THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular is for information purpose only and does not constitute an invitation or offer to acquire or subscribe for securities.

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

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

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)

VERY SUBSTANTIAL DISPOSAL:
DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY

A notice convening an extraordinary general meeting of the Company to be held at Phoenix Room, The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on Thursday, 29 October 2009 at 10:00 a.m. is set out on pages 83 to 84 of this circular.

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

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

12 October 2009

* *for identification purpose only*

CONTENTS

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 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.

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

"associates"	has the meaning ascribed to this term under the GEM Listing Rules
"Board"	the board of Directors
"Company"	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
"Completion"	completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement
"Directors"	directors of the Company
"Disposal"	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
"EGM"	the extraordinary general meeting of the Company to be held and convened for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
"Elipva"	Elipva Limited, a company incorporated in Singapore and an indirect non-wholly owned subsidiary of the Company
"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
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	any person or company and their respective ultimate beneficial owner(s) (if applicable) which, 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 (as defined in the GEM Listing Rules)
"Latest Practicable Date"	7 October 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

"Purchaser"	Dr. Lui Siu-Man, the purchaser of the Sale Shares
"Remaining Group"	the Group excluding Elipva after Completion
"Sale and Purchase Agreement"	the sale and purchase agreement dated 4 September 2009 and made between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares
"Sale Shares"	148,609,832 shares in the share capital of Elipva, representing 70% of the issued share capital of Elipva
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendor"	Elipva International Limited, a company incorporated in the British Virgin Islands, a wholly owned subsidiary of the Company and the vendor of the Sale Shares
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"S$"	Singapore dollars, the lawful currency of Singapore
"%"	per cent.

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:
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
9th Floor, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

12 October 2009

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL: DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY

INTRODUCTION

Reference is made to the announcement of the Company dated 9 September 2009 in which the Board announced that on 4 September 2009, the Vendor, a wholly owned subsidiary of the Company, has entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 70% of the issued share capital of Elipva for an aggregate cash consideration of HK$300,000.

The Disposal constitutes a very substantial disposal on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the approval of the Shareholders at the EGM.

The purpose of this circular is to provide you with, among other matters, (i) further details of the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) a notice convening the EGM.

* *for identification purpose only*

SALE AND PURCHASE AGREEMENT

Date : 4 September 2009

Parties : (1) Vendor: Elipva International Limited, a wholly owned subsidiary of the Company

(2) Purchaser: Dr. Lui Siu-Man

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party. The Purchaser is a specialist having extensive experience in the information technology field. She is currently a researcher with expertise in E-commerce and Web-technology in an Australian University.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser has no relationship with any listed company in Hong Kong. The Purchaser is a personal friend to Mr. Yu Shu Kuen, a former Executive Director. She was introduced to Mr. Yu by a common friend and they first met on 13 January 2009 in Hong Kong. The Company does not have any business relationship with her previously.

To the best of the Directors' knowledge, there is no transaction with the Purchaser and her associates in the past 12 months immediately prior to the entering into of the Sale and Purchase Agreement which will require aggregation under Rule 19.22 of the GEM Listing Rules.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, which represents 70% of the entire issued share capital of Elipva.

Consideration

The aggregate consideration for the Disposal is HK$300,000, which has been satisfied by the Purchaser in cash upon signing of the Sale and Purchase Agreement.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into consideration of various factors, in particular, the financial circumstance of Elipva. As shown in II of Appendix I of the circular, the net assets of Elipva was approximately HK$30,000 as at 30 June 2009 and a net loss of HK$1,462,000 for the six months ended 30 June 2009.

The Directors (including the Independent Non-executive Directors) consider the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions

The Disposal is conditional upon the satisfaction of the following conditions:

(1) the passing by the Shareholders at the EGM to be convened and held of the necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;

(2) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

(3) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;

(4) the warranties given by the Purchaser under the Sale and Purchase Agreement remaining true and accurate in all respects; and

(5) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects.

Each party shall use its best endeavours to satisfy and fulfill the conditions. If the conditions set out above have not been satisfied on or before 4:00 p.m. on 31 December 2009, or such other date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other, save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

Completion

Completion is expected to take place on the fifth Business Days after the fulfillment (or waiver) of the conditions (or such later date as the parties may agree) mentioned above.

Immediately prior to Completion, Elipva is a 70% non-wholly owned subsidiary of the Company. Upon Completion, the Company will cease to hold any interests in the issued share capital of Elipva and Elipva will cease to be a non-wholly owned subsidiary of the Company.

INFORMATION ON ELIPVA

Elipva is a limited public company incorporated in Singapore and the principal activities of Elipva are those relating to the provision of e-commerce solutions services and the development of portals. The business of Elipva is classified under the segment of sales of software and hardware and system solutions service income in the 2009 interim report of the Company.

As at the date of this circular, Elipva is an indirect non-wholly owned subsidiary of the Company.

The holder of the remaining 30% equity interests in Elipva is Mr. Lee Boon Kuey, who is also the CEO and a director of Elipva. Mr Lee Boon Kuey is a connected person (as defined in the GEM Listing Rules) to the Company because of his equity interests in Elipva and being the CEO and a director of Elipva. Save for being the CEO, a director and a substantial shareholder of Elipva, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Lee is independent of and not connected with the Company and its connected persons. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is independent of and not connected with Mr. Lee and his associates.

As shown in II of Appendix I of the circular, the revenue, net profit before taxation and net profit after taxation for the financial year ended 31 December 2008 were approximately HK$13,191,000, HK$30,000 and HK$30,000 respectively. The revenue, net loss before taxation and net loss after taxation for the financial year ended 31 December 2007 were approximately HK$11,443,000, HK$1,711,000 and HK$1,711,000 respectively. For the six months ended 30 June 2009, the revenue, net loss before taxation and net loss after taxation were approximately HK$2,905,000, HK$1,462,000 and HK$1,462,000 respectively. The audited total assets of Elipva as at 30 June 2009 amounted to approximately HK$2,454,000 and the audited net assets of Elipva as at 30 June 2009 was HK$30,000.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the business as a system solutions provider.

After having considered the declining in the audited net asset value of Elipva and the loss made by Elipva last few years, the Directors consider that it is in the interest of the Group to dispose the Sale Shares to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement to avoid further capital injection or commitment to Elipva, which the Board foresees will be required in the near future. In light of the recent performance of Elipva in the last few years, the Board is of the view that it is in the best interests of the Company and the Shareholders as a whole to re-allocate its resources to other businesses of the Group, which the Directors consider to have better future prospects.

As disclosed in the interim report of the Company, the principal remaining business of the Group is sales of display equipment, components and related technology. The revenue of Elipva for the first six month ended 30 June 2009 was only approximately HK$2,905,000 and the remaining business of the Group contributes for approximately half of the revenue of the Company for the first half year of 2009. Furthermore, the amount of those sales contracts on hand of the Company to be recognized after 30 June 2009 for the display business is over HK$4 million.

