
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, or other licensed securities dealer, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in M Dream Inworld Limited (the “**Company**”), you should at once hand this circular together with its enclosed form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**M DREAM INWORLD LIMITED****聯夢活力世界有限公司****(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8100)

CONTINUING CONNECTED TRANSACTIONS**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders****SOMERLEY LIMITED**

A letter from the Independent Board Committee and a letter from the independent financial adviser, Somerley Limited, containing its advice to the Independent Board Committee and the Independent Shareholders are set out on page 8 and pages 9 to 18 of this circular respectively.

A notice convening an extraordinary general meeting of M Dream Inworld Limited to be held at Phoenix Room, The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on 9 March 2009 at 10:30 a.m. is set out on pages 23 to 24 of this circular.

Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and on the Company's website.

* For identification purpose only

CHARACTERISTICS OF GEM

Characteristics of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”).

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	8
LETTER FROM SOMERLEY LIMITED	9
APPENDIX – GENERAL INFORMATION	19
NOTICE OF EGM	23

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Annual Caps”	proposed annual caps (excluding value added tax) for the Framework Agreement in the amount of HK\$97 million for the period from the effective date of the Framework Agreement to 31 December 2009, and HK\$126 million and HK\$149 million for the two years ending 31 December 2010 and 2011 respectively
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Continuing Connected Transactions”	transactions as provided for under the Framework Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Phoenix Room, The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on 9 March 2009 at 10:30 a.m. to approve the Framework Agreement, the transactions contemplated thereunder and the Annual Caps
“Framework Agreement”	the agreement entered into by the Supplier and the Purchaser on 2 February 2009, setting out the principal terms of the purchase to be made by the Group from the Greatsource Group
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Greatsource Group”	the Supplier and its subsidiaries
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee comprising three Independent Non-executive Directors established to advise the Independent Shareholders in respect of the Continuing Connected Transactions, the Framework Agreement and the Annual Caps
“Independent Shareholders”	Shareholders other than Ms. Li and her associates

DEFINITIONS

“Latest Practicable Date”	13 February 2009, being the latest practicable date for ascertaining certain information for inclusion in the circular
“Ms. Li”	Ms. Li Fang Hong, the Executive Director, managing director and substantial shareholder of the Company
“Purchaser”	廣泰益昌(北京)科技有限公司 (Guangtai Yichang (Beijing) Technology Co. Ltd.), a company established in the PRC and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macao Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the shareholder(s) of the Company
“Somerley”	Somerley Limited, the independent financial adviser being appointed by the Company to give advice to the Independent Board Committee and the Independent Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplier”	鴻源控股有限公司 (Greatsource Holding Co., Ltd.), a company established in the PRC
“HK\$”	Hong Kong dollar, the lawful currency in Hong Kong
“RMB”	the lawful currency “Renminbi” of the PRC
“%”	per cent.

For the purpose of this circular, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.87 to HK\$1.

The English translation of Chinese names is included in this circular for information purpose only and should not be regarded as their official English translation.

LETTER FROM THE BOARD



M DREAM INWORLD LIMITED

聯夢活力世界有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8100)

Executive Directors:

Mr. Yu Shu Kuen
Ms. Li Fang Hong
Mr. Rong Hsu

Independent Non-executive Directors:

Mr. Cho Chun Wai
Mr. Chan Kam Kwan, Jason
Ms. Zhao Yang

Registered office:

P.O. Box 309, Uglan House
South Church Street
George Town
Grand Cayman, Cayman Islands
British West Indies

*Head office and principal place of
business in Hong Kong:*

Room 909, 9th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

18 February 2009

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

Reference is made to the announcement of the Company dated 2 February 2009. The Purchaser, a company recently incorporated in Beijing, is a wholly owned subsidiary of the Company. It is mainly engaged in carrying out display projects in the PRC. On 2 February 2009, the Purchaser and the Supplier entered into the Framework Agreement in relation to the purchases of display equipment, components and display technology by the Group from the Greatsource Group. The Supplier is controlled by Ms. Li, an Executive Director and substantial shareholder of the Company, and her associate(s). Accordingly, the Supplier is an associate of Ms. Li and hence, a connected person of the Company within the meaning of the GEM Listing Rules. The entering into of the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under the GEM Listing Rules. The Framework Agreement is a new agreement rather than a renewal of any agreements entered by the Group before.

The purpose of this circular is, among other things, (a) to provide you with further details regarding the Continuing Connected Transactions and the Framework Agreement; (b) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of Somerley to the Independent Board Committee and the Independent Shareholders; and (c) to provide you with a notice of the EGM.

* For identification purpose only

LETTER FROM THE BOARD

THE FRAMEWORK AGREEMENT

Date:

2 February 2009

Parties:

1. 廣泰益昌(北京)科技有限公司 (“Guang Tai Yichang (Beijing) Technology Co. Ltd.”), a wholly-owned subsidiary of the Company (as the Purchaser); and
2. 鴻源控股有限公司 (“Greatsource Holding Co., Ltd.”) (as the Supplier).

