THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, 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 prospectus together with the accompanying form of application (together, the "**Prospectus Documents**") to the purchaser or transferee, or to the bank, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents mentioned in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in appendix III to the Prospectus, has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents. Dealings in the securities of the Company may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares (as defined herein) on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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)

OPEN OFFER OF 273,279,476 OFFER SHARES AT HK$0.045 EACH IN THE PROPORTION OF ONE OFFER SHARE FOR EVERY THREE SHARES HELD ON THE RECORD DATE

Underwriter

KINGSTON SECURITIES LIMITED

The latest time for application and payment for the Offer Shares is 4:00 p.m. (Hong Kong time) on Friday, 24 July 2009. The procedures for application of the Offer Shares are set on page 21 of this prospectus.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on page 7 of this prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Open Offer will not proceed.

Shareholders should note that, based on the expected timetable, the Shares have been dealt in on an ex-entitlement basis commencing from Thursday, 2 July 2009 and that dealing in the Shares may take place even though the conditions under the Underwriting Agreement remain unfulfilled. Any Shareholder or other person dealing in the Shares to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Wednesday, 29 July 2009), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

Any Shareholder or other persons contemplating dealings in the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

* *For identification purpose only*

9 July 2009

CHARACTERISTICS OF GEM

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 Stock 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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In this Prospectus, unless the context otherwise requires, the following expressions shall have the following meanings:

"AF Undertaking"	the irrevocable undertaking given by Ample Field in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed "Undertaking given by Ample Field" in this prospectus
"Ample Field"	Ample Field Limited, a company incorporated in the British Virgin Islands holding 205,000,000 Shares as at the date hereof and is wholly beneficially owned by Mr. Yu (an executive Director)
"Announcement"	the announcement of the Company dated 22 June 2009 in relation to, among others, the Open Offer
"Application Form(s)"	the application form for use by the Qualifying Shareholders to apply for the Offer Shares in relation to their respective provisional entitlement under the Open Offer
"associates"	has the meaning ascribed to this term under the GEM Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Company"	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
"Directors"	directors of the Company
"EAF(s)"	the application form(s) to be issued in connection with the Open Offer for excess Offer Shares
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules
"Latest Acceptance Date"	being 4:00 p.m. 24 July 2009 or such other date and/or time as the Underwriter and the Company may agree as the latest date for acceptance and payment in respect of provisional entitlement and the excess Offer Shares under the Open Offer
"Latest Lodging Date"	being 4:30 p.m. 3 July 2009 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of Shares in order to be qualified for the Open Offer
"Latest Practicable Date"	6 July 2009, being the latest practicable date for ascertaining certain information for inclusion in this prospectus
"Last Trading Date"	20 May 2009, being the last trading day of the Shares prior to the release of the Announcement
"Latest Time for Termination"	4:00 p.m. on the third business day after the Latest Acceptance Date or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
"Mr. Yu"	Mr. Yu Shu Kuen, an executive Director of the Company
"Ms. Li"	Ms. Li Fang Hong, an executive Director of the Company
"Offer Share(s)"	273,279,476 new Shares to be allotted and issued pursuant to the Open Offer
"Open Offer"	the open offer on the basis of one (1) Offer Share for every three (3) Shares to the Qualifying Shareholders pursuant to the terms and conditions of the Underwriting Agreement
"Overseas Letter"	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
"Overseas Shareholder(s)"	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) as shown on such register is (are) outside Hong Kong
"Prohibited Shareholders"	Overseas Shareholders, to whom the Directors, based on legal opinions provided by legal advisers and on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares

"Prospectus"	this prospectus to be issued by the Company in relation to the Open Offer
"Prospectus Documents"	this prospectus, the Application Form and the EAF
"Prospectus Posting Date"	9 July 2009 or such later date as the Underwriter may agree in writing with the Company
"Qualifying Shareholder(s)"	the Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
"Record Date"	8 July 2009 (or such later date as the Underwriter may agree with the Company), being the date by reference to which entitlements to the Open Offer will be determined
"Registrar"	Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, being the Company's Hong Kong branch share registrar
"SFC"	The Securities and Futures Commission
"SFO"	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option(s)"	The share option(s) granted under the Share Option Scheme
"Share Option Scheme"	The share option scheme adopted by the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	subscription price of HK$0.045 per Offer Share
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Underwriter"	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity under the SFO
"Underwriting Agreement"	The underwriting agreement dated 22 June 2009 entered into among the Company and the Underwriter in relation to the Open Offer
"Universal Target"	Universal Target Limited, a company incorporated in the British Virgin Islands holding 155,000,000 Shares as at the date hereof and is wholly beneficially owned by Eternal Mass Limited. Eternal Mass Limited is 40% beneficially owned by Ms. Li (an executive Director) and the rest 60% is beneficially owned by Mr. Gui Song, who is the spouse of Ms. Li

"UT Undertaking"	The irrevocable undertaking given by Universal Target in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed "Undertaking given by Universal Target" in this prospectus
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

The following information is derived from, and should be read in conjunction with, the full text of this prospectus.

Basis of the Open Offer:	One (1) Offer Share for every three (3) Shares held on the Record Date
Number of existing Shares in issue:	819,838,430 Shares as at the Latest Practicable Date
Number of Open Offer Shares to be issued:	273,279,476 Offer Shares, representing approximately 33.33% of the existing issued share capital of the Company and representing approximately 25% of the issued share capital of the Company as enlarged by the Open Offer
Subscription Price:	HK$0.045 per Offer Share payable in full on acceptance
Number of Offer Shares undertaken to be taken up by Universal Target:	Universal Target has given the UT Undertaking in favour of the Company and the Underwriter (i) not to dispose of or transfer, or agree to dispose of or transfer any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 51,666,666 Offer Shares to which it is entitled under the Open Offer; and (iii) not to apply for any additional excess Offer Shares under the excess application arrangements under the Open Offer
Number of Offer Shares undertaken to be taken up by Ample Field:	Ample Field has given the AF Undertaking in favour of the Company and the Underwriter (i) not to dispose of or transfer, or agree to dispose of or transfer any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 68,333,333 Offer Shares to which it is entitled under the Open Offer; and (iii) not to apply for any additional excess Offer Shares under the excess application arrangements under the Open Offer
Number of Offer Shares underwritten by the Underwriter:	153,279,477 Offer Shares, being the number of the aggregate Offer Shares less the number of Offer Shares undertaken to be taken up by Universal Target under the UT Undertaking and the number of Offer Shares undertaken to be taken up by Ample Field under the AF Undertaking

The expected timetable for the Open Offer set out below is for indicative purposes only and has been prepared on the assumption that all the conditions of the Open Offer will be fulfilled. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

	2009
Last day of dealings in the Shares on a cum-entitlement basis	30 June
Commencement of dealings in the Shares on an ex-entitlement basis	2 July
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:30 p.m. on 3 July
Register of members closes (both dates inclusive)	6 July to 8 July
Record Date	8 July
Register of members reopens	9 July
Despatch of Prospectus Documents	9 July
Latest time for the payment for and acceptance of the Offer Shares	4:00 p.m. on 24 July
Latest time for the Open Offer to become unconditional	4:00 p.m. on 29 July
Announcement of the results of the Open Offer	31 July
Despatch of refund cheques for wholly and partially unsuccessful excess application for excess Offer Shares	31 July
Despatch of certificates for the Offer Shares	31 July
Dealing in Offer Shares commences	4 August

Notes:

(i) All times in this prospectus refer to Hong Kong time.

(ii) Effect of bad weather on the latest time for acceptance of and payment for Open Offer

The latest time for acceptance of and payment for Offer Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 24 July 2009. Instead the latest time of acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day;

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 24 July 2009. Instead the latest time of acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Offer Shares does not take place on the Latest Acceptance Date, the dates mentioned in this section headed "Expected timetable" may be affected. An announcement will be made by the Company in such event as soon as practicable.

TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination (provided that for the purposes if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/ or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

(8) this prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

WARNING OF THE RISK OF DEALING IN SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Open Offer may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealings in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

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

Registered office:
P.O. Box 309, Ugland 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
9 Floor, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

9 July 2009

To the Shareholders

Dear Sir or Madam,

OPEN OFFER OF 273,279,476 OFFER SHARES AT HK$0.045 EACH IN THE PROPORTION OF ONE OFFER SHARE FOR EVERY THREE SHARES HELD ON THE RECORD DATE

INTRODUCTION

On 22 June 2009, the Company announced, among other things, that it proposed to raise approximately HK$12.3 million, before expenses, by way of the Open Offer of 273,279,476 Offer Shares at a subscription price of HK$0.045 per Offer Share payable in full on application on the basis of one Offer Share for every three Shares held on the Record Date. The Open Offer will not be extended to the Prohibited Shareholders.

As at the Latest Practicable Date, the Company has 819,838,430 Shares in issue. Given that the register of the members has been closed from 6 July 2009 to 8 July 2009 (both dates inclusive) and no further Shares were issued during the book closure period, on the basis of one Offer Share for every three Shares held on the Record Date, a total 273,279,476 Offer Shares will be issued and 153,279,477 Offer Shares (being the number of the aggregate Offer Shares less the number of Offer Shares undertaken to be taken up by Universal Target under the UT Undertaking and the number of Offer Shares undertaken to be taken up by Ample Field under the AF Undertaking) will be underwritten by the Underwriter.

* *For identification purpose only*

The purpose of this prospectus is to provide you with further details of the Open Offer including information on dealings in and application for the Offer Shares, and certain financial and other information of the Group.

OPEN OFFER

Issue statistics

Basis of the Open Offer:	One (1) Offer Share for every three (3) Shares held on the Record Date
Subscription Price:	HK$0.045 per Offer Share payable in full upon acceptance
Number of Shares in issue as at the date of the Latest Practicable Date:	819,838,430 Shares
Number of Offer Shares:	273,279,476 Offer Shares, representing approximately 33.33% of the existing issued share capital of the Company and representing approximately 25% of the issued share capital of the Company as enlarged by the Open Offer
Number of Offer Shares undertaken to be taken up by Universal Target:	Universal Target has given the UT Undertaking in favour of the Company and the Underwriter (i) not to dispose of or transfer, or agree to dispose of or transfer any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 51,666,666 Offer Shares to which it is entitled under the Open Offer; and (iii) not to apply for any additional excess Offer Shares under the excess application arrangements under the Open Offer
Number of Offer Shares undertaken to be taken up by Ample Field:	Ample Field has given the AF Undertaking in favour of the the Company and the Underwriter (i) not to dispose of or transfer, or agree to dispose of or transfer any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 68,333,333 Offer Shares to which it is entitled under the Open Offer; and (iii) not to apply for any additional excess Offer Shares under the excess application arrangements under the Open Offer
Number of Offer Shares underwritten by the Underwriter:	153,279,477 Offer Shares, being the number of the aggregate Offer Shares less the number of Offer Shares undertaken to be taken up by Universal Target under the UT Undertaking and the number of Offer Shares undertaken to be taken up by Ample Field under the AF Undertaking

As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares and as at the Latest Practicable Date, the Company had no intention to issue any new Shares and any other securities before completion of the Open Offer.

