin, a nominee of Mr. Wong.
- (e) On 27 August 2001, World Fair Tech (formerly known as China Netcom Hong Kong Limited) acquired 4,000 shares and 95,000 shares in World Fair Hong Kong at par from Ms. Chan Ai Lee, Jenny and Mr. Ho Ho Yin respectively, accounting for a total of 99% shareholding in World Fair Hong Kong, whereas Professional Management Services Company Limited acquired the remaining 1,000 shares, accounting for 1% shareholding in World Fair Hong Kong at par, from Mr. Ho Ho Yin. Professional Management Services Company Limited was a nominee of Mr. Wong.
- (f) On 13 July 2002, Mr. Wong acquired the remaining 1% shareholding in World Fair Hong Kong from Professional Management Services Company Limited.
- (g) In order to recognise the contributions of the Awarded Employees to our Group, we approved the adoption of the Share Incentive Scheme that took effect on 30 September 2008. On 28 August 2009, World Fair Tech transferred in aggregate, 2.83% of the total issued share capital in World Fair Hong Kong to the Awarded Employees for a consideration of HK\$1.00 from each of the Awarded Employees. For details of the Share Incentive Scheme, please refer to the section headed “Statutory and general information – Share schemes – Share Incentive Scheme” in Appendix VI to this prospectus.
- (h) For details of Charming Lion’s acquisition of 100% of the issued share capital in World Fair Hong Kong, please refer to the section headed “History, Reorganisation and corporate structure – Reorganisation” in this prospectus.

Mr. Wong appointed Ms. Chan Ai Lee, Jenny and Mr. Ho Ho Yin as his nominees in respect of the initial establishment of World Fair Hong Kong. The nominees arrangement was necessary since Mr. Wong had been fully occupied with his other substantive work at the relevant time for the initial establishment of World Fair Hong Kong. To facilitate the establishment of World Fair Hong Kong Ms. Chan Ai Lee, Jenny and Mr. Ho Ho Yin were appointed as nominees of Mr. Wong, both of whom were only responsible for the administration work for the set up of World Fair Hong Kong and had not dealt with any substantive business therein. Both Ms. Chan Ai Lee and Mr. Ho Ho Yin are Independent Third Parties.

Cybertouch

- (a) Cybertouch was incorporated in Hong Kong on 13 October 2000 as a limited liability company. On the day of its establishment, 9,999 shares and 1 share were issued to World Fair Hong Kong and Mr. Ho Ho Yin respectively as subscribers.
- (b) On 20 July 2001, Mr. Ho Ho Yin transferred one share in Cybertouch to Professional Management Services Company Limited at par. Professional Management Services Company Limited was a nominee of World Fair Hong Kong.

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- (c) On 22 August 2002, Professional Management Services Company Limited transferred one share in Cybertouch to World Fair Hong Kong and on the same day, World Fair Hong Kong transferred that one share in Cybertouch to Mr. Wong at par. For details of World Fair Hong Kong's acquisition of 0.01% of the total issued share capital in Cybertouch from Mr. Wong and Ever Firm's acquisition of the then 100% of the total issued share capital in Cybertouch from World Fair Hong Kong, please refer to the section headed "History, reorganisation and corporate structure – Reorganisation" in this prospectus.

World Fair Heshan

World Fair Heshan was established as a wholly foreign-owned enterprise by World Fair Hong Kong on 18 November 2004 in Heshan City, the PRC, with a registered capital of US\$2,000,000. World Fair Heshan's authorised business scope includes manufacturing digital audio equipment, digital projection equipment, automatic data processors, digital cameras, precise online measurement equipment, new printing devices, high-end routers, telephones, network switches, broadband access communication system equipment, light source components, plasma light source products, new electronics components, PCBs, data transmission equipment, satellite receiver apparatus, security equipment, green batteries, battery chargers and the components.

On 7 June 2005, the registered capital of World Fair Heshan was increased from US\$2,000,000 to US\$15,000,000.

On 17 January 2006, the registered capital of World Fair Heshan was increased from US\$15,000,000 to US\$17,000,000.

On 12 June 2006, the registered capital of World Fair Heshan was increased from US\$17,000,000 to US\$19,000,000.

On 26 September 2006, the registered capital of World Fair Heshan was increased from US\$19,000,000 to US\$25,250,000.

On 27 May 2008, the registered capital of World Fair Heshan was increased from US\$25,250,000 to US\$37,250,000.