In this regard, the Company is of the view that the remaining business of the Group after completion of the Disposal has a sufficient level of operation to warrant the continued listing of the Company on the Stock Exchange under Rule 17.26 of the GEM Listing Rules.

Whilst as shown in its interim report, the Company has sufficient surplus cash or cash equivalence balance, the remaining business of the Group after the Disposal is still under growth and is in active operations. The surplus cash is intended to apply for the future development of the remaining business of the Group and the cash expenditure for the purchases of the display business is proportional to the corresponding sales. The greater the sales, the greater are the purchases. It is necessary for the Group to have sufficient cash flow for its expansion. The Company may also apply the surplus cash to appropriate investment opportunities as well.

Further, in light of the economic uncertainty as a result of the financial tsunami, the Board considers that it is prudent to have sufficient cash for the growth and expansion of the Group. In light that there are still active operations of the business of the Group and the overall cash level will not be affected by the Disposal, the Company is of the view that the Company will not become a cash company upon completion of the Disposal.

As the transactions contemplated under the Disposal would involve a disposal of part of the Group's existing business within 24 months after there has been a change of control to Ample Field Limited ("Ample Field"), the Disposal might raise issues under Rule 19.91 of the GEM Listing Rules. Application has been made by the Company to the Stock Exchange to waive the strict compliance requirement under Rule 19.91 of the GEM Listing Rules.

Taking into consideration of the aforesaid, the Directors, including the Independent Non-executive Directors, consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, it is expected that the net proceeds from the Disposal will be minimal and negligible.

BUSINESS PLAN AFTER THE DISPOSAL

The expected business plan of the Company after the Disposal is as follows:

(1) after completion of the Disposal, the Group will primarily focus on the business development of its existing display business including but not limited to digital TV display, micro projection, LED light source, solar energy application for display products and panels for display. The subsidiary established in Beijing, the PRC, which is the main operator of the display business of the Group in the PRC will strengthen its working team by employing additional qualified staff and will extend its business coverage to the other provinces in the PRC. The management of the Group is considering of setting up a branch office in Shenzhen to grasp more business opportunities in the southern part of the PRC. The Shenzhen Office may commence its operations by the end of 2009.

(2) the Group is also looking for other appropriate investment opportunities, whether it is technology related or not, which can be expected to generate long term and stable income and return to the Group or can have growth potential.

After the Disposal, the number of employees of the Group would be twenty (20), as to thirteen (13) employees will be working in the PRC and as to seven (7) employees will be working in Hong Kong. Among these 20 employees, there are 12 employees responsible for managerial and administrative works, 6 employees for sales and the remaining 2 employees for technical.

Each of the Company and Ample Field confirms that as at the Latest Practicable Date, there are no negotiations or agreements related to intended acquisitions of assets and/or business from Ample Field and its associates by the Group. The Company further confirms that the Company has no ongoing discussion related to any such acquisitions. As at the Latest Practicable Date, the Company does not have any intended plan for acquisitions of assets and/or business.

After the Disposal, the Company will continue its business and intends to apply its cash balance in accordance with the following plan:

(a) as to approximately HK$15 million will be applied towards the purchases for its display business;

(b) as to approximately HK$8 million to HK$10 million will be applied towards appropriate potential investments; and

(c) as to the remaining balance will be utilised as general working capital of the Group.

It is expected that the cash balance will be utilised within these one to two years as a result of the growth of the business of the Group. As such, the Company will not become a cash company after the Disposal.

The Company will continue its remaining business upon completion of the Disposal. Given that the amount of those sale contracts on hand of the company to be recognised after 30 June 2009 for the display business is over HK$4 million, the Company is of the view that it has sufficient operations after the Disposal.

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that, upon Completion, the Group may, subject to the review and confirmation by the independent accountants, record a gain before incidental expenses on the Disposal of approximately HK$282,000, based on the consideration of HK$300,000 and the net asset value of 70% equity interest in Elipva of approximately HK$18,000. The loss after expenses on the Disposal is estimated to be approximately HK$98,000 and it will be recorded in the consolidated statement of comprehensive income of the Group.

It is also estimated that, upon Completion, the Group will record a decrease in the net assets of the Group in respect of the Disposal. Both the total assets and the total liabilities of the Group will be expected to reduce by approximately HK$2,534,000 and HK$2,424,000 respectively as a result of the Disposal as shown in the pro forma financial information of the Group.

FINANCIAL AND TRADING PROSPECT OF THE REMAINING GROUP

After the Disposal, the Group will principally engage in the business of trading of display equipment and provision of certain related technology.

Although both the turnover and the loss for the period for the six months ended 30 June 2009 were worse when compared to the same period of last year, the Board still holds positive attitude towards the second half of the year. With the completion of the open offer in July 2009, there was new funding of approximately HK$11 million to the Company. With this extra resource, the Board will carefully look for business expansion opportunities, try to find projects with good profit margin as well as strengthen the existing business.

Meanwhile, the Company will continue to seek for new acquisition and investment opportunities and new business plans which would bring value to the shareholders as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Business Review

The Group will focus on the sales of display equipment, components and technology business and approximately HK$2.7 million sales was achieved in this sector by the Group for the six months ended 30 June 2009 (the "Period"). It was a good start though it may not be very impressive. About HK$1.9 million out of it was the sales in the PRC and the rest was generated locally. The Board expects the sales in the PRC of this business will increase significantly in the second half of this year with the strengthening of the sales force in the PRC.

The selling and administrative expenses was approximately HK$9.6 million for the six months ended 30 June 2009, an increase of about 17 percent when compared to the same period of last year of approximately HK$8.2 million. It was mainly due to an increase in management staff.

Financial review

Turnover

The turnover of the Group was approximately HK$5.95 million for the Period, representing a decrease of 15.96% compared to the turnover for the corresponding period in 2008 of approximately HK$7.08 million.

Loss for the Period

The Group recorded a loss attributable to equity shareholders of the Company for the Period of approximately HK$6.73 million compared to the loss of approximately HK$4.63 million for the same period last year. The increase in loss is mainly due to the decline of the business in Singapore, and the increase in administration expenses of the Hong Kong and the new PRC operations.

Capital structure

There has been no significant change in the capital structure of the Company during the Period.

Foreign exchange exposure

During the Period the business activities of the Group were mainly denominated in Hong Kong dollars, Renminbi and Singapore dollars. The Directors do not consider that the Group was exposed to any significant foreign exchange risk.

Significant investments

The Group had no significant investments during the Period.

Material acquisitions and disposals

The Group had no material acquisition or disposal during the Period.