Subscription Price

The Subscription Price for the Offer Shares is HK$0.045 per Offer Share, payable in full when a Qualifying Shareholder accepts his/her/its assured entitlement under the Open Offer.

The Subscription Price represents:

(i) a discount of approximately 70% to the closing price of HK$0.15 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 70.39% to the average closing price of HK$0.152 per Share for the five (5) consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Date;

(iii) a discount of approximately 63.71% to the theoretical price of HK$0.124 per Share based on the closing price of HK$0.15 as quoted on the Stock Exchange on the Last Trading Date; and

(iv) a discount of approximately 74.86% to the closing price of HK$0.179 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to among other things, the prevailing market price of the Shares and the financial requirements of the Company. Taking into consideration of the theoretical ex-entitlement price per Share, in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions being fulfilled:

(1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;

(2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of this prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;

(3) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;

(4) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;

(5) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;

(6) compliance with and performance of all undertakings and obligations of Universal Target under the UT Undertaking; and

(7) compliance with and performance of all undertakings and obligations of Ample Field under the AF Undertaking.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Open Offer is not subject to the Shareholders' approval.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully-paid, will rank pari passu with the Shares in issue in all respects. Holders of such Offer Shares will be entitled to receive full future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully paid Offer Shares. Dealings in fully-paid Offer Shares will be subject to the payment of stamp duty in Hong Kong.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to Qualifying Shareholders and (ii) this prospectus, for information only, with the Overseas Letter to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholder must be registered as a member of the Company on the Record Date and not be a Prohibited Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificate(s)) with the Registrar, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on the Latest Lodging Date.

Closure of register of members

The Company's register of members has been closed from 6 July 2009 to 8 July 2009 (both dates inclusive), for the purpose of, among other things, establishing entitlements to the Open Offer.

Rights of Overseas Shareholders and Prohibited Shareholders

According to the register of members of the Company as at the Record Date, there were Overseas Shareholders with registered addresses located in Macau, Malaysia, the PRC, Singapore and the United States of America ("**USA**"). The Directors have, in compliance with Rule 17.41 of the GEM Listing Rules, conducted enquiries regarding the feasibility of extending the Open Offer to such Overseas Shareholders. Based on the legal opinions provided by the legal advisers in the relevant jurisdictions, the Directors consider that the Offer Shares can be offered to the Overseas Shareholders in the relevant jurisdictions other than the USA as there are no legal restrictions for the Company on offering of the Offer Shares to these Overseas Shareholders. Accordingly, there are no Overseas Shareholders other than the USA Shareholders being prohibited from the Open Offer.

It is the responsibility of the Shareholders (including the Overseas Shareholders) to observe the domestic legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Offer Shares.

Any Offer Shares which would otherwise have been made available for application by the Prohibited Shareholders will be available for application for subscription by the Qualifying Shareholders by means of excess application for Offer Shares.

Fractional entitlement to the Offer Shares

Fractional entitlements of Offer Shares will not be allotted and will be aggregated. Any Offer Shares created from the aggregation of fractions of Offer Shares will be taken up by the Underwriters and/or by the Qualifying Shareholders who have applied for the excess Offer Shares.

Excess application for excess Offer Shares

For excess application of Offer Shares, the Directors will allocate the excess Offer Shares at their discretion on a fair and equitable basis on the suggestions given by the Registrar and the following principles:

(1) preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and

(2) subject to availability of excess Offer Shares after allocation under principle (1) above, the excess Offer Shares will be allocated to Qualifying Shareholders who have applied for excess application based on a sliding scale with reference to the excess Offer Shares applied by the Qualifying Shareholders and their respective shareholdings in the Company with board lots allocations to be made on a best efforts basis.

The Shareholders with Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Offer Shares will not be extended to the ultimate beneficial owners individually, Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Shares in the name of the ultimate beneficial owner(s) to increase their chance of allotment of the excess Offer Shares prior to the Record Date.

Share certificates for the fully-paid Offer Shares and refund cheques

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all fully-paid Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for (where appropriate) and fully paid for on acceptance on or before 31 July 2009 at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are also expected to be posted to the Excess Applicants on or before 31 July 2009 at their own risk.

Application for listing of the Offer Shares on the Stock Exchange

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the fully paid Offer Shares. The Offer Shares are expected to continue to be traded in the existing board lot of 20,000 Shares. Dealing in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading any thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Reasons for the Open Offer and the use of proceeds

The Group is principally engaged in the system solutions and development business.

The estimated net proceeds from the Open Offer will be approximately HK$11.7 million (net of expenses of approximately HK$0.6 million). The Board intends to apply the net proceeds as general working capital of the Group and for financing its operations and activities for expanding its existing businesses and the future acquisition of the Group which may or may not be within the existing principal business of the Group.

Based on the latest unaudited management accounts of the Company, the level of cash as a percentage of the total assets of the Group is approximately 77%. Despite that the Group maintained a healthy cash position with an amount of approximately HK$32 million as at 31 December 2008, as a result of the global economic recession and financial tsunami, the Board considers that it is necessary to strengthen its cash position and capital base in order to expand its existing businesses and to grasp any appropriate opportunities available to the Company. Given the current market conditions, the Board considers that it is fair and reasonable to propose the Open Offer

The Directors have considered other alternative fund raising methods such as issue of new shares and bank borrowings and consider that the Open Offer has the benefits of allowing the Qualifying Shareholders to maintain their respective pro rata shareholdings if they take up their entitled Offer Shares and participate in the future growth of the Group. The Directors are of the view that the Open Offer is in the interest of the Company and its Shareholders as a whole as the Open Offer will strengthen the working capital position of the Company.

Undertaking given by Universal Target

Universal Target has given the UT Undertaking in favour of the Company and the Underwriter (i) not to dispose of or transfer or agree to dispose of or transfer, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 51,666,666 Offer Shares to which it is entitled under the Open Offer; and (iii) not to apply for any additional excess Offer Shares under the excess application arrangements under the Open Offer.

Undertaking given by Ample Field

Ample Field has given the AF Undertaking in favour of the Company and the Underwriter (i) not to dispose of or transfer or agree to dispose of or transfer, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 68,333,333 Offer Shares to which it is entitled under the Open Offer; and (iii) not to apply for any additional excess Offer Shares under the excess application arrangements under the Open Offer.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	22 June 2009
Underwriter:	Kingston Securities Limited
Basis of the Open Offer:	One (1) Offer Share for every three (3) Shares held on the Record Date
Subscription Price:	HK$0.045 per Offer Share payable in fully upon acceptance
Number of Offer Shares underwritten by the Underwriter:	153,279,477 Offer Shares, being the number of the aggregate Offer Shares less the number of Offer Shares undertaken to be taken up by Universal Target under the UT Undertaking and the number of Offer Shares undertaken to be taken up by Ample Field under the AF Undertaking

The Underwriter shall be entitled to the underwriting commission of 2.0% of the aggregate Subscription Price in respect of 153,279,477 Offer Shares underwritten by the Underwriter. The Company will reimburse the Underwriter reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter.

The Board considers that the terms and conditions of the Underwriting Agreement are fair and reasonable as compared to the market practice and commercially reasonable as agreed between the parties of the Underwriting Agreement.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

(1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:

(a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/ or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

(3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

(4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

(5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

(6) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or

(7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement in respect of the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or

(8) this prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

(1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or

(2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

WARNING OF THE RISK OF DEALING IN SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Open Offer may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealings in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

The Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from 2 July 2009 and that dealings in Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealings in the Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled (which is expected to be on 29 July 2009), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

CHANGES IN SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company as at the Latest Practicable Date and the shareholding structure of the Company immediately upon completion of the Open Offer are set out below for illustration purpose only:

Shareholders	**As at the date of the Latest Practicable Date**		**Immediately after completion of the Open Offer (assuming no Qualifying Shareholders (other than Universal Target and Ample Field) shall take up his/her/its entitlements under the Open Offer)**		**Immediately after completion of the Open Offer (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer)**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Ample Field *(Note 1)*	205,000,000	25.00	273,333,333	25.00	273,333,333	25.00
Universal Target *(Note 2)*	155,000,000	18.91	206,666,666	18.91	206,666,666	18.91
Sub-Total *(Note 5)*	360,000,000	43.91	479,999,999	43.91	479,999,999	43.91
Public Shareholders						
The Underwriter	331	0.00	153,279,808	14.02	441	0.00
stt Ventures Limited *(Note 3)*	50,786,236	6.19	50,786,236	4.65	67,714,981	6.19
Other public Shareholders	409,051,863	49.90	409,051,863	37.42	545,402,485	49.90
Total	819,838,430	100.00	1,093,117,906	100.00	1,093,117,906	100.00

Notes:

1. These shares are held by Ample Field of which the entire issued capital is beneficially owned by Mr. Yu Shu Kuen, an executive Director. Accordingly, Mr. Yu is deemed to be interested in the shares beneficially owned by Ample Field Limited.

2. These shares are held by Universal Target and it is wholly owned by Eternal Mass Limited. Eternal Mass Limited is 40% beneficially owned by Ms. Li and the rest 60% is beneficially owned by Mr. Gui Song, who is the spouse of Ms. Li. Accordingly, Eternal Mass Limited, Mr. Gui Song and Ms. Li are deemed to be interested in the shares of the Company beneficially owned by Universal Target.

3. 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. Temasek Holdings (Private) Limited is a Singapore state-owned company. 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.

4. Mr. Rong Hsu, an executive Director, does not directly or indirectly hold any Shares.

5. Ample Field and Universal Target are regarded as parties acting in concert under the Takeovers Code.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Two loan capitalizations were carried out by the Company during the year of 2008. An unsecured loan of HK$1,368,000 was settled by issuing 2,338,460 new shares of the Company while another loan of approximately HK$4,050,000 was settled by issuing 16,804,979 new shares of the Company.

A new Beijing subsidiary was incorporated in October 2008 to focus on display equipments and technology business. With more competent sales staff joining this subsidiary, it is expected the sales volume can jump significantly in coming years.

Similar to year 2007, the Singapore subsidiary contributed the most in sales within the Group for the year of 2008. Its turnover for the year of 2008 was approximately HK$13,191,000 which accounted for 87% of the total sales of the Group. A 30% shareholding of this Singapore subsidiary was disposed to its CEO to deepen his commitment for procuring more businesses.

The Group maintained a healthy cash position with an amount of approximately HK$32 million as at 31 December 2008. Based on such solid financial position the management will cautiously look for investment opportunities with good prospects.

The Group will continue its existing businesses. As a result of the global economic recession, the Company considers that it is necessary to strengthen its cash position and the capital base to expand its existing businesses and to grasp any appropriate opportunities available to the Company.