On 9 July 2009, the registered capital of World Fair Heshan was increased from US\$37,250,000 to US\$57,250,000 of which US\$36,901,805.40 have been paid by 30 September 2009, and the remaining amount of US\$20,348,194.60 to be paid in full on or before 8 July 2011.

Save as disclosed above, there has been no other change in the equity holding structure of World Fair Heshan since its establishment.

The KW Trust

The KW Trust was established as a discretionary trust by Mr. Wong as settlor and the Trustee as trustee on 1 December 2009. The beneficiaries of The KW Trust include family members of Mr. Wong and Ms. Ching.

Soar Plan was incorporated in the BVI with limited liability on 6 November 2009, the entire issued share capital of which is held by Swan Hills which is in turn ultimately held by the Trustee as the trustee of The KW Trust.

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REORGANISATION

The companies comprising our Group underwent the Reorganisation to rationalise our corporate structure in preparation for the Global Offering, and as a result, our Company became the ultimate holding company of our Group. The Reorganisation involved the following steps:

- (a) On 17 July 2009, our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 3,800,000 Shares of par value HK\$0.10 each.
- (b) Success Charm, Charming Lion, Cherry Light, Ever Firm and Silkray were established in May 2009 and World Design was established in November 2009 as investment holding companies.
- (c) On 9 July 2009, Shining Union was established to centralise the management and holding of all our patents, trademarks, designs and domain names.
- (d) On 9 July 2009, Up Castle was established to centralise the management and operation of our R&D capabilities.
- (e) On 9 November 2009, World Fair Hong Kong acquired 0.01% of the total issued share capital in Cybertouch from Mr. Wong for a consideration of HK\$1.00. After the acquisition, Cybertouch has become a wholly-owned subsidiary of World Fair Hong Kong.
- (f) On 13 November 2009, Ever Firm acquired 100% of the total issued share capital in Cybertouch from World Fair Hong Kong for a consideration of HK\$10,000. After the acquisition, Cybertouch has become a wholly-owned subsidiary of Ever Firm.
- (g) On 27 November 2009, Charming Lion acquired a total of 97.17% of the total issued share capital in World Fair Hong Kong from World Fair Tech and Mr. Wong by the allotment and issue of 20,305,275 and 6,682,967 shares in the share capital of Success Charm, credited as fully paid, to Mr. Wong and Ms. Ching respectively.
- (h) On 27 November 2009, Charming Lion acquired a total of 2.83% of the total issued share capital in World Fair Hong Kong from the Awarded Employees by the allotment and issue of, in aggregate, 786,012 shares in the share capital of Success Charm, credited as fully paid, to the Awarded Employees. After the acquisition, Charming Lion have become the sole shareholder holding the entire issued share capital of World Fair Hong Kong.
- (i) On 27 November 2009, our Company acquired 100% of the total issued share capital in Success Charm from Mr. Wong, Ms. Ching and the Awarded Employees (excluding Ms. Ching) by the allotment and issue of 1,558,363,838, 541,605,050 and 52,521,112 Shares, credited as fully paid, to Mr. Wong, Ms. Ching and the Awarded Employees (excluding Ms. Ching), respectively, by our Company. After the acquisition, Success Charm has become a wholly-owned subsidiary of our Company and our Company was then owned by Mr. Wong as to approximately 72.4%, by Ms. Ching as to approximately 25.16% and by the Awarded Employees (excluding Ms. Ching), as to approximately 2.44%.
- (j) On 1 December 2009, Mr. Wong transferred 1,414,871,336 Shares and Ms. Ching transferred 512,907,491 Shares into The KW Trust.
- (k) On 18 December 2009, Cyber Energy was established to centralise the management and operation of our plasma lighting business.