Outlook

Although both the turnover and the loss for the period were worse during the Period when compared to the same period of last year, the Board still holds positive attitude towards the second half of the year. With the completion of the Open Offer in July 2009, there was new funding of about HK$11.6 million to the Company. With this extra resource, the Board will carefully look for business expansion opportunities, try to find projects with good profit margin as well as strengthen the existing business as described in the section of "Business Plan after the Disposal" in this circular.

GEM LISTING RULES IMPLICATION

The Disposal constitutes a very substantial disposal on the part of the Company under the GEM Listing Rules. The Sale and Purchase Agreement will be subject to Shareholders' approval at the EGM to be convened and held by the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has material interests in the Disposal and no Shareholder will abstain from voting at the EGM on the resolution approving the Disposal.

EGM

A notice convening the EGM to be held at Phoenix Room, The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on 29 October 2009 at 10:00 a.m. is set out on pages 83 to 84 in this circular. Ordinary resolution will be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder and the ordinary resolution will be voted by poll of the EGM. As at the Latest Practicable Date, no Shareholder is required to abstain from voting in the EGM under the GEM Listing Rules.

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

RECOMMENDATIONS

The Board considers that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution as set out in the notice of the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices of this circular.

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

BAKER TILLY
HONG KONG LIMITED
Certified Public Accountants
香港天華會計師事務所有限公司
12th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
香港干諾道中168-200號信德中心招商局大廈12樓

12 October 2009

The Directors
M Dream Inworld Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of M Dream Inworld Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for inclusion in the circular issued by the Company dated 12 October 2009 (the "Circular") in connection with the proposed disposal of 70% equity interest in Elipva Limited and its subsidiary (the "Sale Group"). The Financial Information comprises the consolidated statements of financial position of the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009, and the consolidated income statements, the consolidated statements of comprehensive income, consolidated statements of cash flows and consolidated statements of changes in equity of the Group for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Company was incorporated in the Cayman Islands under the Companies Law (2001 Revision) of the Cayman Islands as an exempted company with limited liability.

As at the date of this report, the Company has the following subsidiaries which are all private companies with limited liabilities:

		Particulars of issued ordinary/ registered	Proportion of ownership interest					
	Place and date of		31 December			30 June	As at report	Principal
Name of subsidiaries	**incorporation**	**capital**	**2006**	**2007**	**2008**	**2009**	**date**	**activities**
Directly held:								
Elipva International Limited (formerly known as "Inworld International Limited")	British Virgin Islands ("BVI") 2 January 2001	Ordinary US$1,000	100%	100%	100%	100%	100%	Investment holding

Name of subsidiaries	Place and date of incorporation	Particulars of issued ordinary/ registered capital	Proportion of ownership interest 31 December 2006	2007	2008	30 June 2009	As at report date	Principal activities
iBar International Holdings Limited	BVI 15 August 2006	Ordinary US$1	100%	100%	100%	100%	100%	Investment holding
Mission Ahead Limited	BVI 31 March 2008	Ordinary US$1	–	–	100%	100%	100%	Investment holding
Upway (Hong Kong) Limited	Hong Kong 31 October 2007	Ordinary HK$1	–	100%	100%	100%	100%	Inactive
Indirectly held:								
Elipva Limited	Singapore 29 October 2004	Ordinary S$10,614,998	100%	100%	70%	70%	70%	Provision of system integration services
Elipva Inc.	United States of America 29 October 2004	Ordinary US$100	100%	100%	70%	70%	70%	Dormant
Elite Ford Limited	Hong Kong 22 February 2008	Ordinary HK$1	–	–	100%	100%	100%	Investment holding
Elipva (Hong Kong) Limited (formerly known as NewTrend MDI Limited)	Hong Kong 21 February 2007	Ordinary HK$1	–	100%	100%	100%	100%	Provision of IT solution and consultancy services
Elipva (Greater China) Holdings Limited (formerly known as iBar (Greater China) Holdings Limited)	Hong Kong 14 July 2006	Ordinary HK$1	100%	100%	100%	100%	100%	Investment holding
Good Growth Ltd.	Hong Kong 12 January 2007	Ordinary HK$1	–	*	–	–	–	Provision of IT consultancy services
Karlon Development Limited	Hong Kong 2 May 2008	Ordinary HK$1	–	–	100%	100%	100%	Sourcing of electronic parts

Name of subsidiaries	Place and date of incorporation	Particulars of issued ordinary/ registered capital	Proportion of ownership interest 31 December 2006	2007	2008	30 June 2009	As at report date	Principal activities
北京聯夢活力世界咨詢服務有限公司	The People's Republic of China ("PRC") 15 November 2006	Registered capital HK$300,000	100%	100%	100%	100%	100%	Provision of IT marketing and consultancy services
廣泰益昌(北京)科技有限公司	PRC 20 August 2008	Registered capital HK$10,000,000	–	–	100%	100%	100%	Provision of system integration services

* Good Growth Ltd. was incorporated in Hong Kong on 12 January 2007 and disposed of in that year.

The consolidated financial statements of the Company for each of the years ended 31 December 2006, 2007 and 2008 were audited by Baker Tilly Hong Kong Limited. We have carried out independent audit procedures on the consolidated financial statements of the Company for the six months ended 30 June 2009.

The Financial Information has been prepared based on the audited consolidated financial statements or where appropriate, unaudited consolidated financial statements of the Company after making such adjustments as are appropriate.

DIRECTORS' RESPONSIBILITY

The directors of the Company during the Relevant Periods are responsible for the preparation and the true and fair presentation of the consolidated financial statements of the Company in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, the directors of the Company are responsible for the preparation and the true and fair presentation of the financial information in accordance with HKFRS. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the financial information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

For the financial information for the six months ended 30 June 2008, the directors of the Company are responsible for the preparation and the presentation of the financial information in accordance with the accounting policies set out in note 2 below which are in conformity with HKFRS.

REPORTING ACCOUNTANT'S RESPONSIBILITY

For the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We examined the audited consolidated financial statements or, where appropriate, the unaudited consolidated financial statements of the Group used in preparing the financial information, and carried out such additional procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.

For the financial information for the six months ended 30 June 2008, our responsibility is to express a conclusion on the financial information based on our review and to report our conclusion to you. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OPINION AND REVIEW CONCLUSION

In our opinion, the financial information for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009, for the purpose of this report, gives a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and of the Group's results and cash flows for the respective years/period then ended.

Based on our review, which does not constitute an audit, nothing has come to our attention that causes us to believe that the financial information for the six months ended 30 June 2008, for the purpose of this report, is not prepared, in all material respects, in accordance with the accounting policies set out in note 2 below which are in conformity with HKFRS.

I. FINANCIAL INFORMATION

The following is the Financial Information of the Group as at 31 December 2006, 2007 and 2008 and 30 June 2009 and for each of the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2008 and 2009.