The net proceeds from the Open Offer will be applied as general working capital of the Group and for financing its operations and activities for expanding its existing businesses and the future acquisition of the Group which may or may not be within the existing principal businesses of the Company.

RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group and these risks can be categorized into: (1) business risk relating to the Group; (2) financial risks relating to the group; (3) risks relating to the industry; (4) risks relating to politics, economics and regulations; and (5) risks relating to the Shares prices and Shareholders' shareholdings.

Additional risks and uncertainties not presently known to the Directors, or not expressed or implied below, or than the Directors currently deem immaterial, may also adversely affect the Group's business, operating results and financial condition in a material aspect.

Business risk relating to the Group

(1) The industry in which the Group is operating is subject to intense competition and the success of the Group will depend on its capacity and capability to expand its market share and to secure contracts from its potential customers. If the Group fails to maintain its competitiveness against other competitors, this will affect the profitability and market share of the Group.

(2) Given that the direction for expansion of the Group will principally lie on the PRC market, the future success of the Group will rely on the economic growth of the PRC market. Since the fourth quarter of 2008, the PRC government has introduced a series of fiscal stimulus packages to maintain the national economic growth. However, it is not guaranteed that such measures could yield any immediate short term effect. The Group's profitability and future growth may be adversely affected if the economy of the PRC fails to keep growth.

(3) The global financial tsunami occurred in the second half of 2008 has affected the consumption power of the general public and potential customers of the Group, thus, in turn, this may affect the profitability of the Group as a result of the global economic downturn and continued economic recession.

Financial risks relating to the Group

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business.

These risks are limited by the Group's financial management policies and practices as described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings. In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The directors are of the opinion that adequate provision for uncollectible receivables has been made in the financial statements and the Group has no significant concentration of credit risk. Normally, the Group does not obtain collateral from customers.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

(c) Interest rate risk

The Group's interest rate risk arose primarily from unsecured loans. Unsecured loans were issued at fixed rates and exposed the Group to fair value interest rate risk. At 31 December 2008, the Group has no cash flow interest rate risk as there are no borrowings which bear floating interest rates. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

(d) Foreign currency risk

(i) Forecast transactions

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Renminbi, Singapore dollars and United States dollars.

(ii) Recognised assets and liabilities

In respect of receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

Risks relating to the industry

Intense competition

The market for system solutions in which the Group operates is characterized by an increasing number of entrants because of the relative low set-up costs. Many of the Group's competitors have longer operating history in the market, greater brand recognition, larger customer base and significantly greater financial and marketing resources. Such present or future competitors may provide products and services that have performance, price or other advantages over those offered by the Group. There is no assurance that the Group will be able to compete successfully against the current or future competitors.

Rapid technological changes

The IT industry is characterized by its fast evolving nature and the Group needs to maintain an edge of technology over its competitors to maintain competitiveness. If the Group fails to keep up with the most up-to-date technology, the Group may become less competitive and the profitability of the Group may be adversely affected.

Risks relating to politics, economics and regulations

The business operations of the Group are primarily based in the PRC and Singapore. Accordingly, the Group's operating results, financial position and prospects could be adversely affected by economic, political and legal developments in these jurisdictions. As a result of the financial tsunami, there is no assurance that economic, political and legal developments in these jurisdictions will not be adversely affected. If there is any material adverse change in the general economic, political and legal developments in these jurisdictions, the Group's operations and financial position may be adversely affected.

Risks relating to the Share price and Shareholders' shareholdings

(a) The Share price may be volatile

The price and trading volume of the Share will be determined in the market place and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments or acquisitions, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in the PRC or Hong Kong could cause the market price of the Shares to change substantially.

(b) Shareholders' shareholding may be diluted as a result of future equity fundraising

The Group may need to raise additional funds in the future to finance its expansion or for other reasons. If additional funds are raised through the issuance by the Company of new equity or equity-linked securities other than on a pro-rata basis to existing shareholders, the percentage ownership of individual shareholders will decline. Any such new securities may have preferential rights or options that favour their holders over holders of the Shares, to the extent permitted by law, exchange rules and the Company's constitutive documents.

TAXATION

The Directors consider that there is no tax implication on the Company resulting from the Open Offer. However, Shareholders should note that dealing in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong. In addition, Shareholders should note that the taxation implications on them arising from the acquisition of, holding of or dealing in the Offer Shares may differ depending on their individual circumstances. Shareholders are recommended to consult their professional advisers if they are in doubt as to their tax position under the Open Offer. It is emphasized that none of the Company, the Directors or any other parties involved in the Open Offer accept responsibility for any tax effects or liabilities of any Shareholders or potential investors resulting from the Open Offer.

PROCEDURE FOR APPLICATION AND PAYMENT

If you are a Qualifying Shareholder, you will find the Application Form enclosed with this Prospectus which entitles you to apply for the number of Offer Shares in your assured entitlement shown thereon. If you wish to apply for such Offer Shares or any lesser number of such Offer Shares, you must complete, sign and lodge the same in accordance with the instructions printed thereon, together with the remittance for full amount payable on application with the Registrar by not later than 4:00 p.m. (Hong Kong time) on 24 July 2009. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, and banker's casher orders must be issued by, a licensed bank in Hong Kong and made payable to "M Dream Inworld Limited – provisional allotment account" and crossed "Account Payee Only". Any payments for Offer Shares should be rounded down to 2 decimal points.

It should be noted that unless the Application Form, together with the appropriate remittance, has been lodged with the Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. (Hong Kong time) on 24 July 2009 by the Qualifying Shareholder, his/her/its entitlement to apply under the Open Offer will be deemed to have been declined and will be cancelled.

All cheques or banker's cashier orders will be presented for payment immediately following receipt and all interest earned on such application monies will be retained for the benefit of the Company. Any Application Form in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the relevant entitlements of the Qualifying Shareholder under the Open Offer will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions to which the Open Offer is subject are not fulfilled in accordance with the section headed "Conditions of the Open Offer", the application monies will be refunded, without interest, by sending cheques made out to the applicants (or in the case of joint applicants, to the first named applicant) and crossed "Account Payee Only", through ordinary post at the risk of the applicants to the addressed as registered in the register of members of the Company on or before 31 July 2009.

APPLICATION FOR EXCESS OPEN OFFER SHARES

Qualifying Shareholders may apply for any Offer Shares not applied for by other Qualifying Shareholders.

Application for excess Offer Shares may be made by completing the EAF and lodging the same in accordance with the instructions printed thereon, together with a remittance of the aggregate subscription price payable for the relevant excess Offer Shares being applied for, with the Registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on 24 July 2009. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's order must be issued by, a licensed bank in Hong Kong and made payable to "M Dream Inworld Limited – excess application account " and crossed "Account Payee Only". Any payments for Excess Offer Shares would be rounded down to 2 decimal points. The Directors will allocate the excess Offer Shares at their sole discretion on a fair and equitable basis, in proportion to the number of excess Offer Shares being applied for under each application, except that preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders whose Shares are registered in the name of a nominee company should note that the aforesaid arrangement in relation to the application for excess Offer Shares are not extended to them individually.

Under the Underwriting Agreement, the Underwriters will subscribe or procure subscribers for the Offer Shares not subscribed by the Qualifying Shareholders.

The Application Form and the EAF are for use only by the person(s) named therein and are not transferable or renounceable. All documents, including cheques and cashier orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses.

No receipt will be issued in respect of any application monies received.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus.

Yours faithfully
By order of the Board
M Dream Inworld Limited
Li Fang Hong
Executive Director

1. FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the three years ended 31 December 2008 as extracted from the respective annual reports of the Company is set out below.

The following is a summary of the published results and of the assets and liabilities of the Group for the three years ended 31 December 2006, 2007 and 2008:

Results

	For the year ended 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	15,233	15,112	13,931
(Loss)/profit from operations	(8,047)	10,755	5,328
Finance costs	(40)	(174)	(2,209)
(Loss)/profit before taxation	(8,087)	10,581	3,119
Income tax credit/(expense)	7	(18)	–
(Loss)/profit after taxation from continuing operations	(8,080)	10,563	3,119
(Loss)/profit after taxation from discontinued operations	–	–	12,402
(Loss)/profit for the year	(8,080)	10,563	15,521
Attributable to:			
Equity shareholders of the Company	(8,358)	10,563	15,521
Minority interests	278	–	–
	(8,080)	10,563	15,521

Assets and liabilities

	As at 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	37,175	58,947	3,719
Total liabilities	(4,064)	(24,129)	(37,197)
Minority interests	(450)	–	–
Shareholders' fund	32,661	34,818	(33,478)

2. AUDITED FINANCIAL STATEMENTS

Set out below are the audited financial statements together with the relevant notes thereto as extracted from the annual report of the Company for the year ended 31 December 2008.

Consolidated Income Statement
For the year ended 31 December 2008

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Turnover	4	15,233	15,112
Cost of sales		(8,284)	(5,831)
Gross profit		6,949	9,281
Other revenue and net (loss)/income	5	(262)	16,577
Selling and administrative expenses		(14,734)	(15,103)
(Loss)/profit from operations		(8,047)	10,755
Finance costs	6(a)	(40)	(174)
(Loss)/profit before taxation	6	(8,087)	10,581
Income tax credit/(expense)	7	7	(18)
(Loss)/profit for the year		(8,080)	10,563
Attributable to:			
Equity shareholders of the Company	12	(8,358)	10,563
Minority interests		278	–
		(8,080)	10,563
(Loss)/earnings per share			
Basic	13(a)	(HK1.02 cents)	HK3.12 cents
Diluted	13(b)	N/A	N/A

Consolidated Balance Sheet
At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Fixed assets	15(a)	851	1,837
		851	1,837
Current assets			
Work-in-progress	18	–	598
Inventories	19	59	–
Trade and other receivables	20	3,888	47,334
Cash and cash equivalents	21	32,377	9,178
		36,324	57,110
Current liabilities			
Trade and other payables	22	2,639	5,651
Unearned revenue		816	241
Unsecured loans	23	–	4,290
Amounts due to related parties	24	598	13,929
Current taxation	25(a)	11	18
		4,064	24,129
Net current assets		32,260	32,981
NET ASSETS		33,111	34,818
CAPITAL AND RESERVES	28(a)		
Share capital		8,198	8,007
Reserves		24,463	26,811
Total equity attributable to equity shareholders of the company		32,661	34,818
Minority interests		450	–
TOTAL EQUITY		33,111	34,818

Balance Sheet

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Non-current assets			
Fixed assets	15(b)	–	–
Investments in subsidiary companies	16	4,200	–
		4,200	–
Current assets			
Amounts due from subsidiary companies	16	11,217	5,035
Other receivables	20	63	43,941
Cash and cash equivalents	21	17,279	7,873
		28,559	56,849
Current liabilities			
Accrued charges and other payables	22	623	617
Unsecured loans	23	–	1,368
Amounts due to subsidiary companies	16	–	6,011
Amounts due to related parties	24	–	13,665
		623	21,661
Net current assets		27,936	35,188
NET ASSETS		32,136	35,188
CAPITAL AND RESERVES	28(b)		
Share capital		8,198	8,007
Reserves		23,938	27,181
TOTAL EQUITY		32,136	35,188