Term:

The Framework Agreement is for a term commencing from its effective date to 31 December 2011 and may be renewed by mutual agreement between the parties subject to compliance with the GEM Listing Rules. The Framework Agreement will become effective upon approval of the Framework Agreement, the Continuing Connected Transactions and the Annual Caps having been obtained from the Independent Shareholders.

Principal terms:

- (a) During the term of the Framework Agreement, the Group, based on its business needs, may purchase from the Greatsource Group various types of display equipments and components, and display technology;
- (b) The terms offered by the Greatsource Group to the Group pursuant to the Framework Agreement (1) shall be determined after arm’s length negotiations and on normal commercial terms; and (2) shall not be less favourable than the terms offered by independent third party suppliers to the Group;
- (c) The price and services to be offered by the Greatsource Group, the testing period of the goods and the credit period for payment should be no less favourable than those offered to the Group by any other third party suppliers who provide similar goods and services;
- (d) The Greatsource Group shall allow the Company’s auditors to have access to its financial records for the purpose of reporting on the Continuing Connected Transactions in accordance with the GEM Listing Rules;
- (e) The Framework Agreement may be terminated by either party giving at least one month’s notice to the other party;
- (f) The display equipment, components and display technology shall be provided at market price; and
- (g) The Group has a right but no obligation with regard to these purchases.

LETTER FROM THE BOARD

THE ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Continuing Connected Transactions between the Group and the Greatsource Group under the Framework Agreement constitute continuing connected transactions for the Company under the GEM Listing Rules. The Continuing Connected Transactions are also subject to the following Annual Caps, being the maximum aggregate annual values as set out below.

The Annual Caps for the purchases of display equipments and components, and display technology to be made by the Group pursuant to the Framework Agreement for the period from its effective date to 31 December 2009, and in each of the two years ending 31 December 2010 and 2011 are set out below:

	For the period from effective date of the Framework Agreement to 31 December 2009	For the year ending 31 December	
	HK\$'000	2010	2011
		HK\$'000	HK\$'000
Annual Caps	97,000	126,000	149,000

The Annual Caps are determined mainly based on, among other things, the prospects of display industry and the estimated demands of the Group's target customers. The Purchaser intends to purchase display equipment from the Greatsource Group for sale to the Group's customers which are mainly governmental departments and big exhibition centres. The PRC government has recently announced a major stimulus package and it is likely that part of this amount will be spent on infrastructure which may require display equipment. The PRC government also is encouraging consumer spending so product sellers will respond by expanding advertising in order to attract customers. Displays are becoming increasingly popular as a medium for advertisements and entertainment. These macro factors support the potential of the display markets in the PRC. After laying the basic groundwork, the Purchaser has actively started canvassing business. In January 2009 the value of potential contracts under negotiation by the sales team is approximately RMB20 million (equivalent to approximately HK\$23 million).

According to the industry source an article published on 22 January 2009 in the website www.PjTime.com (投影時代) with caption VTRON: Large Displays Market Analysis, the annual growth rate for displays has been between 30% to 50% since 2006 and it remains very strong, particularly in the PRC. The Company has adopted approximately 30% and 18% as its expected growth rate for 2010 and 2011. Hence, the projected purchases are HK\$126 million and HK\$149 million respectively for those years.

INFORMATION ON THE SUPPLIER

The Supplier is a hi-tech enterprise which has been engaged in the research and design, production and selling of display equipment and components and technology for more than ten years. It is one of leading companies in respect of Liquid Crystal on Silicon ("LCOS") display technology in the PRC. Its LCOS project is listed among the National Hi-Tech Demonstration Projects by the National Development and Reform Commission of the PRC government.

The Greatsource Group has passed the ISO9001 quality system certification and its products have been awarded the Excellent Product Award in the 2007 China High Tech Fair. The Supplier was chosen as one of the suppliers of display equipment for the Beijing Olympics.

LETTER FROM THE BOARD

REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the system solutions and development business. The existing business of the Group, disregarding any non recurring income or gain, has been in a loss position for the past several years. With the impact of the financial tsunami, it is expected the loss will not turn around in the short term despite the best efforts of the Group's management. As mentioned in previous reports issued by the Company, the Company has been actively looking for investment and business opportunities, particularly in the PRC. With the appointment of Ms. Li and Mr. Rong Hsu as Directors, the Board has gained great experience and knowledge in display technology and business. After thorough discussion, the Company has decided to develop the Group's display business in the PRC. The entering of the Framework Agreement allows the Group to secure a stable supply of goods and technology on terms no less favourable than those offered by independent third party suppliers to the Group. The Company considers it is beneficial to carry out the continuing connected transactions under the Framework Agreement with a view to capitalise on this source of supply.