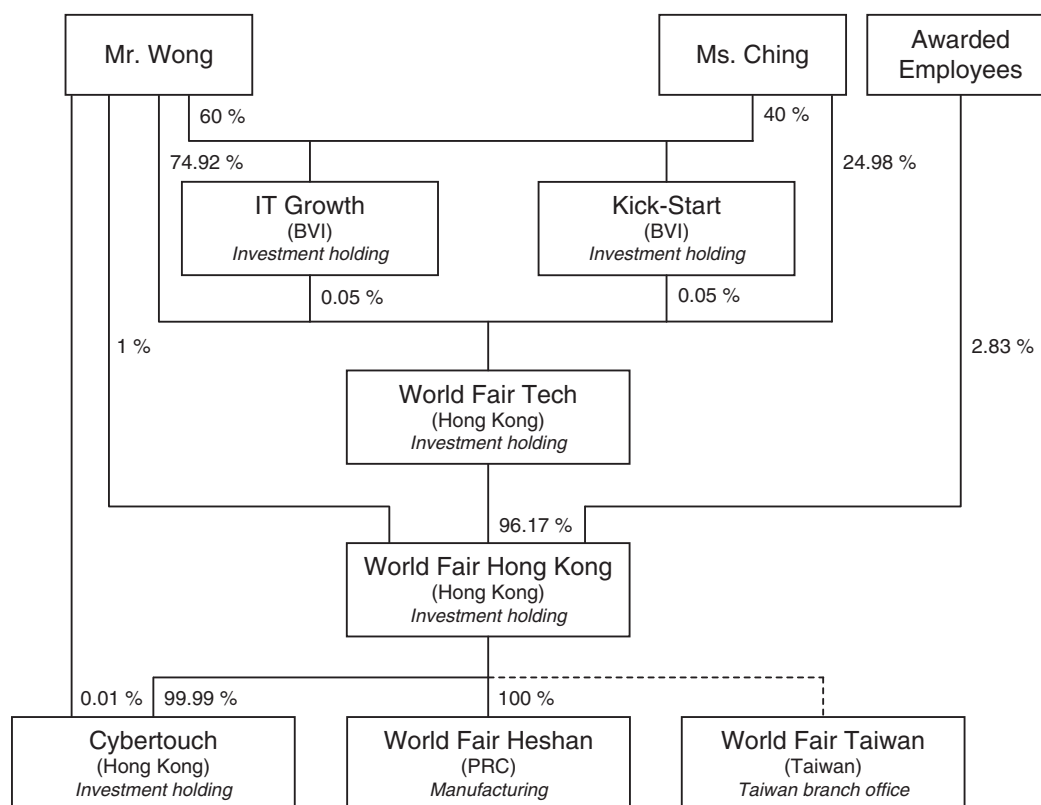
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- (l) On 28 November 2009, World Fair Hong Kong entered into a deed of assignment of trademarks and trademark applications with Shining Union with respect to the transfer of the trademarks and trademark applications as set out in the schedule to the deed from World Fair Hong Kong to Shining Union at a consideration of HK\$100 per trademark or trademark application.
- (m) On 28 November 2009, Cybertouch entered into a deed of assignment of trademarks and trademark applications with Shining Union with respect to the transfer of the trademarks and trademark applications as set out in the schedule to the deed from Cybertouch to Shining Union at a consideration of HK\$100 per trademark or trademark application.
- (n) On 28 November 2009, Mr. Wong entered into a deed of assignment of patents and patent applications with Shining Union with respect to the transfer of the patents and patent applications as set out in the schedule to the deed from Mr. Wong to Shining Union at a consideration of HK\$100 per patent or patent application.
- (o) On 28 November 2009, Mr. Wong entered into a deed of assignment of designs and design applications with Shining Union with respect to the transfer of the designs and design applications as set out in the schedule to the deed from Mr. Wong to Shining Union at a consideration of HK\$100 per design or design application.
- (p) On 28 November 2009, World Fair Hong Kong entered into a deed of assignment of domain names with Shining Union with respect to the transfer of the domain names as set out in the schedule to the deed from World Fair Hong Kong to Shining Union at a consideration of HK\$100 per domain name.
- (q) On 28 November 2009, World Fair Heshan entered into a deed of assignment of domain names with Shining Union with respect to the transfer of the domain names as set out in the schedule to the deed from World Fair Heshan to Shining Union at a consideration of HK\$100 per domain name.