Consolidated Statement of Changes in Equity
For the year ended 31 December 2008

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Total equity/(deficit) at 1 January	28(a)	34,818	(33,478)
Net income recognised directly in equity:			
Exchange differences on translation of the financial statements of overseas subsidiaries	28(a)	965	(176)
Transfer from equity:			
Transfer to minority interests on partial disposal of a subsidiary	28(a)	172	–
(Loss)/profit for the year	28(a)	(8,080)	10,563
Total recognised income and expense for the year		(6,943)	10,387
Attributable to:			
Equity shareholders of the Company		(7,393)	10,387
Minority interests		450	–
		(6,943)	10,387
Movements in equity arising from capital transactions:			
Shares issued upon loan capitalisation	28	5,418	–
Professional expenses incurred in loan capitalisation	28	(182)	–
Placement of new shares	28	–	45,000
Shares issued upon conversion of convertible bonds	28	–	14,040
Professional expenses incurred in placement of new shares	28	–	(1,131)
		5,236	57,909
Total equity at 31 December		33,111	34,818

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000
Operating activities			
(Loss)/profit before taxation		(8,087)	10,581
Adjustments for:			
– Finance costs	6(a)	40	174
– Interest income	5	(445)	(102)
– Depreciation	6(c)	211	416
– Loss on disposal of a subsidiary company	5	–	154
– Gain on partial disposal of a subsidiary company	5	(267)	–
– Gain on disposal of fixed assets	5	(9)	–
– Impairment losses of trade receivables	6(c)	4	–
– Waiver of principal and accrued interest on unsecured loans	5	–	(16,136)
Operating loss before changes in working capital		(8,553)	(4,913)
Decrease/(increase) in work-in-progress		598	(598)
Increase in inventories		(59)	–
Decrease/(increase) in trade and other receivables		43,442	(990)
Decrease in trade and other payables		(3,012)	(5,290)
Increase in unearned revenue		575	241
(Decrease)/increase in amounts due to related parties		(13,331)	13,929
Net cash generated from operating activities		19,660	2,379
Investing activities			
Interest received		445	102
Purchase of fixed assets	15(a)	(922)	(1,819)
Proceeds from disposal of fixed assets		1,787	–
Proceeds from partial disposal of a subsidiary company	10(a)	560	–
Payment for expenses incurred on partial disposal of a subsidiary company	10(a)	(120)	–
Cash outflow from disposal of a subsidiary company	10(b)	–	(4)

	Notes	2008 HK$'000	2007 HK$'000
Net cash generated from/(used in) investing activities		1,750	(1,721)
Financing activities			
Interest paid		(40)	(174)
Proceeds from issue of shares		–	14,040
Proceeds from unsecured loans		946	–
Repayment of unsecured loans		–	(5,849)
Net cash generated from financing activities		906	8,017
Net increase in cash and cash equivalents		22,316	8,675
Cash and cash equivalents at 1 January		9,178	679
Effect of foreign exchange rate changes		883	(176)
Cash and cash equivalents at 31 December	21	32,377	9,178

Notes to the Financial Statements

For the year ended 31 December 2008

1 COMPANY INFORMATION

M Dream Inworld Limited is incorporated in the Cayman Islands under the Companies Law (2001 Revision) of the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business in Hong Kong is located at Room 909, 9/F, Harbour Centre, 25 Harbour Centre, Wanchai, Hong Kong.

The Company has its primary listing on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal activity of the Company is investment holding. The principal activities of the Company's subsidiary companies are set out in note 16 to the financial statements.

These financial statements are presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on the changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards ("HKFRS") issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 34.

(c) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)).

(d) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(g)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Fixed assets

Items of fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(g)).

Depreciation is calculated to write off the cost of items of fixed assets, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

–	Leasehold improvements	5 years or over the lease term, if shorter
–	Office equipment	3-5 years
–	Furniture and fixtures	5 years
–	Computer hardware and software	2-5 years
–	Motor vehicles	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(g) Impairment of assets

(i) Impairment of receivables

Receivables that are stated at cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other receivables, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– fixed assets;

– investments in subsidiary companies; and

– goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(h) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(g)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

Interest-bearing borrowings are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount derecognised and the consideration paid and payable is recognised in profit or loss.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group operates a mandatory provident fund scheme in Hong Kong and defined contribution government pension schemes for the employees of the Group's overseas entities.

Contributions to mandatory provident funds as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and to the state-managed retirement benefits schemes for the employees of the Group's overseas entities are recognised as an expense in the income statement as incurred.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(o) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Service income

Revenue from services are recognised when the services are rendered or under the stage of completion basis when the outcome of the transaction can be estimated reliably.

(ii) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(q) Translation of foreign currencies

The financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation, in which case, such exchange differences are recognised in equity in the consolidated financial statements. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

(r) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(s) Work-in-progress

Uncompleted contracts at year end are stated in the financial statements as gross work-in-progress and are recorded at cost plus any attributable profits less progress payments received and receivable.

Contract costs comprise costs that relates directly to the contracts, attributable to the contract activity in general and can be allocated to the specific contract, and other costs chargeable to the customer within the terms of the contract. Losses on contracts are recognised in the financial statements as soon as the loss is foreseen. Such losses recognised include both the loss for the stage of completion reached on the contracts and the loss for future works on the contracts.

(t) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and fixed assets. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company. The adoption of these new and revised HKFRSs has no material impact on the Group's financial statements for current year presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 36). Consequently, there have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments.

4 TURNOVER

The principal activities of the Group are sales of software and hardware and provision of system solution services.

Turnover represents the sales value of goods and services supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Sales of software and hardware	1,902	1,923
System solution services	12,928	12,329
Marketing service income	–	860
Sales of optical display equipment	403	–
	15,233	15,112

5 OTHER REVENUE AND NET (LOSS)/INCOME

	2008	**2007**
	HK$'000	*HK$'000*
Other revenue		
Bank interest income	445	102
Other net (loss)/income		
Forfeiture of deposit	–	400
Gain on disposal of fixed assets	9	–
Gain on partial disposal of a subsidiary company *(note 10(a))*	267	–
Loss on disposal of a subsidiary company *(note 10(b))*	–	(154)
Net foreign exchange (losses)/gains	(1,006)	82
Waiver of principal and accrued interest on unsecured loans (see below)	–	16,136
Sundry income	23	11
	(707)	16,475
	(262)	16,577

Note:

In 2007, the Company reached agreements with four unsecured creditors by which the Company paid an aggregate of approximately HK$6,103,000 to discharge all outstanding loans and accrued interest of HK$22,239,000, in exchange for a waiver of principal and accrued interest of HK$16,136,000.

6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

	2008 *HK$'000*	2007 *HK$'000*
(a) Finance costs:		
Interest expenses on unsecured loans	40	174
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	9,013	8,685
Contributions to defined contribution retirement plan	579	56
	9,592	8,741
(c) Other items:		
Depreciation	211	416
Impairment losses of trade receivables	4	–
Net foreign exchange losses/(gains)	1,006	(82)
Auditors' remuneration	295	279
Operating lease charges: minimum lease payments		
– hire of other assets (including property rentals)	2,019	1,074
Cost of inventories	8,284	5,831

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2008 *HK$'000*	2007 *HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	6	18
Overprovision in respect of prior year	(13)	–
Actual tax (credit)/expense	(7)	18

The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. No taxation has been provided in the financial statements of the subsidiary companies operating outside Hong Kong for the year (2007: Nil).

(b) Reconciliation between tax (credit)/expense and accounting (loss)/profit at applicable tax rates:

	2008	2007
	HK$'000	*HK$'000*
(Loss)/profit before taxation	(8,087)	10,581
Notional tax on (loss)/profit before taxation	(1,334)	1,852
Tax effect of non-deductible expenses	660	154
Tax effect of non-taxable income	(79)	(2,968)
Tax effect of unused tax losses not recognised	837	1,037
Overprovision in respect of prior year	(13)	–
Others	(78)	(57)
Actual tax (credit)/expense	(7)	18

8 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2008 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Mr. Yu Shu Kuen	1,000	–	–	–	1,000
Ms. Li Fang Hong	–	–	–	–	–
Mr. Rong Hsu	46	–	–	–	46
Independent Non-executive Directors					
Mr. Cho Chun Wai	14	–	–	–	14
Mr. Chan Kam Kwan, Jason	7	–	–	–	7
Ms. Zhao Yang	49	–	–	–	49
Former Directors					
Mr. Tham Ming Yong	–	50	–	2	52
Mr. Ha Shu Tong	–	–	–	–	–
Mr. Koh Tat Lee, Michael	–	–	–	–	–
Mr. Cheung Wai Shing	15	–	–	–	15
Mr. Tsang Kwok Wai	54	–	–	–	54
Mr. Chu Ray	2	–	–	–	2
	1,187	50	–	2	1,239

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2007 Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Mr. Ha Shu Tong	–	–	–	–	–
Mr. Yu Shu Kuen	–	–	–	–	–
Mr. Tham Ming Yong	–	120	–	6	126
Non-executive Directors					
Mr. Koh Tat Lee, Michael	–	–	–	–	–
Independent Non-executive Directors					
Mr. Cheung Wai Shing	–	60	–	–	60
Mr. Tsang Kwok Wai	–	60	–	–	60
Mr. Chu Ray	–	12	–	–	12
	–	252	–	6	258

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2007: Nil) is a director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2007: five) individuals are as follows:

	2008	2007
	HK$'000	*HK$'000*
Salaries and other emoluments	1,089	2,267
Retirement scheme contributions	29	191
	1,118	2,458

The emoluments of the four (2007: five) individuals with the highest emoluments are within the following bands:

	2008 Number of individuals	2007 Number of individuals
$Nil-1,000,00	4	5

10 DISPOSAL OF A SUBSIDIARY COMPANY

(a) As reported in note 33(b)(i), on 20 March 2008, the Group disposed of a 30% equity interest in a wholly-owned subsidiary company, Elipva Limited, at a consideration of HK$560,000. Details of the net assets disposed of and the gain on the partial disposal of the subsidiary company are as follows:

	2008
	HK$'000
Net assets disposed of:	
Fixed assets	32
Amount due from immediate holding company	1,227
Trade and other receivables	2,025
Cash and cash equivalents	918
Trade and other payables	(3,627)
	575
30% share of net assets disposed of	173
Expenses incurred on disposal	120
Gain on partial disposal of a subsidiary company *(note 5)*	267
	560
Satisfied by:	
Cash consideration	560

(b) In prior year, the Group disposed of its subsidiary company, Good Growth Limited, for HK$1 consideration. Details of the net assets disposed of and the loss on disposal of the subsidiary company are as follows:

	2007
	HK$'000
Net assets disposed of:	
Prepayments, deposits and other receivables	150
Cash and cash equivalents	4
	154
Loss on disposal of a subsidiary company *(note 5)*	(154)
	–
Satisfied by:	
Cash consideration	–
Net cash outflow arising on disposal:	
Cash consideration	–
Cash and bank balances disposed of	(4)
	(4)

For the period from 1 January 2007 to the respective date of disposal, the above subsidiary company contributed a profit of approximately HK$394,000 to the Group's profit before taxation.