The Directors including the Independent Non-executive Directors are of the view that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms of the Framework Agreement are normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Annual Caps are fair and reasonable.

THE GEM LISTING RULES IMPLICATIONS

The Supplier is a company controlled by Ms. Li and her associate(s). Ms. Li is the Executive Director and managing director of the Company. Ms. Li, through her associates, also held approximately 18.9% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, the Supplier is a connected person of the Company for the purpose of the GEM Listing Rules. Therefore, the entering into of the Framework Agreement and the transactions contemplated thereunder constitutes continuing connected transactions for the Company under the GEM Listing Rules.

Based on the Annual Caps for the period from the effective date of the Framework Agreement to 31 December 2009 and for the two years ending 31 December 2010 and 2011, the applicable percentage ratios in respect of the aggregate values for the Continuing Connected Transactions under the Framework Agreement exceed 2.5% on an annual basis. Accordingly, the Framework Agreement, the Continuing Connected Transactions and the Annual Caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

EGM

Set out on pages 23 to 24 of this circular is a notice convening the EGM to consider and, if thought fit, passing ordinary resolution to approve the Framework Agreement, the Continuing Connected Transactions and the Annual Caps. Ms. Li and her associates together who hold 155,000,000 issued shares of the Company, representing approximately 18.9% of the issued shares of the Company will abstain from voting at the EGM.

Whether or not you intend to attend and vote at such meeting, you are requested to complete and return the enclosed form of proxy to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders except Ms. Li and her associates are deemed to have a material interest in the Continuing Connected Transactions and would therefore be required to abstain from voting at the EGM.

The ordinary resolution to be proposed at the EGM in respect of the Framework Agreement, the Continuing Connected Transactions and the Annual Caps will be taken by poll.

RECOMMENDATION

The Independent Board Committee comprises the three Independent Non-executive Directors as members, has been established to consider whether the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms of the Framework Agreement are normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. Somerley has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The text of the letter of Somerley containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 9 to 18 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on page 8 of this circular.

The Independent Board Committee, having taken into account the advice of Somerley, considers the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms of the Framework Agreement are normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned, therefore recommends the Independent Shareholders to vote in favour of the relevant ordinary resolution in respect of the Framework Agreement, the Continuing Connected Transactions and the Annual Caps to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter from Somerley Limited, the additional information set out in the appendix of this circular and the notice of the EGM.

By order of the Board
M Dream Inworld Limited
Yu Shu Kuen
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



M DREAM INWORLD LIMITED

聯夢活力世界有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8100)

To the Independent Shareholders

18 February 2009

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 18 February 2009 issued to the shareholders (“the Circular”) of which this letter forms part. Capitalized terms used herein shall have the same meanings as defined in the Circular unless the context otherwise requires.

As Independent Non-executive Directors who are independent of the parties to the Framework Agreement and not having any interest in the Continuing Connected Transactions contemplated under the Framework Agreement, we have been appointed by the Board to advise you as to whether, in our opinion, the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms of the Framework Agreement are normal commercial terms, which are fair and reasonable and that the entering into of the Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole, and that the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

Somerley has been appointed by the Company as the independent financial adviser to advise us on such matters. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such opinion, are set out on pages 9 to 18 of the Circular. Your attention is also drawn to the letter from the Board set out on pages 3 to 7 of the Circular and the additional information set out in the appendix to the Circular.

Having taken into account the opinion of and the principal factors and reasons considered by Somerley as stated in its letter, we consider that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms of the Framework Agreement are normal commercial terms, which are fair and reasonable and that the entering into of the Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole, and that the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned. We therefore recommend the Independent Shareholders to vote in favour of the resolution in relation to the Framework Agreement, the Continuing Connected Transactions contemplated thereunder and the Annual Caps to be proposed at the EGM.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Independent Non-executive Directors

Cho Chun Wai

Chan Kam Kwan, Jason

Zhao Yang

* For identification purpose only

LETTER FROM SOMERLEY LIMITED

The following is the letter of advice from the independent financial adviser, Somerley Limited, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY LIMITED

10th Floor
The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

18 February 2009

To: *the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Continuing Connected Transactions contemplated under the Framework Agreement and the Annual Caps, in respect of which the Independent Shareholders' approval is being sought. Details of the Continuing Connected Transactions and the Annual Caps are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 18 February 2009 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We are informed by the Company that Ms. Li, an Executive Director and managing director of the Company, and her associate(s) were interested in approximately 18.9% of the issued share capital of the Company as at the Latest Practicable Date. Accordingly, Ms. Li is a connected person for the Company under the GEM Listing Rules. The Supplier is a company controlled by Ms. Li and her associate(s), and is therefore an associate of Ms. Li and a connected person (as defined under the GEM Listing Rules) for the Company. Accordingly, the transactions contemplated under the Framework Agreement constitute continuing connected transactions for the Company under the GEM Listing Rules. As each of the applicable percentage ratios (other than the profit ratio) represented by the aggregate amounts for the transactions contemplated under the Framework Agreement exceed 2.5% on an annual basis, the Company must comply with the Independent Shareholders' approval requirements in respect of the Continuing Connected Transactions, in addition to the reporting and announcement requirements as stipulated under the GEM Listing Rules. In this connection, the Company will seek the Independent Shareholders' approval for the Framework Agreement, the Continuing Connected Transactions and the Annual Caps at the EGM.