Consolidated income statements

(Expressed in Hong Kong dollars)

		Year ended 31 December			Six months ended 30 June	
		2006	**2007**	**2008**	**2008**	**2009**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Continuing operations						
Turnover	4	13,931	15,112	15,233	7,077	5,954
Cost of sales		(9,058)	(5,831)	(8,284)	(4,077)	(3,689)
Gross profit		4,873	9,281	6,949	3,000	2,265
Other revenue and net income/(loss)	5	12,258	16,577	(262)	576	226
Selling and administrative expenses		(11,803)	(15,103)	(14,734)	(8,165)	(9,644)
Profit/(loss) from operations		5,328	10,755	(8,047)	(4,589)	(7,153)
Finance costs	6(a)	(2,209)	(174)	(40)	(40)	(12)
Profit/(loss) before taxation	6	3,119	10,581	(8,087)	(4,629)	(7,165)
Income tax (expense)/credit	7	–	(18)	7	–	–
Profit/(loss) for the year/period from continuing operations		3,119	10,563	(8,080)	(4,629)	(7,165)
Profit for the year/period from discontinued operation	11(b)	12,402	–	–	–	–
Profit/(loss) for the year/period		15,521	10,563	(8,080)	(4,629)	(7,165)

		Year ended 31 December			Six months ended 30 June	
		2006	2007	2008	2008	2009
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Attributable to:						
Equity shareholders of the Company						
– continuing operations		3,119	10,563	(8,358)	(4,629)	(6,727)
– discontinued operation		12,402	–	–	–	–
		15,521	10,563	(8,358)	(4,629)	(6,727)
Minority interests						
– continuing operations		–	–	278	–	(438)
– discontinued operation		–	–	–	–	–
		–	–	278	–	(438)
		15,521	10,563	(8,080)	(4,629)	(7,165)
Earnings/(loss) per share (HK cents) From continuing and discontinued operations						
Basic	13(a)	5.95	3.12	(1.02)	(0.57)	(0.82)
Diluted	13(b)	N/A	N/A	N/A	N/A	N/A
Earnings/(loss) per share (HK cents) From continuing operations						
Basic	13(a)	1.20	3.12	(1.02)	(0.57)	(0.82)
Diluted	13(b)	N/A	N/A	N/A	N/A	N/A

The notes on pages 23 to 68 form part of this Financial Information.

Consolidated statements of comprehensive income
(Expressed in Hong Kong dollars)

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Profit/(loss) for the year/period	15,521	10,563	(8,080)	(4,629)	(7,165)
Other comprehensive income/(expense)					
Transfer to profit or loss upon derecognition of convertible bonds	(1,099)	–	–	–	–
Exchange translation differences	(28)	(176)	965	909	(136)
Total comprehensive income/(expense) for the year/period	14,394	10,387	(7,115)	(3,720)	(7,301)
Attributable to:					
Equity shareholders of the Company	14,394	10,387	(7,393)	(3,720)	(6,863)
Minority interests	–	–	278	–	(438)
	14,394	10,387	(7,115)	(3,720)	(7,301)

The notes on pages 23 to 68 form part of this Financial Information.

Consolidated statements of financial position
(Expressed in Hong Kong dollars)

		As at 31 December			As at 30 June
		2006	**2007**	**2008**	**2009**
	Note	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Non-current assets					
Fixed assets	15	415	1,837	851	1,021
Goodwill	16	–	–	–	–
		415	1,837	851	1,021
Current assets					
Work in progress	17	–	598	–	–
Inventories	18	–	–	59	1,576
Trade and other receivables	19	2,625	47,334	3,888	4,901
Cash and cash equivalents	20	679	9,178	32,377	21,544
		3,304	57,110	36,324	28,021
Current liabilities					
Trade and other payables	21	10,923	5,651	2,639	2,590
Unearned revenue		–	241	816	642
Unsecured loans	22	26,274	4,290	–	–
Amounts due to related parties	23	–	13,929	598	–
Current taxation	24(a)	–	18	11	–
		37,197	24,129	4,064	3,232
Net current (liabilities)/assets		(33,893)	32,981	32,260	24,789
NET (LIABILITIES)/ASSETS		(33,478)	34,818	33,111	25,810
CAPITAL AND RESERVES					
Share capital	28(a)	26,069	8,007	8,198	8,198
Reserves	28(b)	(59,547)	26,811	24,463	17,600
Total (deficit)/equity attributable to equity shareholders of the Company		(33,478)	34,818	32,661	25,798
Minority interests		–	–	450	12
TOTAL (DEFICIT)/EQUITY		(33,478)	34,818	33,111	25,810

The notes on pages 23 to 68 form part of this Financial Information.

Consolidated statements of changes in equity

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Convertible bond reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total (deficit)/ equity HK$'000
At 1 January 2006	26,069	106,730	6,426	(279)	1,099	(187,917)	(47,872)	–	(47,872)
Total comprehensive income for the year	–	–	–	(28)	(1,099)	15,521	14,394	–	14,394
At 31 December 2006	26,069	106,730	6,426	(307)	–	(172,396)	(33,478)	–	(33,478)
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)
Total comprehensive income for the year	–	–	–	(176)	–	10,563	10,387	–	10,387
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 subsidiaries	–	–	–	–	–	–	–	172	172
Issue of new shares	191	5,227	–	–	–	–	5,418	–	5,418
Professional expenses incurred in loan capitalisation	–	(182)	–	–	–	–	(182)	–	(182)
Total comprehensive expense for the year	–	–	–	965	–	(8,358)	(7,393)	278	(7,115)
At 31 December 2008	8,198	164,284	6,426	482	–	(146,729)	32,661	450	33,111
At 1 January 2008	8,007	159,239	6,426	(483)	–	(138,371)	34,818	–	34,818
Partial disposal of subsidiaries	–	–	–	–	–	–	–	172	172
Issue of new shares	191	5,227	–	–	–	–	5,418	–	5,418
Total comprehensive expense for the period	–	–	–	909	–	(4,629)	(3,720)	–	(3,720)
At 30 June 2008 (unaudited)	8,198	164,466	6,426	426	–	(143,000)	36,516	172	36,688
At 1 January 2009	8,198	164,284	6,426	482	–	(146,729)	32,661	450	33,111
Total comprehensive expense for the period	–	–	–	(136)	–	(6,727)	(6,863)	(438)	(7,301)
At 30 June 2009	8,198	164,284	6,426	346	–	(153,456)	25,798	12	25,810

The notes on pages 23 to 68 form part of this Financial Information.