11 DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2008 (2007: Nil).

12 (LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated (loss)/profit attributable to equity shareholders of the Company includes a loss of HK$8,358,000 (2007: a profit of HK$10,563,000) which has been dealt with in the financial statements of the Company.

13 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$8,358,000 (2007: a profit of HK$10,563,000) and the weighted average of 817,499,000 ordinary shares (2007: 338,120,000 shares) in issue during the year, calculated as follows:

	Number of shares	
	2008	**2007**
	'000	*'000*
Issued ordinary shares at 1 January	800,694	2,606,949
Effect of share consolidation	–	(2,401,965)
Effect of conversion of convertible bonds	–	130,942
Effect of placement of new shares	–	2,194
Effect of loan capitalisation	16,805	–
Weighted average number of ordinary share at 31 December	817,499	338,120

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share has been presented as there were no dilutive events during the years ended 31 December 2008 and 2007.

14 SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

	Sales of software and hardware and system solution services		Others		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	14,830	14,252	403	860	15,233	15,112
Segment result	16	11,770	(480)	(1,015)	(464)	10,755
Unallocated operating income and expenses					(7,583)	–
(Loss)/profit from operations					(8,047)	10,755
Finance costs					(40)	(174)
Income tax credit/(expense)					7	(18)
(Loss)/profit for the year					(8,080)	10,563
Depreciation for the year	47	155	164	261		

	Sales of software and hardware and system solution services		Others		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	3,899	56,347	10,185	2,600	14,084	58,947
Unallocated assets	–	–	–	–	23,091	–
Total assets	3,899	56,347	10,185	2,600	37,175	58,947
Segment liabilities	2,544	24,123	552	6	3,096	24,129
Unallocated liabilities	–	–	–	–	968	–
Total liabilities	2,544	24,123	552	6	4,064	24,129
Capital expenditure incurred during the year	53	38	869	1,781		

Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. Singapore is a major market for all of the Group's businesses, and it is the location where most of its system solution services are provided.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		**PRC**		**Singapore**		**Consolidated**	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	1,639	2,807	403	860	13,191	11,445	15,233	15,112
Segment assets	23,276	53,066	10,192	1,441	3,707	4,440	37,175	58,947
Capital expenditure incurred during the year	779	481	90	1,300	53	38		

15 FIXED ASSETS

(a) The Group

	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Computer hardware and software HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:						
At 1 January 2007	166	167	120	2,521	–	2,974
Exchange differences	39	15	(22)	304	–	336
Additions	827	303	473	216	–	1,819
At 31 December 2007	1,032	485	571	3,041	–	5,129
At 1 January 2008	1,032	485	571	3,041	–	5,129
Exchange differences	67	16	4	7	–	94
Additions	2	196	80	224	420	922
Disposals	(1,011)	(390)	(575)	(276)	–	(2,252)
At 31 December 2008	90	307	80	2,996	420	3,893
Accumulated depreciation:						
At 1 January 2007	44	99	30	2,386	–	2,559
Exchange differences	26	15	(21)	297	–	317
Charge for the year	171	66	57	122	–	416
At 31 December 2007	241	180	66	2,805	–	3,292
At 1 January 2008	241	180	66	2,805	–	3,292
Exchange differences	13	3	1	(4)	–	13
Charge for the year	38	29	48	89	7	211
Written back on disposals	(205)	(82)	(101)	(86)	–	(474)
At 31 December 2008	87	130	14	2,804	7	3,042
Net book value:						
At 31 December 2008	3	177	66	192	413	851
At 31 December 2007	791	305	505	236	–	1,837

(b) The Company

	Office equipment	Furniture and fixtures	Computer hardware and software	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
At 1 January 2007	69	98	54	221
Additions	32	401	39	472
Transfer to a subsidiary company	(101)	(499)	(93)	(693)
At 31 December 2007 and 31 December 2008	–	–	–	–
Accumulated depreciation:				
At 1 January 2007	6	9	4	19
Charge for the year	12	27	12	51
Transfer to a subsidiary company	(18)	(36)	(16)	(70)
At 31 December 2007 and 31 December 2008	–	–	–	–
Net book value:				
At 31 December 2007 and 31 December 2008	–	–	–	–

16 INVESTMENTS IN AND ACCOUNTS WITH SUBSIDIARY COMPANIES

	2008	2007
	HK$'000	*HK$'000*
Unlisted shares, at cost	11,985	7,785
Less: Provision for impairment losses	(7,785)	(7,785)
	4,200	–
Amounts due from subsidiary companies	13,958	97,110
Less: Provision for impairment losses	(2,741)	(92,075)
	11,217	5,035
Amounts due to subsidiary companies	–	6,011

The amounts due to or from subsidiary companies are unsecured, interest-free, have no fixed terms of repayment and are denominated in Hong Kong dollars.

Details of the Group's subsidiaries at 31 December 2008 are as below:

Name of company	Place of incorporation and operation	Particulars of issued and fully paid up share capital/registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Elipva Limited *(note 1)*	Singapore	Ordinary S$10,614,998	70%	–	70%	Provision of system integration services
Elipva Inc. *(note 1)*	United States of America	Ordinary US$100	100%	–	100%	Dormant
Elite Ford Limited *(note 2)*	Hong Kong	Ordinary HK$1	100%	–	100%	Investment holding
Elipva International Limited (formerly known as "Inworld International Limited") *(note 2)*	British Virgin Islands ("BVI")	Ordinary US$1,000	100%	100%	–	Investment holding
Elipva (Greater China) Holdings Limited (formerly known as "iBar (Greater China) Holdings Limited") *(note 2)*	Hong Kong	Ordinary HK$1	100%	–	100%	Investment holding
iBar International Holdings Limited *(note 2)*	BVI	Ordinary US$1	100%	100%	–	Investment holding
Karlon Development Limited *(note 2)*	Hong Kong	Ordinary HK$1	100%	–	100%	Sourcing of optical display equipments and components
Mission Ahead Limited *(note 2)*	BVI	Ordinary US$1	100%	–	100%	Investment holding

Name of company	Place of incorporation and operation	Particulars of issued and fully paid up share capital/registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
NewTrend MDI Limited *(note 2)*	Hong Kong	Ordinary HK$1	100%	–	100%	Provision of IT solution and consultancy services
Upway (Hong Kong) Limited *(note 2)*	Hong Kong	Ordinary HK$1	100%	100%	–	Inactive
北京聯夢活力世界咨詢服務有限公司 *(note 3)*	The People's Republic of China ("PRC")	Registered capital HK$300,000	100%	–	100%	Provision of IT marketing and consultancy services
廣泰益昌(北京)科技有限公司 *(note 4)*	PRC	Registered capital HK$10,000,000	100%	–	100%	Provision of optical display equipments, components and technology

Notes:

1 Audited by Richard Ho & Co., Certified Public Accountants, Singapore, for statutory purposes.

2 Audited by Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, for statutory or consolidation purposes.

3 Audited by 北京嘉潤會計師事務所有限公司, PRC, for statutory purpose.

4 Newly incorporated on 20 August 2008 in PRC, audited by 北京森和光會計師事務所有限責任公司.

17 GOODWILL

	HK$'000
Cost:	
At 1 January 2007, 31 December 2007 and 31 December 2008	18,334
Accumulated impairment losses:	
At 1 January 2007, 31 December 2007 and 31 December 2008	18,334
Carrying value:	
At 31 December 2007 and 2008	–

18 WORK-IN-PROGRESS

	2008	**2007**
	HK$'000	*HK$'000*
Direct costs	–	1,425
Add: Attributable profits	–	448
	–	1,873
Less: Recognised as revenue using the stage-of-completion method	–	(1,275)
	–	598

19 INVENTORIES

	2008	**2007**
	HK$'000	*HK$'000*
Trading goods	59	–

20 TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	3,398	2,896	–	–
Less: allowance for doubtful debts *(note 20(c))*	(374)	(370)	–	–
	3,024	2,526	–	–
Other receivables	63	63	63	63
Amount due from placing agent	–	43,869	–	43,869
Deposits and prepayments	801	876	–	9
	3,888	47,334	63	43,941

All of the trade and other receivables are expected to be recovered within one year.

(a) Currency analysis

The carrying amounts of the Group's and the Company's trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	726	44,537	63	43,941
Renminbi	91	137	–	–
Singapore dollars	3,071	2,486	–	–
United States dollars	–	174	–	–
	3,888	47,334	63	43,941

(b) Ageing analysis

Included in trade and other receivables are trade receivables (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Current	2,001	1,737
Less than 1 month past due	750	335
1 to 3 months past due	33	188
More than 3 months but less than 12 months past due	240	266
Amounts past due	1,023	789
	3,024	2,526

Trade receivables are due within 30-60 days from the date of billing. Further details on the Group's credit policy are set out in note 29(a).

(c) Impairment of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(g)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
At 1 January	370	343
Impairment loss recognised	4	–
Exchange differences	–	27
At 31 December	374	370

(d) Trade receivables that are not impaired

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Neither past due nor impaired	2,001	1,737
Less than 1 month past due	750	335
1 to 3 months past due	33	188
More than 3 months but less than 12 months past due	240	266
	1,023	789
	3,024	2,526

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

21 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits with banks	17,206	6,222	17,000	6,017
Cash at bank and in hand	15,171	2,956	279	1,856
	32,377	9,178	17,279	7,873

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	31,245	7,928	17,279	7,873
Renminbi	547	113	–	–
Singapore dollars	557	1,109	–	–
United States dollars	28	28	–	–
	32,377	9,178	17,279	7,873

22 TRADE PAYABLES, ACCRUED CHARGES AND OTHER PAYABLES

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	661	2,107	–	–
Accrued charges and other payables	1,978	3,544	623	617
	2,639	5,651	623	617

All of the trade payables, accrued charges and other payables are expected to be settled within one year or are repayable on demand.

(a) Currency analysis

The carrying amounts of trade payables, accrued charges and other payables are denominated in the following currencies:

	The Group		The Company	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	928	616	623	617
Renminbi	156	6	–	–
Singapore dollars	1,466	4,907	–	–
United States dollars	89	122	–	–
	2,639	5,651	623	617

(b) Ageing analysis

Included in trade payables, accrued charges and other payables are trade payables with the following ageing analysis as of the balance sheet date.

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
0 – 90 days	353	1,210
91 – 180 days	213	897
Over 180 days	95	–
	661	2,107

23 UNSECURED LOANS

	The Group		The Company	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest bearing loans	–	2,646	–	–
Interest free loan	–	1,644	–	1,368
	–	4,290	–	1,368

Notes:

(a) The unsecured creditors agreed to subscribe for an aggregate of 19,143,439 ordinary shares of the Company by capitalising their loans owed by the Group (see note 28(c)(iv)).