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Our Corporate Structure

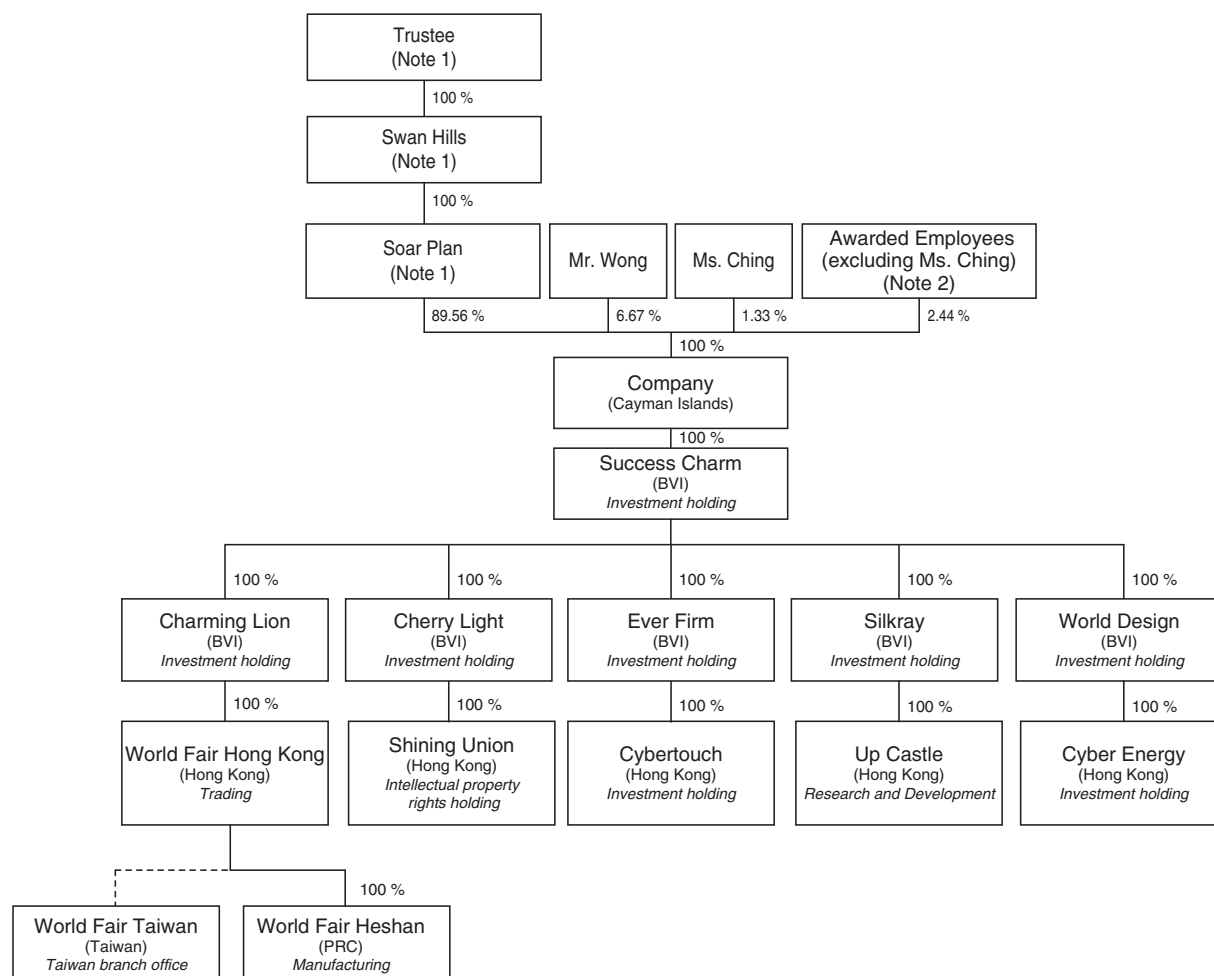
The following chart sets out the shareholding and corporate structure of our Group immediately before the Reorganisation:



Note: Except for the Share Incentive Scheme whereby 2.83% of the total issued share capital in World Fair Hong Kong were transferred by World Fair Tech to the Awarded Employees, there was no shareholder change for the companies comprising our Group from 1 January 2006 to the date immediately before the Reorganisation.

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The following chart sets out the shareholding and corporate structure of our Group after the Reorganisation but immediately before the Global Offering:

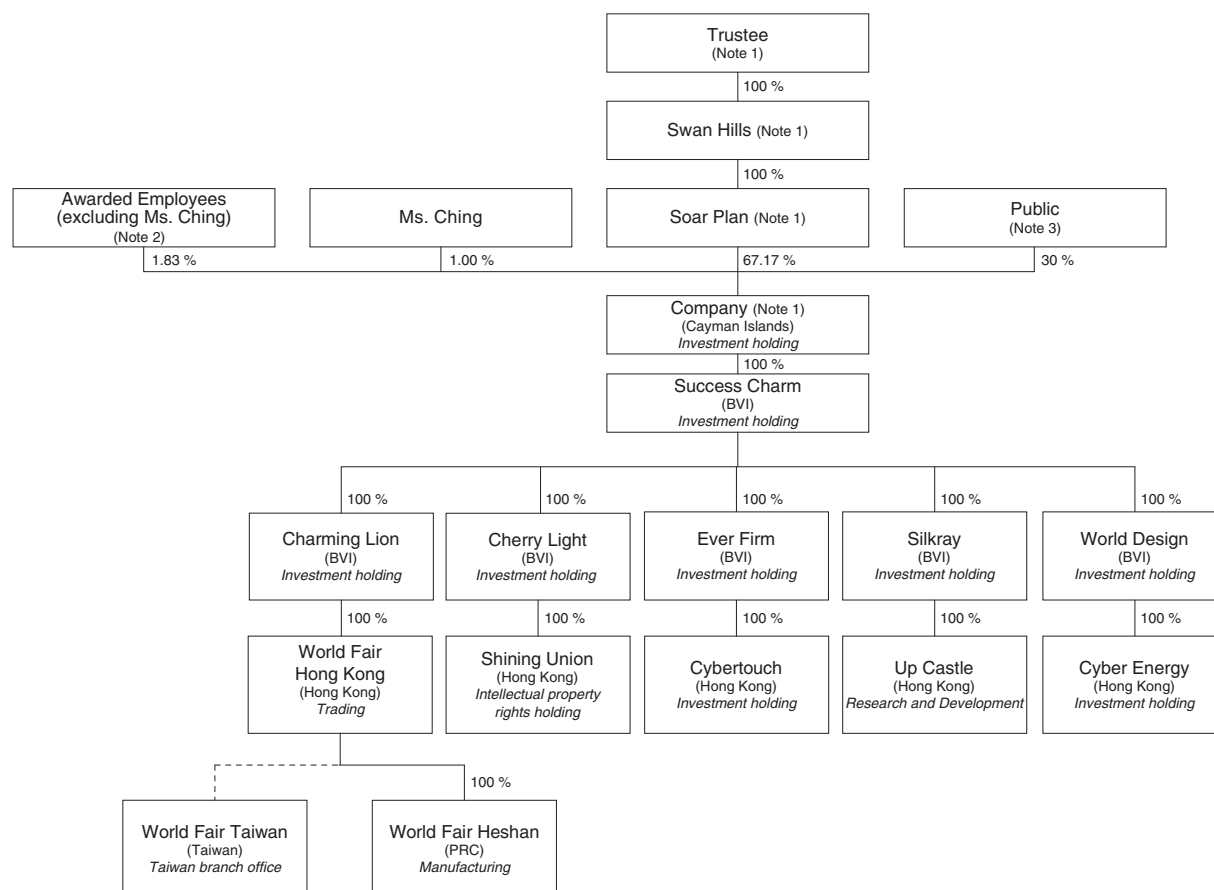


Notes:

- (1) The entire issued share capital of Soar Plan is held by Swan Hills which is in turn ultimately held by the Trustee (through two nominee companies) as the trustee of The KW Trust. The KW Trust is a discretionary trust established by Mr. Wong as settlor and the Trustee as trustee on 1 December 2009. The beneficiaries of The KW Trust include family members of Mr. Wong and Ms. Ching.
- (2) These Shares were granted under the Share Incentive Scheme. For details of the Share Incentive Scheme, please refer to the section headed "Statutory and general information – Share Schemes – Share Incentive Scheme" in Appendix VI to this prospectus.

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The following chart sets out the shareholding and corporate structure of our Group immediately following the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be allotted and issued pursuant to the exercise of the options that may be granted under the Share Option Scheme):



Notes:

- (1) The entire issued share capital of Soar Plan is held by Swan Hills which is in turn ultimately held by the Trustee (through two nominee companies) as the trustee of The KW Trust. The KW Trust is a discretionary trust established by Mr. Wong as settlor and the Trustee as trustee on 1 December 2009. The beneficiaries of The KW Trust include family members of Mr. Wong and Ms. Ching.
- (2) These Shares were granted under the Share Incentive Scheme. For details of the Share Incentive Scheme, please refer to the section headed "Statutory and General Information – Share Schemes – Share Incentive Scheme" in Appendix VI to this prospectus.
- (3) If the Over-allotment Option is exercised in full, the public float will be increased to approximately 33.01%.