Consolidated statements of cash flows

(Expressed in Hong Kong dollars)

	Note	Year ended 31 December 2006 HK$'000	2007 HK$'000	2008 HK$'000	Six months ended 30 June 2008 HK$'000 (unaudited)	2009 HK$'000
Operating activities						
Profit/(loss) before taxation						
– continuing operations		3,119	10,581	(8,087)	(4,629)	(7,165)
– discontinued operation	11(b)	12,402	–	–	–	–
		15,521	10,581	(8,087)	(4,629)	(7,165)
Adjustments for:						
– Finance costs						
– continuing operations	6(a)	2,209	174	40	40	12
– discontinued operation	11(b)	6	–	–	–	–
– Interest income	5	(1)	(102)	(445)	(273)	(47)
– Depreciation	6(c)	263	416	211	141	127
– Gain on derecognition of convertible bonds	5	(9,804)	–	–	–	–
– Gain on disposal of discontinued operation	11(b)	(13,217)	–	–	–	–
– Loss on disposal of a subsidiary	10(a)	–	154	–	–	–
– Gain on partial disposal of subsidiaries	10(b)	–	–	(267)	(267)	–
– Gain on disposal of fixed assets	5	–	–	(9)	(9)	–
– Impairment losses of trade receivables	6(c)	177	–	4	2	–
– Reversal of impairment loss on deposits	5	(2,151)	–	–	–	–
– Waiver of principal and accrued interest on unsecured loans	5	–	(16,136)	–	–	–
Operating loss before changes in working capital		(6,997)	(4,913)	(8,553)	(4,995)	(7,073)
(Increase)/decrease in work in progress		–	(598)	598	598	–
Increase in inventories		–	–	(59)	–	(1,517)
Decrease/(increase) in trade and other receivables		5,071	(990)	43,442	44,104	(1,014)
Decrease in trade and other payables		(269)	(5,290)	(3,012)	(2,203)	(49)
Increase/(decrease) in unearned revenue		–	241	575	(241)	(174)
Decrease in amounts due to directors		(2,596)	–	–	–	–
Increase/(decrease) in amounts due to related parties		2,362	13,929	(13,331)	(13,834)	(598)
Cash (used in)/generated from operations		(2,429)	2,379	19,660	23,429	(10,425)
Tax paid		–	–	–	–	(11)
Net cash (used in)/generated from operating activities		(2,429)	2,379	19,660	23,429	(10,436)

	Note	Year ended 31 December 2006 HK$'000	2007 HK$'000	2008 HK$'000	Six months ended 30 June 2008 HK$'000 (unaudited)	2009 HK$'000
Investing activities						
Interest received		1	102	445	273	47
Purchase of fixed assets	15	(422)	(1,819)	(922)	(368)	(297)
Proceeds from disposal of fixed assets		–	–	1,787	1,787	–
Payment for expenses incurred on partial disposal of subsidiaries	10(b)	–	–	(120)	(120)	–
Cash outflow from disposal of discontinued operation	11(b)	(78)	–	–	–	–
Cash outflow from disposal of a subsidiary	10(a)	–	(4)	–	–	–
Proceeds from partial disposal of subsidiaries	10(b)	–	–	560	560	–
Net cash (used in)/generated from investing activities		(499)	(1,721)	1,750	2,132	(250)
Financing activities						
Interest paid		(2,215)	(174)	(40)	(40)	(12)
Proceeds from issue of convertible bonds	27	–	14,040	–	–	–
Proceeds from unsecured loans		13,137	–	946	946	–
Repayment of unsecured loans		(7,040)	(5,849)	–	–	–
Repayment of convertible bonds		(1,200)	–	–	–	–
Net cash generated from/(used in) financing activities		2,682	8,017	906	906	(12)
Net (decrease)/increase in cash and cash equivalents		(246)	8,675	22,316	26,467	(10,698)
Cash and cash equivalents at beginning of year/period		953	679	9,178	9,178	32,377
Effect of foreign exchange rate changes		(28)	(176)	883	835	(135)
Cash and cash equivalents at end of year/period	20	679	9,178	32,377	36,480	21,544

The notes on pages 23 to 68 form part of this Financial Information.

Notes to the Financial Information

(Expressed in Hong Kong dollars)

1 COMPANY INFORMATION

M Dream Inworld Limited is a company 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 Road, 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").

This Financial Information is presented in thousands of units of Hong Kong dollars (HK$'000) unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information has 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"). The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The HKICPA has issued certain new and revised HKFRSs. 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 the Financial Information. For the purpose of preparing the Financial Information, the Group has adopted all these new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period ended 30 June 2009. The revised and new accounting standards and interpretations issued but not yet effective for the accounting period ended 30 June 2009 are set out in note 3.

The accounting policies set out below have been applied consistently to all periods in the Financial Information.

(b) Basis of preparation of the Financial Information

The Financial Information made up to 30 June/31 December includes the Financial Information of the Group.

The measurement basis used in the preparation of the Financial Information is the historical cost basis.

The preparation of Financial Information in conformity with HKFRSs 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 Information 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 Financial Information 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 Financial Information. 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 statements of financial position 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 statements as an allocation of the total profit or loss for the year/period 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.

(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/period, 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 consolidated statements of financial position 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 financial position 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 financial position 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; 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/period 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 expired. 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 Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statements of cash flows.

(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/period 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 consolidated income statements 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/period 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/period 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/period, using tax rates enacted or substantively enacted at the financial position 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 financial position date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the financial position 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 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 Information is presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency transactions during the Relevant Periods are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the financial position date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Items in the statements of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the closing foreign exchange rates at the financial position date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(r) Borrowing costs

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

(s) Non-current assets held for sale and discontinued operation

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the Financial Information of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in associates and joint ventures) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(ii) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated income statements, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

(t) Related parties

For the purposes of this Financial Information, 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.

(u) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the Financial Information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(v) Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

3 APPLICATION OF NEW AND REVISED HKFRSs

During the year ended 31 December 2006, 2007 and 2008, the Group has adopted all of the new or revised HKFRSs, which term collectively includes HKASs and related interpretations, that are relevant to its operations and effective for the respective accounting periods of the Group. During the six months ended 30 June 2009, the Group has adopted the following new or revised HKFRSs which are relevant to the Group's operations and are effective for accounting periods beginning on 1 January 2009:

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKAS 32 & HKAS 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendments)	Vesting conditions and cancellations
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC)-Int 13	Customer loyalty programmes
HK(IFRIC)-Int 15	Agreements for the construction of real estate
HK(IFRIC)-Int 16	Hedges of a net investment in a foreign operation

The adoption of these new or revised HKFRSs had no material effect on the Group's results and financial position of the current or prior periods.