(b) The interest bearing loans carried interest at a rate of 5% per annum and were repayable on demand.

(c) The carrying amounts of unsecured loans were denominated in the following currencies:

	The Group		The Company	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	–	1,368	–	1,368
Singapore dollars	–	2,922	–	–
	–	4,290	–	1,368

24 AMOUNTS DUE TO RELATED PARTIES

The amounts due are unsecured, interest free, have no fixed terms of repayment and are denominated in the following currencies:

	The Group		The Company	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	328	13,929	–	13,665
Singapore dollars	270	–	–	–
	598	13,929	–	13,665

25 CURRENT AND DEFERRED TAXATION

(a) Current taxation in the consolidated balance sheet represents:

	The Group	
	2008	**2007**
	HK\$'000	*HK\$'000*
Provision for Hong Kong Profits Tax for the year	6	18
Balance of Profits Tax provision relating to prior years	5	–
	11	18

(b) Deferred taxation

No provision for deferred tax liabilities has been made as the Group and the Company do not have any material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements (2007: Nil).

The Group has not recognised any deferred tax assets in respect of losses of HK$24,793,000 (2007: HK$19,721,000) due to the unpredictability of the future profit streams. The tax losses do not expire under the current tax legislation.

26 DEFINED/RETIREMENT BENEFIT PLANS

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the scheme vest immediately.

The employees of the Group's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the basic salary of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement benefit scheme represent for the entire pension obligations payable to retired employees.

Under the Central Provident Fund (the "CPF") of Singapore, the Group contributed 14.5% (2007: 13%) of the relevant income of staff and the contribution is charged to the income statement.

Under the MPF Scheme and CPF, there is no forfeited contribution which could be utilised to reduce the level of the contribution by the Group and therefore there was no such balance as at 31 December 2008.

The Group does not have any other pension schemes for its employees in respect of its subsidiary companies outside Hong Kong, Singapore and the PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2008 in respect of the retirement of its employees.

27 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Pre-IPO Share Option Scheme

Pursuant to the pre-IPO share option scheme adopted by the Company on 14 December 2001 ("Pre-IPO Share Option Scheme") for the purpose of recognition of the contribution of certain directors and employees of the Group to the growth of the Group and/or to the listing of the shares on GEM.

No options granted under the Pre-IPO Share Option Scheme were outstanding up to the date of the approval of the financial statements.

2001 Share Option Scheme

Pursuant to the share option scheme adopted by the Company on 14 December 2001 ("2001 Share Option Scheme"), the directors may at their discretion grant options to employees (whether in full-time or party-time employment) and directors (whether executive, non-executive or independent non-executive) of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated in the 2001 Share Option Scheme. The purpose of the 2001 Share Option Scheme is to provide incentives and to recognise the contributions of the employees.

The total number of shares in respect of which options may be granted under the 2001 Share Option Scheme shall not exceed 10% of the issued share capital of the Company as at the date of these financial statements. The number of shares in respect of which options may be granted to any individual in any 12-month period up to the date of the grant is not permitted to exceed 1% of the issued share capital of the Company as at the date of the grant, unless approved by the shareholders of the Company in accordance with the 2001 Share Option Scheme.

Options may be exercised at any time from the date of the grant of the options to the date of expiry of the option as may be determined by the directors which shall not exceed ten years from the date of the grant. The exercise price of the options is determined by the directors, save that such price shall not be less than the highest of (i) the closing price of the shares on the date of the grant; (ii) the average of the closing price per share on the GEM for the five business days immediately preceding the date of grant and (iii) the nominal value of the shares. Upon acceptance of the offer, the grantee shall pay HK$1 to the Company by way of consideration for the grant.

Movements in the share options granted under the 2001 Share Option Scheme during the year are as follows:

	Number of options	
	2008	**2007**
Options outstanding at 1 January	–	22,000,000
Cancelled/Lapsed	–	(22,000,000)
Options outstanding at 31 December	–	–

Pursuant to an ordinary resolution passed by the shareholders on 24 December 2007, the 2001 Share Option Scheme of the Company was terminated and replaced by the new share option scheme ("2007 Share Option Scheme").

2007 Share Option Scheme

The purpose of the 2007 Share Option Scheme is to enable the Company to grant options to either directors or employees of the Group in order to recognise and motivate the contribution of them, and to provide incentives and to help the Group in retaining its existing employees and recruiting additional employees, providing them with direct economic interest in attaining the long term business objectives of the Group.

No options were granted under the 2007 Share Option Scheme up to the date of the approval of the financial statements.

28 CAPITAL AND RESERVES

(a) The Group

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2007	26,069	106,730	6,426	(307)	(172,396)	(33,478)	–	(33,478)
Conversion of convertible bonds upon its issuance	3,600	10,440	–	–	–	14,040	–	14,040
Share consolidation and reduction in share capital	(23,462)	–	–	–	23,462	–	–	–
Placement of new shares	1,800	43,200	–	–	–	45,000	–	45,000
Professional expenses incurred in placement of new shares	–	(1,131)	–	–	–	(1,131)	–	(1,131)
Exchange differences	–	–	–	(176)	–	(176)	–	(176)
Net profit for the year	–	–	–	–	10,563	10,563	–	10,563
At 31 December 2007	8,007	159,239	6,426	(483)	(138,371)	34,818	–	34,818
At 1 January 2008	8,007	159,239	6,426	(483)	(138,371)	34,818	–	34,818
Partial disposal of a subsidiary	–	–	–	–	–	–	172	172
Shares issued upon loan capitalisation	191	5,227	–	–	–	5,418	–	5,418
Professional expenses incurred in loan capitalisation	–	(182)	–	–	–	(182)	–	(182)
Exchange differences	–	–	–	965	–	965	–	965
Net loss for the year	–	–	–	–	(8,358)	(8,358)	278	(8,080)
At 31 December 2008	8,198	164,284	6,426	482	(146,729)	32,661	450	33,111

(b) The Company

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2007	26,069	106,730	2,985	(171,744)	(35,960)
Conversion of convertible bonds upon its issuance	3,600	10,440	–	–	14,040
Share consolidation and reduction in share capital	(23,462)	–	–	23,462	–
Placement of new shares	1,800	43,200	–	–	45,000
Professional expenses incurred in placement of new shares	–	(1,131)	–	–	(1,131)
Net profit for the year	–	–	–	13,239	13,239
At 31 December 2007	8,007	159,239	2,985	(135,043)	35,188
At 1 January 2008	8,007	159,239	2,985	(135,043)	35,188
Shares issued upon loan capitalisation	191	5,227	–	–	5,418
Professional expenses incurred in loan capitalisation	–	(182)	–	–	(182)
Net loss for the year	–	–	–	(8,288)	(8,288)
At 31 December 2008	8,198	164,284	2,985	(143,331)	32,136

(c) Share capital

Authorised and issued share capital

	2008		2007	
	No. of shares		**No. of shares**	
	'000	*HK$'000*	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	6,000,000	60,000	6,000,000	60,000
Ordinary shares, issued and fully paid:				
At 1 January	800,694	8,007	2,606,949	26,069
Share consolidation and reduction in share capital *(note (i))*	–	–	(2,346,255)	(23,462)
Issuance of shares for conversion of convertible bonds *(note (ii))*	–	–	360,000	3,600
Placement of new shares *(note (iii))*	–	–	180,000	1,800
Shares issued upon loan capitalisation *(note (iv))*	19,144	191	–	–
At 31 December	819,838	8,198	800,694	8,007

Notes:

(i) Pursuant to a special resolution passed by the shareholders on 29 December 2006, every 10 ordinary shares of the Company of HK$0.01 each were consolidated into one new ordinary share of HK$0.10 each, then the par value of each consolidated share was reduced to the extent of HK$0.09 per consolidated share was cancelled against the accumulated losses account. The share consolidation and capital reduction exercise was completed on 15 October 2007, details of which are set out in the Company's announcement dated 12 October 2007.

(ii) Pursuant to a subscription agreement entered into on 12 October 2007, the Company agreed to issue HK$14,040,000 of convertible bonds to a subscriber. On 15 October 2007, the convertible bonds were converted to 360,000,000 new ordinary shares of HK$0.01 each to the subscriber at a conversion price of HK$0.039 per conversion share. Details of conversion of convertible bonds and allotment and issue of new shares are set out in the Company's announcement dated 15 October 2007.

(iii) On 27 November 2007, the Company entered into a placing agreement with CCB International Capital Limited, an independent third party, for placing of 180,000,000 new ordinary shares of the Company of HK$0.01 each for a consideration of HK$45,000,000. On 31 December 2007, the shares were issued and allotted. The details of the share placing are set out in the Company's circular dated 5 December 2007.

(iv) On 15 January 2008, the Company entered into a Loan Capitalisation Agreement with AsiaVest Partners Limited ("AsiaVest"), an independent third party, pursuant to which AsiaVest agreed to subscribe for an aggregate of 2,338,460 new shares at a price of approximately HK$0.585 per share by capitalizing the unsecured loan owed by the Company to AsiaVest. As at the date of the Loan Capitalisation Agreement, the Company was indebted to AsiaVest in the sum of approximately HK$1,368,000.

On 5 February 2008, the Company entered into a Loan Capitalisation Agreement with Brilliant Path Limited ("Brilliant"), an independent third party, pursuant to which Brilliant agreed to subscribe for an aggregate of 16,804,979 new shares at a price of approximately HK$0.241 per share by capitalizing the unsecured loan owed by the Company to Brilliant. As at the date of the Loan Capitalisation Agreement, the Company was indebted to Brilliant in the sum of approximately HK$4,050,000.

Details of the loan capitalisations are set out in the Company's announcements dated 15 January 2008 and 5 February 2008 respectively.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Share premium reserve

Under the Companies Law (Revised) of the Cayman Islands, the fund in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Contributed surplus

The contributed surplus of the Group represents the difference between the nominal value of share capital of the subsidiary companies acquired pursuant to the reorganisation scheme (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange set out in the Company's prospectus dated 18 December 2001, over the nominal value of the shares of the Company issued in exchange thereof.

The contributed surplus of the Company represents the excess of the fair value of the subsidiary companies acquired pursuant to the Group Reorganisation over the nominal value of the shares of the Company issued in exchange thereof.

(iii) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(q).

(iv) Distributability of reserves

Under the Companies Law (Revised) of the Cayman Islands, a company may make distributions to its members out of the contributed surplus account under certain circumstances. In addition, the share premium account of the company is distributable to the shareholders of the company provided that immediately following the distribution or payment of dividend, the company is able to pay its debts as they fall due in the ordinary course of business. At 31 December 2008, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately HK$23,938,000.