The Independent Board Committee, comprising all of the three Independent Non-executive Directors, namely Mr. Chan Kam Kwan, Jason, Mr. Cho Chun Wai and Ms. Zhao Yang, has been established to consider and make a recommendation to the Independent Shareholders on whether (1) the Continuing Connected Transactions are in the Group's ordinary and usual course of business; (2) the terms of the Framework Agreement in relation to the Continuing Connected Transactions are normal commercial terms and are fair and reasonable; and (3) the Annual Caps are fair and reasonable in so far as the Independent Shareholders are concerned. We, Somerley Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM SOMERLEY LIMITED

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and will remain so up to the time of the EGM. We have also sought and received confirmation from the Executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Group and the Greatsource Group, nor have we carried out any independent verification of the information supplied. We have performed all steps required under Rule 17.92 of the GEM Listing Rules. We have not relied on the opinion or advice of any third party expert in formulating our opinion.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the Annual Caps and the terms of the Framework Agreement are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the Continuing Connected Transactions

The Group is principally engaged in business as a system solutions and development provider. The Group recorded profit attributable to the Shareholders of approximately HK\$10.6 million (audited) and HK\$2.6 million (unaudited) for the year ended 31 December 2007 and for the nine months ended 30 September 2008 respectively. Such profits included certain one-off gains. Gains arising from waiver of unsecured loans and associated interests in the amount of approximately HK\$16.2 million (audited) were recognised for the year ended 31 December 2007. It was disclosed in the circular of the Company dated 10 April 2008 that the Group disposed of its 30% interest in a subsidiary to Mr. Lee Boon Kuey, the chief executive officer of that subsidiary, in order to bring his interests in line with the Group and to motivate him to procure more business. A gain of approximately HK\$8.9 million (unaudited) was recorded for the nine months ended 30 September 2008 as a result of such disposal. Had these non-recurring gains been excluded, the Group would have suffered losses attributable to the Shareholders of approximately HK\$5.6 million and HK\$6.3 million for the year ended 31 December 2007 and for the nine months ended 30 September 2008 respectively. The Directors consider that it is difficult to turn around the loss making situation in the short term even if great effort is devoted by management of the Group.

In view of the unsatisfactory results of the existing system solutions and development provider business and current economic conditions, the Directors have looked into new areas of business. The appointment of Ms. Li and Mr. Rong Hsu as Directors has added to the Board's experience and knowledge of the display technology and business. In view of this, the Company has decided to develop the Group's display business in the PRC.

LETTER FROM SOMERLEY LIMITED

The Executive Directors have informed us that this new business involves mainly development and supply of display equipment and components to target customers including but not limited to governmental bodies, trade fairs, exhibition centres, shopping malls and railway and airport stations. Display equipment is used mainly for control rooms, security centres, traffic surveillance, news release, entertainment and advertisement display. The Executive Directors consider that the demand for display equipment and components in the PRC will remain strong mainly because of the PRC government's RMB4 trillion economic stimulus plan to boost domestic demand.

In light of the credit crunch and the substantial capital expenditures for developing and manufacturing of display equipment and components, the Executive Directors are of the view that it is in the interest of the Group to outsource the development and manufacturing processes to other parties. This also allows the Group to focus its resources on its core strengths to develop the market.

The Greatsource Group, headquartered in Shenzhen, is principally engaged in research, design, production and sale of display panel, optical engines, projectors, high definition television from 50 to 102 inches, electronic white board, long-distance teaching system, video conferencing system, large-screen display wall systems and fashionable interactive table. The Greatsource Group has established its own research and development centres, integrated application centres and production factories in Shenzhen, Beijing, Nanchang, Shanghai, Hong Kong as well as United States of America. The liquid crystal on silicon ("LCOS") project of a member of the Greatsource Group is listed among 國家高技術產業化示範工程項目 (National High Technology Demonstration Projects) identified by 中國國家發展和改革委員會 (National Development and Reform Commission of the PRC) and awarded as 電子信息產業發展基金優秀項目 (Excellent Project of Electronics Information Industry Development Fund) by 中國工業和信息化部 (Ministry of Industry and Information Technology of the PRC). A member of the Greatsource Group has passed the ISO9001 quality system certification. As confirmed by the Executive Directors, the Supplier was one of the suppliers of display equipment for the Beijing 2008 Olympic Games.