At the date of this report, the Group has not early adopted the following new or revised standards, amendments to standards and interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2009[1]
HKAS 27 (Revised)	Consolidated and separate financial statements[2]
HKAS 39 (Amendments)	Eligible hedged items[2]
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards[2]
HKFRS 2 (Amendments)	Share-based payment – group cash-settled share-based payment transactions[1]
HKFRS 3 (Revised)	Business combinations[2]
HK(IFRIC)-Int 17	Distribution of non-cash assets to owners[2]
HK(IFRIC)-Int 18	Transfers of assets from customers[2]

[1] Effective for annual periods beginning on or after 1 January 2010
[2] Effective for annual periods beginning on or after 1 July 2009

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.

4 TURNOVER

The principal activities of the Group are sales of software and hardware and provision of 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/period is as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Sales of software and hardware	2,731	1,923	1,902	823	1,262
System solution services	11,200	12,329	12,928	6,254	2,008
Sales of optical display equipment	–	–	403	–	2,684
Marketing service income	–	860	–	–	–
	13,931	15,112	15,233	7,077	5,954

5 OTHER REVENUE AND NET INCOME/(LOSS)

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Other revenue					
Bank interest income	1	102	445	273	47
Other net income/(loss)					
Forfeiture of deposit	–	400	–	–	–
Gain on derecognition of convertible bonds *(note 5(a))*	9,804	–	–	–	–
Gain on disposal of fixed assets	–	–	9	9	–
Gain on partial disposal of subsidiaries *(note 10(b))*	–	–	267	267	–
Loss on disposal of a subsidiary *(note 10(a))*	–	(154)	–	–	–
Net foreign exchange gains/(losses)	–	82	(1,006)	4	(5)
Reversal of impairment loss on deposits	2,151	–	–	–	–
Waiver of principal and accrued interest on unsecured loans *(note 5(b))*	–	16,136	–	–	–
Sundry income	302	11	23	23	184
	12,257	16,475	(707)	303	179
	12,258	16,577	(262)	576	226

Note:

(a) In 2006, the Company reached an agreement with the holders of convertible bonds by paying HK$1,200,000 in full and final settlement of the aggregate principal amount of HK$10,500,000 and accrued interest of HK$420,000, recognising a gain of HK$9,804,000.

(b) 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 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

		Year ended 31 December			Six months ended 30 June	
		2006	**2007**	**2008**	**2008**	**2009**
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
(a)	Finance costs:					
	Interest expenses on unsecured loans	2,209	174	40	40	12
(b)	Staff costs (including directors' remuneration):					
	Salaries, wages and other benefits	6,655	8,685	7,776	3,544	4,781
	Contributions to defined contribution retirement plan	804	56	579	17	60
		7,459	8,741	8,355	3,561	4,841
(c)	Other items:					
	Auditors' remuneration	289	279	295	–	177
	Cost of inventories	9,058	5,831	8,284	4,077	3,689
	Depreciation	263	416	211	141	127
	Gain on disposal of discontinued operation	(13,217)	–	–	–	–
	Gain on disposal of fixed assets	–	–	(9)	(9)	–
	Loss/(gain) on disposal of subsidiaries	–	154	(267)	(267)	–
	Gain on derecognition of convertible bonds	(9,804)	–	–	–	–
	Impairment losses of trade receivables	177	–	4	2	–
	Net foreign exchange (gains)/losses	–	(82)	1,006	(4)	5
	Operating lease charges: minimum lease payments – hire of other assets (including property rentals)	473	1,074	2,019	1,003	1,063
	Reversal of impairment loss on deposits	(2,151)	–	–	–	–
	Waiver of principal and accrued interest on unsecured loans	–	(16,136)	–	–	–

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENTS

(a) Taxation in the consolidated income statements represents:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Current tax – Hong Kong Profits Tax					
Provision for the year/period	–	18	6	–	–
Overprovision in respect of prior years	–	–	(13)	–	–
Actual tax expense/(credit)	–	18	(7)	–	–

Hong Kong Profits Tax has been provided for at the rate of 17.5% and 16.5% for the year ended 31 December 2007 and 2008 respectively on the estimated assessable profits less available tax losses. In 2008, the Government of the Hong Kong Special Administrative Region enacted a change in the profits tax rate from 17.5% to 16.5% for the fiscal year 2008/2009. No Hong Kong Profits Tax has been provided for the year ended 31 December 2006 and the six months ended 30 June 2008 and 2009.

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 information of the subsidiaries operating outside Hong Kong for the Relevant Periods.

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

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit/(loss) before taxation	3,119	10,581	(8,087)	(4,629)	(7,165)
Notional tax on profit/(loss) before taxation	464	1,852	(1,334)	(764)	(1,230)
Tax effect of non-deductible expenses	127	154	660	11	2
Tax effect of non-taxable income	(4,405)	(2,968)	(79)	(45)	(20)
Tax effect of unused tax losses not recognised	3,800	1,037	837	798	1,241
Overprovision in respect of prior years	–	–	(13)	–	–
Others	14	(57)	(78)	–	7
Actual tax expense/(credit)	–	18	(7)	–	–

8 DIRECTORS' REMUNERATION

The remuneration of each director of the Company for the Relevant Periods is set out below:

	Year ended 31 December 2006				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. Koh Tat Lee, Michael	–	43	–	–	43
Mr. Chen Domingo	–	582	–	–	582
Mr. Xu Hanjie *(note (i))*	–	–	–	–	–
Dr. Choong Ying Chuan	–	665	–	14	679
Non-executive directors					
Mr. Wong Kean Li	–	–	–	–	–
Dr. Lee Siu Lung, James *(note (ii))*	–	–	–	–	–
Mr. Tay Yew Beng, Peter *(note (iii))*	–	–	–	–	–
Independent non-executive directors					
Mr. Cheung Wai Shing *(note (iv))*	–	19	–	–	19
Mr. Tsang Kwok Wai *(note (iv))*	–	19	–	–	19
Mr. Chu Ray *(note (iv))*	–	4	–	–	4
Mr. Leigh Man Sung, Camballaw *(note (v))*	–	–	–	–	–
Mr. Ng Wing Hang, Patrick *(note (vi))*	–	–	–	–	–
Ms. Sung, Hilda *(note (vii))*	–	–	–	–	–
	–	1,332	–	14	1,346

Note:

(i) Mr. Xu Hanjie resigned as executive director of the Company on 31 October 2006.

(ii) Dr. Lee Siu Lung, James resigned as non-executive director of the Company on 23 May 2006.

(iii) Mr. Tay Yew Beng, Peter resigned as non-executive director of the Company on 22 May 2006.

(iv) Mr. Cheung Wai Shing, Mr. Tsang Kwok Wai and Mr. Chu Ray were appointed as independent non-executive directors of the Company on 6 September 2006.

(v) Mr. Leigh Man Sung, Camballaw resigned as independent non-executive director of the Company on 7 June 2006.

(vi) Mr. Ng Wing Hang, Patrick resigned as independent non-executive director of the Company on 22 May 2006.