(e) Capital management

The Group's primarily objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes judgements to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group and the Company monitor its capital structure on the basis of a net debt-to-adjusted-capital ratio. For this purpose the Group and the Company define net debt as total debt (which includes trade payables, accrued payables and other payables, unsecured loans, current taxation, amounts due to subsidiary companies and amounts due to related parties, which is applicable) less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2008, the Group's strategy was to maintain the net debt-to-adjusted-capital ratio at the lower end of the range 10% to 45%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

	The Group		**The Company**	
	2008	**2007**	**2008**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities:				
Trade payables, accrued charges and other payables	2,639	5,651	623	617
Unsecured loans	–	4,290	–	1,368
Amounts due to subsidiary companies	–	–	–	6,011
Amounts due to related parties	598	13,929	–	13,665
Current taxation	11	18	–	–
Total	3,248	23,888	623	21,661
Less: Cash and cash equivalents	(32,377)	(9,178)	(17,279)	(7,873)
Net debt	(29,129)	14,710	(16,656)	13,788
Total equity	33,111	34,818	32,136	35,188
Adjusted capital	33,111	34,818	32,136	35,188
Net debt-to-adjusted-capital ratio	N/A	42%	N/A	39%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

29 FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The credit risk on bank deposits is limited because the counterparties are banks with high credit-ratings.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The directors are of the opinion that adequate provision for uncollectible receivables has been made in the financial statements and the Group has no significant concentration of credit risk. Normally, the Group does not obtain collateral from customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 20.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants and to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

(i) The Group

	2008			2007		
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**Carrying amount**	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	2,639	2,639	2,639	5,651	5,651	5,651
Current taxation	11	11	11	18	18	18
Unsecured loans	–	–	–	4,290	4,422	4,422
Amounts due to related parties	598	598	598	13,929	13,929	13,929
	3,248	3,248	3,248	23,888	24,020	24,020

(ii) The Company

	2008			2007		
	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand	Carrying amount	Total contractual undiscounted cash flow	Within 1 year or on demand
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accrued charges and other payables	623	623	623	617	617	617
Unsecured loans	–	–	–	1,368	1,368	1,368
Amounts due to subsidiary companies	–	–	–	6,011	6,011	6,011
Amounts due to related parties	–	–	–	13,665	13,665	13,665
	623	623	623	21,661	21,661	21,661

(c) Interest rate risk

The Group's interest rate risk arose primarily from unsecured loans. Unsecured loans were issued at fixed rates and exposed the Group to fair value interest rate risk. At 31 December 2008, the Group has no cash flow interest rate risk as there are no borrowings which bear floating interest rates. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

(d) Foreign currency risk

(i) Forecast transactions

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Renminbi, Singapore dollars and United States dollars.

(ii) Recognised assets and liabilities

In respect of receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

All the Group's borrowings are denominated in the functional currency of the entity taking out the loan. Given this, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

(iii) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the operations to which they relate.

The Group

	2008			**2007**		
	Renminbi	**Singapore dollars**	**United States dollars**	**Renminbi**	**Singapore dollars**	**United States dollars**
	'000	*'000*	*'000*	*'000*	*'000*	*'000*
Trade and other receivables	79	570	–	128	460	22
Cash and cash equivalents	481	103	4	105	205	4
Trade and other payables	(135)	(272)	(11)	(6)	(909)	(16)
Amounts due to related parties	–	(50)	–	–	–	–
Total exposure arising from recognised assets and liabilities	425	351	(7)	227	(244)	10

The Company has no significant exposure to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Company as at 31 December 2008 and 2007.

(e) Equity price risk

The Group is not exposed to any equity securities risk or commodity price risk.

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2008 and 2007.

30 COMMITMENTS

At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2008	**2007**
	HK$'000	*HK$'000*
Within 1 year	1,352	1,450
After 1 year but within 5 years	74	1,216
	1,426	2,666

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 3 months to 60 months, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

31 CONTINGENT LIABILITIES

At 31 December 2008 and 2007, the Group and the Company had no significant contingent liabilities.

32 MAJOR NON-CASH TRANSACTIONS

During the year, the Group had unsecured loans with a carrying amount of approximately HK$5,418,000 capitalised into 19,143,439 ordinary shares of the Company with par value of HK$0.01 each.

33 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

All key management personnel are directors of the Company, and their remuneration is disclosed in note 8.

(b) Transactions with other related parties

(i) As reported in note 10(a), on 20 March 2008, Elipva International Limited (formerly known as "Inworld International Limited"), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Mr. Lee Boon Kuey, the chief executive officer of Elipva Limited which was an indirect wholly-owned subsidiary of the Company, pursuant to which Mr. Lee Boon Kuey agreed to acquire 30% of the issued share capital of Elipva Limited, at a consideration of approximately HK$560,000. Upon completion of the Sale and Purchase Agreement on 9 April 2008, the Group retains 70% equity interest in Elipva Limited.

(ii) During the year, Elipva International Limited sold certain fixed assets to Standard Supplies Limited, a related company with Mr. Yu Shu Kuen being the common director, for a consideration of HK$477,000.

(iii) Balances with related parties are disclosed in note 24.

34 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(i) Trade and other receivables

The aged debt profile of trade and other receivables is reviewed on a regular basis to ensure that the debtor balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of debtor balances are called into doubt, specific provisions for impairment losses are made based on credit status of the customers, the aged analysis of the trade and other receivable balances and their write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivable to the income statement. Changes in the collectability of trade and other receivables for which provision are not made could affect the results of operations.

(ii) Useful lives of fixed assets

In accordance with HKAS 16, the Group estimates the useful lives of fixed assets in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in market demand or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

(iii) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

35 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation of the financial statements.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2008

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in these financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKAS 1 (Revised)	Presentation of financial statements [2]
HKAS 23 (Revised)	Borrowing costs [2]
HKAS 27 (Revised)	Consolidated and separate financial statements [3]
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation [2]
HKAS 39 (Amendment)	Eligible hedged items [3]
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards [3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate [2]
HKFRS 2 (Amendment)	Vesting conditions and cancellations [2]
HKFRS 3 (Revised)	Business combinations [3]
HKFRS 8	Operating segments [2]
HK(IFRC)-Int 13	Customer loyalty programmes [4]
HK(IFRC)-Int 15	Agreements for the construction of real estate [2]
HK(IFRC)-Int 16	Hedges of a net investment in a foreign operation [5]
HK(IFRC)-Int 17	Distribution of non-cash assets to owners [3]
HK(IFRC)-Int 18	Transfers of assets from customers [3]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2009

[3] Effective for annual periods beginning on or after 1 July 2009

[4] Effective for annual periods beginning on or after 1 July 2008

[5] Effective for annual periods beginning on or after 1 October 2008

The Group is assessing the impact of these amendments and new standards and has so far concluded that they are not in a position to state whether their adoption will have a significant impact on the Group's results of operations and financial position.

37 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, the Group's wholly owned subsidiary, 廣泰益昌(北京)科技有限公司 ("Guang Tai Yichang (Beijing) Technology Co., Ltd."), entered into a framework agreement with 鴻源控股有限公司("Greatsource Holding Co Ltd"), a PRC company which is controlled by Ms Li Fang Hong, an Executive Director and substantial shareholder of the Company, and her associate(s), to purchase display equipment and components and related technology, in an aggregate commercial value of, but not exceeding, HK$97 million, HK$126 million and HK$149 million in the calendar years of 2009, 2010 and 2011 respectively. The transaction has been approved in an extraordinary general meeting on 9 March 2009. Details of the transaction and the results of the extraordinary general meeting are set out in the Company's announcements dated 18 February and 9 March 2009 respectively.

3. INDEBTEDNESS

Borrowings

As at the close of business on 31 May 2009, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Group did not have any outstanding borrowings.

Contingent liabilities

As at the close of business on 31 May 2009, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the Group did not have any material contingent liabilities.

Disclaimer

Save as disclosed above and apart from intra-group liabilities and normal trade and other payables, as at the close of business on 31 May 2009, the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities.

The Directors confirmed that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 May 2009 and up to the Latest Practicable Date.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, taking into consideration the financial resources available to the Group including the internally generated funds, the present bank and other facilities, the Group will have sufficient working capital for at least twelve months from the date of this prospectus.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest audited financial statements of the Group were made up.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effects of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 December 2008.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of: (i) the financial position of the Group as at 31 December 2008 or any future date.

	Audited consolidated net tangible assets of the Group as at 31 December 2008 *HK$'000* *(Note 1)*	**Estimated net proceeds from the Open Offer** *HK$'000* *(Note 2)*	**Unaudited pro forma adjusted consolidated net tangible assets of the Group** *HK$'000*
	32,661	11,698	44,359
Audited consolidated net tangible assets of the Group attributable to equity holders of the Company per share as at 31 December 2008 *(Note 3)*			HK$0.0398
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company per share immediately after completion of the Open Offer with 273,279,476 offer shares issued *(Note 4)*			HK$0.0406

Notes:

1. The audited consolidated net tangible assets of the Group as at 31 December 2008 is based on the audited consolidated net assets of the Group attributable to the Company's equity holders as at 31 December 2008 of approximately HK$32,661,000 as extracted from the published annual report of the Company for the year ended 31 December 2008 as set out in Appendix I to the Prospectus.

2. The estimated net proceeds from the Open Offer of approximately HK$11,698,000 is calculated based on 273,279,476 Offer Shares to be issued at the subscription price of HK$0.045 per Offer Share and after deduction of estimated related expenses, including underwriting commission, legal and professional fee and other related expenses of approximately HK$600,000, which are directly attributable to the Open Offer.

3. The audited consolidated net tangible assets of the Group per Share attributable to the equity holders of the Company before completion of the Open Offer is calculated based on the audited consolidated net tangible assets of the Group as at 31 December 2008 of approximately HK$32,661,000 divided by 819,838,430 shares in issue as at 31 December 2008.

4. The unaudited pro forma consolidated net tangible assets of the Group per Share attributable to the equity holders of the Company after completion of the Open Offer is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group after the completion of the Open Offer of approximately HK$44,359,000 divided by 1,093,117,906 shares in issue upon completion of the Open Offer. 1,093,117,906 Shares comprised of the existing 819,838,430 Shares in issue as at the latest Practicable Date and 273,279,476 new Shares issued under the Open Offer.

5. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 31 December 2008.

2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The Directors
M Dream Inworld Limited
Room 909, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

Hong Kong, 9 July 2009

Dear Sirs,

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP TO THE DIRECTORS OF M DREAM INWORLD LIMITED

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets of M Dream Inworld Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the open offer of new shares on the basis of one share for every three existing shares held might have affected the statement of adjusted consolidated net tangible assets of the Group presented for inclusion in Appendix II to the prospectus dated 9 July 2009 (the "Prospectus"). The basis of preparation of the unaudited pro forma statement of adjusted consolidated net tangible assets is set out on page 70 to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by the paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of adjusted consolidated net tangible assets has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

The unaudited pro forma statement of adjusted consolidated net tangible assets is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 December 2008 or any future date.