The Executive Directors consider that the Framework Agreement serves to provide mutual benefits to both the Group and the Greatsource Group. From the Group's point of view, the Group can source the display equipment, components and display technology without incurring substantial capital costs and can leverage on the Greatsource Group's experience and expertise in the industry to develop the market. The Executive Directors advise us that the Greatsource Group is engaged in manufacturing low-end, middle-end and high-end display equipment and components, and this provides flexibility to the Group to serve different customers' need. Accordingly, the Executive Directors are of the view that it is in the interests of the Company and the Shareholders as a whole to enter into the Framework Agreement.

The Framework Agreement was entered into with a view to regulating the relationship between the Group and the Greatsource Group on the Continuing Connected Transactions and to securing a stable supply of display equipment, components and display technology. In light of the principal activities of the Group, we consider that the Continuing Connected Transactions will be entered into in the ordinary and usual course of business of the Group.

LETTER FROM SOMERLEY LIMITED

2. Principal terms of the Continuing Connected Transactions

The Framework Agreement was entered into on 2 February 2009 and is valid for a term from its effective date to 31 December 2011 unless it is terminated by either party by giving written notice in accordance with the terms of the Framework Agreement. The Framework Agreement will become effective upon approval of the Framework Agreement, the Continuing Connected Transactions and the Annual Caps having been obtained from the Independent Shareholders.

The Framework Agreement sets out terms such as the pricing basis in respect of purchase of display equipment, components and display technology by the Group from the Greatsource Group. Pursuant to the Framework Agreement, the detailed terms of individual purchases of display equipment, components and display technology from the Greatsource Group as to (1) specific products requested by the Group; (2) detailed requirements on, among other things, (a) terms on examination of products; and (b) delivery; and (3) the prices for products and payment terms will be agreed from time to time based on the principal provisions as set out in the Framework Agreement and on normal commercial terms. The principal terms of the Framework Agreement are as follow:

- (a) The terms offered by the Greatsource Group to the Group pursuant to the Framework Agreement (1) shall be determined after arm's length negotiations and on normal commercial terms; and (2) shall not be less favourable than the terms offered by independent third party suppliers to the Group;
- (b) The price and services to be offered by the Greatsource Group, the testing period of the goods and the credit period for payment should be no less favourable than those offered to the Group by any other third party suppliers who provide similar goods and services;
- (c) The Greatsource Group shall allow the Company's auditors to have access to its financial records for the purpose of reporting on the Continuing Connected Transactions in accordance with the GEM Listing Rules;
- (d) The Framework Agreement may be terminated by either party giving at least one month's notice to the other party;
- (e) The display equipment, components and display technology shall be provided at market price; and
- (f) The Group has a right but no obligation with regard to these purchases.

LETTER FROM SOMERLEY LIMITED

We understand from the Executive Directors that when sourcing display equipment, components and display technology relating to the Continuing Connected Transactions, it is the Group's policy to request the Greatsource Group to provide, along with other independent third party suppliers, quotations in respect of the requested products. It is also the Group's policy that following the receipt of quotations from the Greatsource Group and other independent third party suppliers, the Group will compare and negotiate the terms of quotations with them and determine the selection of suppliers by taking into account factors such as price, quality of products, payment terms, qualification and relevant experience of suppliers, and ability in meeting technical specifications and delivery schedules requested by the Group's customers. The Group will award the contract to the party who offers the best overall commercial and technical terms. Accordingly, the Greatsource Group may or may not be awarded the contracts. Similarly, should the Greatsource Group consider that the terms offered by the Group are not commercially acceptable, it may choose not to accept the contract. We consider that this procedure helps to safeguard the interests of the Independent Shareholders.

Based on the analysis above, we consider that the Continuing Connected Transactions will be conducted on normal commercial terms.

3. Annual Caps

The Continuing Connected Transactions will be subject to the Annual Caps whereby for the period from effective date of the Framework Agreement to 31 December 2009, and for each of the two financial years ending 31 December 2010 and 2011, the amount of the Continuing Connected Transactions will not exceed the applicable annual amounts stated in the letter from the Board contained in the Circular.

In assessing the reasonableness of the Annual Caps, we have discussed with the Executive Directors and management of the Company the basis and underlying assumptions for the Annual Caps.