(vii) Ms. Sung, Hilda resigned as independent non-executive director of the Company on 5 June 2006.

(viii) In 2006, there were no bonuses paid or payable to the directors. Mr. Koh Tat Lee, Michael waived his remuneration of HK$1,860,000 for the year.

The remuneration of each director of the Company for the Relevant Periods is set out below:

	Year ended 31 December 2007				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. Koh Tat Lee, Michael *(note (i))*	–	–	–	–	–
Mr. Chen Domingo *(note (ii))*	–	–	–	–	–
Dr. Choong Ying Chuan *(note (iii))*	–	–	–	–	–
Mr. Yu Shu Kuen *(note (iv))*	–	–	–	–	–
Mr. Tham Ming Yong *(note (v))*	–	120	–	6	126
Mr. Ha Shu Tong *(note (vi))*	–	–	–	–	–
Non-executive directors					
Mr. Wong Kean Li *(note (vii))*	–	–	–	–	–
Mr. Koh Tat Lee, Michael *(note (i))*	–	–	–	–	–
Independent non-executive directors					
Mr. Cheung Wai Shing	–	60	–	–	60
Mr. Tsang Kwok Wai	–	60	–	–	60
Mr. Chu Ray	–	12	–	–	12
	–	252	–	6	258

Note:

(i) Mr. Koh Tat Lee, Michael resigned as executive director of the Company on 13 April 2007. He was appointed as non-executive director of the Company on 13 April 2007.

(ii) Mr. Chen Domingo resigned as executive director of the Company on 31 December 2007.

(iii) Dr. Choong Ying Chuan resigned as executive director of the Company on 15 January 2007.

(iv) Mr. Yu Shu Kuen was appointed as executive director of the Company on 30 January 2007.

(v) Mr. Tham Ming Yong was appointed as executive director of the Company on 8 March 2007.

(vi) Mr. Ha Shu Tong was appointed as executive director of the Company on 13 April 2007.

(vii) Mr. Wong Kean Li resigned as non-executive director of the Company on 17 January 2007.

(viii) In 2007, there were no bonuses paid or payable to the directors. Mr. Chen Domingo waived his remuneration of HK$160,000 for the year.

The remuneration of each director of the Company for the Relevant Periods is set out below:

	Year ended 31 December 2008				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. Yu Shu Kuen	1,000	–	–	–	1,000
Mr. Tham Ming Yong *(note (i))*	–	50	–	2	52
Mr. Ha Shu Tong *(note (ii))*	–	–	–	–	–
Ms. Li Fang Hong *(note (iii))*	–	–	–	–	–
Mr. Rong Hsu *(note (iv))*	5	–	–	–	5
Non-executive directors					
Mr. Koh Tat Lee, Michael *(note (v))*	–	–	–	–	–
Independent non-executive directors					
Mr. Rong Hsu *(note (iv))*	41	–	–	–	41
Mr. Cheung Wai Shing *(note (vi))*	15	–	–	–	15
Mr. Tsang Kwok Wai *(note (vii))*	54	–	–	–	54
Mr. Chu Ray *(note (viii))*	2	–	–	–	2
Mr. Cho Chun Wai *(note (ix))*	14	–	–	–	14
Mr. Chan Kam Kwan, Jason *(note (x))*	7	–	–	–	7
Ms. Zhao Yang *(note (xi))*	49	–	–	–	49
	1,187	50	–	2	1,239

Note:

(i) Mr. Tham Ming Yong resigned as executive director of the Company on 22 May 2008.

(ii) Mr. Ha Shu Tong resigned as executive director of the Company on 17 May 2008.

(iii) Ms. Li Fang Hong was appointed as executive director of the Company on 19 May 2008.

(iv) Mr. Rong Hsu was appointed as independent non-executive director of the Company on 26 March 2008 and resigned on 11 December 2008. He was appointed as executive director of the Company on 11 December 2008.

(v) Mr. Koh Tat Lee, Michael resigned as non-executive director of the Company on 29 February 2008.

(vi) Mr. Cheung Wai Shing resigned as independent non-executive director of the Company on 31 March 2008.

(vii) Mr. Tsang Kwok Wai resigned as independent non-executive director of the Company on 24 November 2008.

(viii) Mr. Chu Ray resigned as independent non-executive director of the Company on 13 March 2008.

(ix) Mr. Cho Chun Wai was appointed as independent non-executive director of the Company on 19 November 2008.

(x) Mr. Chan Kam Kwan, Jason was appointed as independent non-executive director of the Company on 11 December 2008.

(xi) Ms. Zhao Yang was appointed as independent non-executive director of the Company on 6 March 2008.

The remuneration of each director of the Company for the Relevant Periods is set out below:

	Six months ended 30 June 2008 (unaudited)				
	Directors' fees *HK$'000*	**Salaries, allowances and benefits in kind** *HK$'000*	**Discretionary bonuses** *HK$'000*	**Retirement scheme contributions** *HK$'000*	**Total** *HK$'000*
Executive directors					
Mr. Yu Shu Kuen	400	–	–	–	400
Mr. Tham Ming Yong *(note (i))*	–	47	–	–	47
Mr. Ha Shu Tong *(note (ii))*	–	–	–	–	–
Ms. Li Fang Hong *(note (iii))*	–	–	–	–	–
Non-executive directors					
Mr. Koh Tat Lee, Michael *(note (iv))*	–	–	–	–	–
Independent non-executive directors					
Mr. Rong Hsu *(note (v))*	16	–	–	–	16
Mr. Cheung Wai Shing *(note (vi))*	15	–	–	–	15
Mr. Tsang Kwok Wai	30	–	–	–	30
Mr. Chu Ray *(note (vii))*	2	–	–	–	2
Ms. Zhao Yang *(note (viii))*	15	–	–	–	15
	478	47	–	–	525

Note:

(i) Mr. Tham Ming Yong resigned as executive director of the Company on 22 May 2008.

(ii) Mr. Ha Shu Tong resigned as executive director of the Company on 17 May 2008.

(iii) Ms. Li Fang Hong was appointed as executive director of the Company on 19 May 2008.

(iv) Mr. Koh Tat Lee, Michael resigned as non-executive director of the Company on 29 February 2008.

(v) Mr. Rong Hsu was appointed as independent non-executive director of the Company on 26 March 2008.

(vi) Mr. Cheung Wai Shing resigned as independent non-executive director of the Company on 31 March 2008.

(vii) Mr. Chu Ray resigned as independent non-executive director of the Company on 13 March 2008.

(viii) Ms. Zhao Yang was appointed as independent non-executive director of the Company on 6 March 2008.