Opinion

In our opinion:

a. the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Yours faithfully,

Baker Tilly Hong Kong Limited
Certified Public Accountants

Andrew David Ross
Practising Certificate number P01183

1. RESPONSIBILITY STATEMENT

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

(a) the information contained in this Prospectus is accurate and complete in all material respects and is not misleading;

(b) there are no other matters the omission of which would make any statement in this Prospectus misleading; and

(c) all opinions expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the Open Offer (assuming the Open Offer becoming unconditional) will be as follows:

Authorised		*HK$*
6,000,000,000	Shares	60,000,000.00
Issued and fully paid:		
819,838,430	Shares as at the Latest Practicable Date	8,198,384.30
273,279,476	Offer Shares to be issued	2,732,794.76
1,093,117,906	Shares upon completion of the Open Offer	10,931,179.06

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Offer Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the existing Shares.

There are no arrangements under which future dividends will be waived or agreed to be waived.

The Shares in issue are listed on the GEM of the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, the Company does not have any outstanding options, convertible notes or securities in issue which are convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register to therein, or which were required, pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interests in Shares

Name of Director	*Note*	**Number of Shares and/or underlying Shares**	**Type of Interests**	**Approximate percentage of issued share capital**
Mr. Yu Shu Kuen	1	205,000,000	Interest in controlled corporation	25.00%
Ample Field	1	205,000,000	Beneficial owner	25.00%
Universal Target	2	155,000,000	Beneficial owner	18.91%
Eternal Mass Limited	2	155,000,000	Interest in controlled corporation	18.91%
Ms. Li Fanghong	2	155,000,000	Interest in controlled corporation	18.91%
Mr. Gui Song	2	155,000,000	Interest in controlled corporation	18.91%

L: Long Position

Notes

1. These 205,000,000 Shares are held by Ample Field, which is wholly and beneficially owned by Mr. Yu, an executive Director.

2. These Shares are held by Universal Target, which is a wholly-owned subsidiary of Eternal Mass Limited ("EML"). 60% of the interests of EML is held by Mr. Gui Song and 40% of the interests of EML is held by Ms. Li. Accordingly, Mr. Gui Song, Ms. Li and EML are deemed to be interested in the shares beneficially owned by Universal Target Limited. Ms. Li is an executive Director.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors 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 and substantial shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) 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 provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% 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:

Substantial Shareholders

Name of Shareholder	Type of interests	Number of Shares	Approximate percentage of interests
stt Ventures Limited	Beneficial	50,786,236 *(Note 1)*	6.19%
STT Communications Limited	Deemed/Beneficial	50,786,236 *(Note 1)*	6.19%
Singapore Technologies Telemedia Pte Ltd.	Deemed/Beneficial	50,786,236 *(Note 1)*	6.19%
Temasek Holdings (Private) Limited	Deemed/Beneficial	50,786,236 *(Note 1)*	6.19%

L: Long Position

Note:

1. 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.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or substantial Shareholders or any of their respective associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

6. 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 or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts were entered into by the Group (not being contracts entered into in the ordinary course of business) during the period of two years immediately preceding the date of this Prospectus and are or may be material:

(a) the placing agreement dated 27 November 2007 entered into between the Company as issuer and CCB International Capital Limited as placing manager in relation to the placing of 180,000,000 Shares at the placing price of HK$0.25 per placing Share;

(b) the loan capitalisation agreement dated 15 January 2008 entered into between the Company as issuer and AsiaVest Partners Limited as subscriber in relation to the loan capitalisation of HK$1,368,000 due by the Company to AsiaVest Partners Limited by way of issue of 2,338,460 Shares at the price of HK$0.585 per Share;

(c) the loan capitalisation agreement dated 5 February 2008 entered into between the Company as issuer and Brilliant Path Limited as subscriber in relation to the loan capitalisation of S$750,000 (equivalent to approximately HK$4,050,000) due by the Company to Brilliant Path Limited by way of issue 16,804,979 Shares at the price of HK$0.241 per Share;

(d) the sale and purchase agreement dated 20 March 2008 entered into between Lee Boon Kuey as purchaser and Elipva International Limited (formerly known as Inworld International Limited), a wholly owned subsidiary of the Company as vendor in relation to the disposal of 63,689,928 shares in the share capital of Elipva Limited, representing 30% of issued share capital of Elipva at the consideration of S$100,000;

(e) the framework agreement dated 2 February 2009 entered into between Guang Tai Yichang (Beijing) Technology Co. Ltd, a wholly owned subsidiary of the Company as purchaser and Greatsource Holding Co., Ltd. as supplier in relation to, among others, the supply of various types of display equipments and components and display technology; and

(f) the Underwriting Agreement.

8. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

(a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up.

(b) As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group since 31 December 2008, being the date to which the latest published audited financial statements of the Group were made up, and which was significant in relation to the business of the Group except the framework agreement mentioned in 7(e) above, and the company Greatsource Holding Co. Ltd. is a company controlled by Ms. Li and her associate(s). Ms. Li is the executive Director and managing director of the Company.

9. EXPERT AND CONSENT

Name	Qualification
Baker Tilly	Certified Public Accountants

The following are the qualifications of the expert who have given its opinions and advice which are included in this Prospectus:

1. Baker Tilly does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

2. Baker Tilly has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

3. Baker Tilly did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up.

10. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered office	P.O. Box 309, Ugland House South Church Street George Town Grand Cayman, Cayman Islands British West Indies
Head office and principal place of business	Room 909, 9th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong

Authorised representatives	Yu Shu Kuen Room 909, 9th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
	Ng Kay Kwok Room 909, 9th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Compliance officer	Yu Shu Kuen Room 909, 9th Floor Harbour Centre 25 Harbour Road Wanchai Hong Kong
Company Secretary	Ng Kay Kwok associate member of CPA, Australia
Auditors	Baker Tilly Hong Kong Limited Certified Public Accountants 12/F, China Merchants Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
Underwriter	Kingston Securities Limited
Legal advisers	*On Hong Kong Law* Michael Li & Co. 14/F Printing House 6 Duddell Street, Central Hong Kong
Principal bankers	Wing Hang Bank Limited 161, Queen's Road Central Hong Kong
Principal share registrar and transfer office	Bank of Butterfield International (Cayman) Limited Butterfield House, 68 Fort Street P.O. Box 705 George Town Grand Cayman Cayman Islands British West Indies
Hong Kong branch share registrar and transfer office	Tricor Tengis Limited 26 Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong

11. PARTICULARS OF DIRECTORS

Executive Directors

Mr. Yu Shu Kuen, aged 40, was appointed as an Executive Director on 30 January 2007 and appointed as the Chairman of the Company on 19 May 2008. Mr. Yu has worked in the investment banking field in Hong Kong and has his own financial services business.

Ms. Li Fang Hong, aged 36, was appointed as an Executive Director and Managing Director of the Company on 19 May 2008. Ms. Li was graduated from the Zhejiang University with a doctor degree in optical engineering. She has profound knowledge and experience in the research and development of electro-optical technology gained in Japan and the People's Republic of China ("PRC"). Ms. Li presently is the managing director of a company in the field of electro-optical displays in the PRC.

Mr. Rong Hsu, age 58, was appointed as the Independent Non-executive Director of the Company on 26 March 2008 and was subsequently re-designated to be the Executive Director with effect from 11 December 2008. Mr. Hsu obtained his Mechanical Engineering Degree from the National Taiwan University, later on received his Masters Degree in Material Science from Brown University, USA and a Ph.D. in Material Engineering from the University of Maryland, USA. Mr. Hsu has been working in the science and technology field for more than 23 years. He is a founding member and senior advisor of the Chinese American Semiconductor Professional association. Mr. Hsu is the technical director of the company Delta Electronics, Inc. and he also has been serving as independent director for ChipMos technology, Limited which is a company listed in NASDAQ.

Independent Non-executive Directors

Ms. Zhao Yang was appointed as an Independent Non-executive Director on 6 March 2008. Ms. Zhao, aged 50, was graduated at Shen Yang Institute of Education and has been practicing law in the PRC since 1986. Ms. Zhao was once awarded "Shen Yang's Best Ten Lawyers". She is now a partner of Guangdong Liren Law Firm in Shenzhen and also acts as the Secretary of the Seventh Department of Communist in Shenzhen Lawyers Association.

Mr. Cho Chun Wai was appointed as an Independent Non-executive Director with effect from 19 November 2008. Mr. Cho, aged 32, obtained his Bachelor Degree of Arts in Accountancy and Master Degree of Corporate Finance from The Hong Kong Polytechnic University. Mr. Cho has been working in the accounting and finance field for various companies for more than nine years. He is now the Qualified Accountant and Finance Manager of a company listed on the Stock Exchange.

Mr. Chan Kam Kwan, Jason was appointed as an Independent Non-executive Director on 11 December 2008. Mr. Chan, aged 35, obtained his Bachelor Degree of Commerce from The University of British Columbia in Canada. Mr. Chan has been working in the accounting and corporate finance area for more than ten years. He is a member of the American Institute of Certified Public Accountants, and is now serving as the executive director and company secretary of China Windpower Group Limited and Wah Nam International Holdings Limited, both companies are currently listed on the main board of the Stock Exchange. Mr. Chan is also the independent non-executive director of Jackin International Holdings Limited, which is also listed on the main board of the Stock Exchange.

The Company has established an audit committee with written terms of reference for the purpose of reviewing and providing supervision over the financial reporting process and internal control procedures of the Group. The audit committee of the Company comprises Ms. Zhao Yang, Mr. Chan Kam Kwan, Jason and Mr. Cho Chun Wai who are independent non-executive Directors and the primary duty of which are to review the annual reports and accounts, half-year reports and quarterly reports and give advice and comments thereon to the Directors and to review and supervise the financial reporting process and internal controls.

12. EXPENSES

The expenses in connected with the Open Offer, including the underwriting commission and professional fees payable to lawyers and financial printer, etc., are estimated to be approximately HK$600,000 and will be payable by the Company.

13. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance.

14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of the Prospectus Documents and the consent letter referred to in the paragraph headed "Experts and Consents" in this appendix have been registered with the Registrar of Companies in Hong Kong Pursuant to Section 342C of the Companies Ordinance.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company at Room 909, 9/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong during normal business hours up to and including 31 July 2009:

(a) the memorandum and articles of association of the Company;

(b) the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;

(c) the annual reports of the Company for the two years ended 31 December 2007 and 31 December 2008 respectively;

(d) the unaudited first quarterly report of the Company for the three months ended 31 March 2009;

(e) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;

(f) the letter from Baker Tilly Hong Kong Limited on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this Prospectus;

(g) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(h) the written consents referred to in the paragraph headed "Experts and consents" in this appendix; and

(i) a copy of each of the circulars issued pursuant to the requirements set out in Chapters 19 and/or 20 of the GEM Listing Rules which has been issued since 31 December 2008, the date of the latest published audited financial statements of the Group were made up.