LETTER FROM SOMERLEY LIMITED

Purchase of display equipment, components and display technology from the Greatsource Group

Set out below are the Annual Caps for the period from effective date of the Framework Agreement to 31 December 2009, and for each of the two financial years ending 31 December 2010 and 2011:

	For the period from effective date of the Framework Agreement to 31 December 2009	Financial year ending 31 December	
	2010	2010	2011
	<i>HK\$('000)</i>	<i>HK\$('000)</i>	<i>HK\$('000)</i>
Aggregate amount of purchase of display equipment, components and display technology	97,000	126,000	149,000
Approximate increase as compared to the previous period/year (%)		29.9%	18.3%

The Annual Caps are determined principally by reference to, among other things, the prospects of the display industry and estimated demands of the Group's target customers. The PRC government has recently introduced and implemented a RMB4 trillion economic stimulus plan to boost domestic demand. The economic stimulus plan involves, among other things, investments in infrastructure by the PRC government. Accordingly, the Executive Directors expect that more exhibition centres, public utilities and transportation infrastructures such as railway stations will be constructed and/or upgraded in the PRC. Aside from the RMB4 trillion economic stimulus plan, the PRC government is adopting fiscal measures such as lowering loan interest rates and bank reserve ratios to stimulate the economy and domestic consumption. The stimulation of domestic demand and consumption is expected to promote shopping mall owners and media houses to purchase more display equipment for advertising purposes so as to encourage consumption. Coupled with the forthcoming World Expo Shanghai 2010 and the Guangzhou 2010 Asian Games, the demand for display equipment and components in the PRC is anticipated by the Executive Directors to be strong. In view of these factors, the Executive Directors are optimistic about the display equipment industry in the PRC and are of the view that the market potential in this respect for the Group is substantial.

LETTER FROM SOMERLEY LIMITED

The Group commenced the new business around late December 2008 and recruited a number of experienced staff for developing the business. The sales department is currently led by a manager who has over fourteen years in the display industry and is familiar with the business operating environment in the PRC. The Group has recently participated in several industry exhibitions and received positive response from potential customers. In January 2009, the value of potential contracts under negotiation by the sales team generated in that month was approximately RMB20 million (equivalent to approximately HK\$23 million). In order to capture more business opportunities and build up a sales network across regions in the PRC, the Group intends to engage a number of experienced agents. The agency arrangement will allow the Group to establish a sales network in a shorter period of time and to save substantial capital resources required to set up the sales network by the Group itself. This agency arrangement also serves to increase the Group's bargaining power by bulk purchases when the Group negotiates terms with suppliers. Based on existing plans, the Executive Directors expect to appoint at least 20 sales agents by end of 2009.

We are informed by the Executive Directors that deposits will, normally, be payable by a customer upon signing of the relevant sales contract, with the balance of contract sum being payable at different stages as set out in the sales contract. Similarly, the Group has, in general, to pay deposits to a supplier upon signing of the relevant purchase contract with balance of contract sum to be payable at different stages as set out in the purchase contract. The Group will try to negotiate payment terms with suppliers to match those with customers so as to minimise the working capital requirements of the Group. It was disclosed in the interim report of the Group for the six months ended 30 June 2008 that the balance of cash and cash equivalents of the Group was approximately HK\$36.5 million (comprising cash balances of approximately HK\$4.5 million and time deposits of approximately HK\$32.0 million) as at 30 June 2008. Accordingly, the Executive Directors consider that the Group has sufficient working capital for its display business.

In determining the growth rate for 2010 and 2011, the Executive Directors made reference to an article released on the website of 投影時代 (PjTime.com) on 22 January 2009 but have not prepared a sale/purchase forecast. Based on the article, the annual growth rate for the past two years for the large-screen display wall market was in a range of approximately 30% to 50%. The author echoes the view of the Executive Directors that with forthcoming the World Expo Shanghai 2010 and the Guangzhou 2010 Asian Games as well as the continued economic development of the PRC, the demand for large-screen display wall in the PRC will be stimulated. The Executive Directors anticipate that the purchases of display equipment, components and display technology from the Greatsource Group will show more moderate growth in 2011 because of tailing off of the stimulating effects on display equipment sales of the World Expo Shanghai 2010 and the Guangzhou 2010 Asian Games and the fact that the Annual Cap for 2010 is substantial. On this basis, the expected annual growth rates for 2010 and 2011 are approximately 29.9% and 18.3% respectively, with Annual Caps of HK\$126 million and HK\$149 million for 2010 and 2011 respectively.

LETTER FROM SOMERLEY LIMITED

It is stipulated under the Framework Agreement that the Continuing Connected Transactions have to be carried out on normal commercial terms after arm's length negotiations and terms offered by the Greatsource Group shall not be less favourable than those offered by independent third party suppliers to the Group. Moreover, pursuant to the Framework Agreement, the Group has a right but no obligation with regard to the purchases of display equipment, components and display technology from the Greatsource Group. In the circumstances, in our opinion, it is in the interests of the Group for the Annual Caps to be as accommodating to the Group as possible (within reason). Provided that the pricing for the Continuing Connected Transactions is fair and reasonable and the conduct of those transactions would be subject to annual review by the Independent Non-executive Directors and auditors of the Company (as discussed in the paragraph headed "Conditions of the Continuing Connected Transactions" below) as required under the GEM Listing Rules, the Group would have flexibility in conducting its businesses if the Annual Caps are tailored to future business growth. Whilst the approval of the Annual Caps gives the Group the flexibility to source products and/or services from the Greatsource Group, the Group is not committed to do so, nor does the approval obviate the need for a competitive bidding procedures to be carried out (as disclosed in the paragraph headed "Principal terms of the Continuing Connected Transactions" above). Having considered the basis on which the Annual Caps were determined as described above, we are of the view that the Annual Caps are fair and reasonable.

4. Conditions of the Continuing Connected Transactions

In compliance with the GEM Listing Rules, the conduct of the Continuing Connected Transactions is subject to a number of conditions which include, among other things:

- (i) the respective Annual Caps for the period from effective date of the Framework Agreement to 31 December 2009, and for each of the two financial years ending 31 December 2010 and 2011 will not be exceeded;
- (ii) the Independent Non-executive Directors must, in accordance with the GEM Listing Rules, review annually the Continuing Connected Transactions and confirm in the Company's annual report and accounts that the Continuing Connected Transactions have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the Framework Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (iii) the auditors of the Company will, in accordance with the GEM Listing Rules, review annually the Continuing Connected Transactions and they will confirm in a letter to the Board (a copy of which letter will be provided to the Stock Exchange at least ten business days prior to the bulk printing of the annual report of the Company) whether the Continuing Connected Transactions:
 - (a) have received the approval of the Board;

LETTER FROM SOMERLEY LIMITED

- (b) are in accordance with the pricing policies of the Group if the transactions involve provision of goods and services by the Group;
- (c) have been entered into in accordance with the Framework Agreement governing the Continuing Connected Transactions; and
- (d) have not exceeded the relevant Annual Caps;
- (iv) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the GEM Listing Rules if it knows or has reason to believe that the Independent Non-executive Directors and/or the auditors will not be able to confirm the matters set out in the points (ii) and/or (iii) above respectively;
- (v) the Company will allow, and procure that the Greatsource Group will allow, the auditors of the Company sufficient access to the relevant records of the Continuing Connected Transactions for the purpose of the auditors' review as referred to in point (iii) above. The Board must state in the annual report whether the auditors have confirmed the matters stated in Rule 20.38 of the GEM Listing Rules; and
- (vi) the Company will comply with the applicable provisions of the GEM Listing Rules governing connected transactions in the event that the total amount of the Continuing Connected Transactions exceeds the Annual Caps, or that there is any material amendment to the terms of the Framework Agreement.

In light of the conditions attached to the Continuing Connected Transactions, in particular, (1) the restriction of the amount of the Continuing Connected Transactions by way of the Annual Caps; (2) the ongoing review by the Independent Non-executive Directors and auditors of the Company regarding the terms of the Continuing Connected Transactions; and (3) the continuing review by the auditors of the Company confirming the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of Independent Shareholders.

LETTER FROM SOMERLEY LIMITED

OPINION

Having taken into account the above principal factors and reasons, we consider that the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms of the Framework Agreement in relation to the Continuing Connected Transactions are normal commercial terms. We also consider that the Annual Caps and the terms of the Framework Agreement in relation to the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and that the entering into of the Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution in relation to the Framework Agreement, the Continuing Connected Transactions and the Annual Caps to be proposed at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY LIMITED
M. N. Sabine
Chairman

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (1) the information contained in this circular is accurate and complete in all material respects and not misleading;
- (2) there are no other matters the omission of which would make any statement in this circular misleading; and
- (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the ordinary shares of the Company

Name of director	Personal interests	Corporate interests	Total interests	Percentage of interests
Mr. Yu Shu Kuen	–	205,000,000 (Note 1)	205,000,000	25.00%
Ms. Li Fang Hong	–	155,000,000 (Note 2)	155,000,000	18.91%

Note:

1. These Shares are held by Ample Field Limited, which is wholly and beneficially owned by Mr. Yu Shu Kuen.
2. These Shares are held by Universal Target Limited and it is wholly owned by Eternal Mass Limited. Eternal Mass Limited is 40% beneficially owned by Ms. Li Fang Hong and the rest 60% is beneficially owned by Mr. Gui Song, who is the spouse of Ms. Li Fang Hong.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they

have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, the following persons had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 or Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the group, or substantial shareholder required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Number of shares held	Percentage of the Company's share capital
Temasek Holdings (Private) Limited (<i>Note 1</i>)	50,786,236	6.19%
Singapore Technologies Telemedia Pte Ltd (<i>Note 1</i>)	50,786,236	6.19%
STT Communications Ltd (<i>Note 1</i>)	50,786,236	6.19%
stt Ventures Ltd (<i>Note 1</i>)	50,786,236	6.19%
Ample Field Limited (<i>Note 2</i>)	205,000,000	25.00%
Mr. Yu Shu Kuen (<i>Note 2</i>)	205,000,000	25.00%
Universal Target Limited (<i>Note 3</i>)	155,000,000	18.91%
Eternal Mass Limited (<i>Note 3</i>)	155,000,000	18.91%
Mr. Gui Song (<i>Note 3</i>)	155,000,000	18.91%
Ms. Li Fang Hong (<i>Note 3</i>)	155,000,000	18.91%

Notes:

- These shares are held by stt Ventures Limited, which is a wholly-owned subsidiary of STT Communications Limited ("STTC"). 99.99% of the interest of STTC is in turn held by Singapore Technologies Telemedia Pte Ltd, which is in turn a wholly-owned indirect subsidiary of Temasek Holdings (Private) Limited. Accordingly, Temasek Holdings (Private) Limited, Singapore Technologies Telemedia Pte Ltd and STTC are deemed to be interested in the shares beneficially owned by stt Ventures Limited.
- These shares are held by Ample Field Limited of which the entire issued capital is beneficially owned by Mr. Yu Shu Kuen. Accordingly, Mr. Yu Shu Kuen is deemed to be interested in the shares of the Company beneficially owned by Ample Field Limited.
- These shares are held by Universal Target Limited and it is wholly owned by Eternal Mass Limited. Eternal Mass Limited is 40% beneficially owned by Ms. Li Fang Hong and the rest 60% is beneficially owned by Mr. Gui Song, who is the spouse of Ms. Li Fang Hong. Accordingly, Eternal Mass Limited, Mr. Gui Song and Ms. Li Fang Hong are deemed to be interested in the shares of the Company beneficially owned by Universal Target Limited.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by such member of the Group within one year without payment of compensation other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the controlling Shareholders (as defined in the GEM Listing Rules) or their respective associates has any interest in business which competes with or may compete with the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2007, being the date to which the latest published audited financial statements of the Group was made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given an opinion or advice on the information contained in the circular:

Name	Qualification
Somerley	A corporation licensed under the SFO which is permitted to engage in types 1, 4, 6 and 9 of the regulated activities as defined in the SFO

As at the Latest Practicable Date, Somerley did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any direct or indirect interests in any assets which have been since 31 December 2007, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Somerley has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear therein.

8. MISCELLANEOUS

- (a) The registered office of the Company is located at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.
- (b) The head office and principal place of business of the Company in Hong Kong is Room 909, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office in Hong Kong of the Company is Tricor Tengis Limited located at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) The company secretary of the Company is Mr. Peter Ng who is an associate member of CPA, Australia.
- (e) The compliance officer of the Company is Mr. Yu Shu Kuen who is also an Executive Director.
- (f) The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules.

The audit committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The audit committee comprises three Independent Non-executive Directors, Mr. Cho Chun Wai, Mr. Chan Kam Kwan, Jason and Ms. Zhao Yang.

- (g) The English text of this circular and the enclosed form of proxy shall prevail the Chinese text.

9. DOCUMENTS FOR INSPECTION

Copies of the Framework Agreement, the letter from the Independent Board Committee and the letter from Somerley Limited will be made available for inspection during normal business hours on business days at the office of the Company at Room 909, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong from the date of this circular up to and including 9 March 2009.

NOTICE OF EGM



M DREAM INWORLD LIMITED

聯夢活力世界有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8100)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of M Dream Inworld Limited (the “**Company**”) will be held at Phoenix Room, The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on 9 March 2009 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution:

ORDINARY RESOLUTION

“THAT

- (a) the framework agreement (the “Framework Agreement”) dated 2 February 2009 entered into between 廣泰益昌(北京)科技有限公司 and 鴻源控股有限公司 in relation to purchases of display equipments, components and display technology, a copy of which is produced to the Meeting marked “A” and initialed by the Chairman of the Meeting for the purpose of identification, and the terms and the continuing connected transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the proposed caps in relation to the transactions contemplated under the Framework Agreement for the period from the effective date of the Framework Agreement to 31 December 2009, for the two years ending 31 December 2010 and 2011, being HK\$97 million, HK\$126 million and HK\$149 million respectively, be and are hereby approved, confirmed and ratified; and
- (c) any executive director of the Company be and is hereby authorised to do all such things and acts as he/she considers as necessary, expedient or desirable for the purpose of or in connection with the implementation of the Framework Agreement and the continuing connected transactions contemplated thereunder.”

By order of the Board
M Dream Inworld Limited
Yu Shu Kuen
Chairman

Hong Kong, 18 February 2009

Registered office:
P.O. Box 309, Uglan House
South Church Street
George Town
Grand Cayman, Cayman Islands
British West Indies

*Head office and principal place of
business in Hong Kong:*
Room 909, 9th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

* For identification purpose only

NOTICE OF EGM

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy can vote on a poll. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the offices of the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the above Meeting or any adjournment thereof, should he so wish.