The remuneration of each director of the Company for the Relevant Periods is set out below:

	Six months ended 30 June 2009				
	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Mr. Yu Shu Kuen	600	–	–	–	600
Ms. Li Fang Hong	–	–	–	–	–
Mr. Rong Hsu	30	–	–	–	30
Independent non-executive directors					
Mr. Cho Chun Wai	60	–	–	–	60
Mr. Chan Kam Kwan, Jason	60	–	–	–	60
Ms. Zhao Yang	30	–	–	–	30
	780	–	–	–	780

No emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals whose emoluments were the highest were as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
HK$	*Number of individual*	*Number of individual*	*Number of individual*	*Number of individual* (unaudited)	*Number of individual*
Nil – 1,000,000	5	5	5	5	5
Directors	2	0	1	1	1
Non-directors	3	5	4	4	4

The aggregate remuneration paid to these highest paid individuals was as follows:

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Salaries and other emoluments	2,875	2,267	1,089	1,871	1,888
Retirement scheme contributions	130	191	29	63	54
	3,005	2,458	1,118	1,934	1,942

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the Relevant Periods.

10 DISPOSAL OF SUBSIDIARIES

(a) In 2007, the Group disposed of a wholly-owned subsidiary, Good Growth Limited, for HK$1 consideration. Details of the net assets disposed of and the loss on the disposal of the subsidiary are as follows:

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

(b) In 2008, the Group disposed of a 30% equity interest in a wholly-owned subsidiary, Elipva Limited and its subsidiary, at a consideration of S$100,000 (approximately HK$560,000). Details of the net assets disposed of and the gain on the partial disposal of the subsidiaries are as follows:

	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 subsidiaries *(note 5)*	267
	560
Satisfied by:	
Cash consideration	560
Net cash inflow arising on disposal:	
Cash consideration	560

11 PROFIT FROM DISCONTINUED OPERATION

(a) On 20 November 2006, the Group disposed of its subsidiaries, M Dream Media (China) Ltd., 活力世界（上海）網絡技術有限公司, Inworld System (HK) Ltd., Inworld (Hong Kong) Ltd., Sunny World Co. Ltd., Wan Shui Company Ltd., and Shenzhen Huaruiyuan Co. Ltd. for nil consideration. Accordingly, the results pertaining to the system solution services operations were presented as "Discontinued operations" in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". A disposal gain of approximately HK$13,217,000 was recognised on 20 November 2006. Loss pertaining to the disposed subsidiaries for the period from 1 January 2006 to 20 November 2006 was approximately HK$815,000 and as a result, profit from discontinued operation of approximately HK$12,402,000 was recorded for the year ended 31 December 2006.

(b) Analysis of discontinued operation

The analysis of the discontinued operation and the gain on disposal of discontinued operation was as follows:

	HK$'000
Turnover	–
Cost of sales	–
Gross profit	–
Other revenue	1
Administrative expenses	(810)
Selling and distribution costs	–
Loss from operations	(809)
Finance costs	(6)
Loss before taxation	(815)
Taxation	–
Loss of discontinued operation	(815)
Gain on disposal of discontinued operation	13,217
Profit from discontinued operation	12,402
Net liabilities disposal of:	
Trade and other receivables	63
Cash and cash equivalents	78
Trade and other payables	(13,358)
	(13,217)
Gain on disposal of discontinued operation	13,217
	–
Satisfied by:	
Cash consideration	–
Net cash outflow arising on disposal:	
Cash consideration	–
Cash and bank balances disposed of	(78)
	(78)

12 DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the Relevant Periods.

13 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share for the Relevant Periods is calculated by dividing the profit/(loss) attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the Relevant Periods.

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008** (unaudited)	**2009**
Weighted average number of shares in issue ('000)	260,695	338,120	817,499	815,414	819,837
Profit/(loss) from continuing operations attributable to equity shareholders of the Company (HK$'000)	3,119	10,563	(8,358)	(4,629)	(6,727)
Basic earnings/(loss) per share from continuing operations attributable to equity shareholders of the Company (HK cents)	1.20	3.12	(1.02)	(0.57)	(0.82)
Profit from discontinued operation attributable to equity shareholders of the Company (HK$'000)	12,402	–	–	–	–
Basic earnings per share from discontinued operation attributable to equity shareholders of the Company (HK cents)	4.75	–	–	–	–
Profit/(loss) attributable to equity shareholders of the Company (HK$'000)	15,521	10,563	(8,358)	(4,629)	(6,727)
Basic earnings/(loss) per share attributable to equity shareholders of the Company (HK cents)	5.95	3.12	(1.02)	(0.57)	(0.82)

(b) Diluted earnings/(loss) per share

No diluted earnings/(loss) per share has been presented as there were no dilutive events during the Relevant Periods.

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.

(a) Business segments

The Group comprises the following main business segments:

	As at and for the year ended 31 December 2006				
	Continuing operations				Discontinued operation
	Sales of software and hardware and system solution services	**Sales of display equipment, components and related technology**	**Others**	**Total**	**System solution services**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	13,931	–	–	13,931	–
Segment result	(3,041)	–	8,369	5,328	12,402
Profit from operations				5,328	
Finance costs				(2,209)	
Profit for the year				3,119	
Other non-cash items included in income statement:					
Depreciation for the year	244	–	19	263	
Gain on derecognition of convertible bonds	–	–	(9,804)	(9,804)	
Gain on disposal of discontinued operation	–	–	–	–	(13,217)
Reversal of impairment loss on deposits	–	–	(2,151)	(2,151)	
Segment assets	2,865	–	854	3,719	
Segment liabilities	6,357	–	30,840	37,197	
Capital expenditure incurred during the year	90	–	332	422	

	As at and for the year ended 31 December 2007			
	Sales of software and hardware and system solution services	Sales of display equipment, components and related technology	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	14,252	–	860	15,112
Segment result	(4,366)	–	15,121	10,755
Profit from operations				10,755
Finance costs				(174)
Income tax expense				(18)
Profit for the year				10,563
Other non-cash items included in income statement:				
Depreciation for the year	155	–	261	416
Waiver of principal and accrued interest on unsecured loans	–	–	(16,136)	(16,136)
Segment assets	56,347	–	2,600	58,947
Segment liabilities	24,123	–	6	24,129
Capital expenditure incurred during the year	38	–	1,781	1,819

	As at and for the year ended 31 December 2008			
	Sales of software and hardware and system solution services	**Sales of display equipment, components and related technology**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	14,830	–	403	15,233
Segment result	16	–	(480)	(464)
Unallocated operating income and expenses				(7,583)
Loss from operations				(8,047)
Finance costs				(40)
Income tax credit				7
Loss for the year				(8,080)
Other non-cash items included in income statement:				
Depreciation for the year	47	–	164	211
Segment assets	3,899	–	33,276	37,175
Segment liabilities	2,544	–	1,520	4,064
Capital expenditure incurred during the year	53	–	869	922

	As at and for the six months ended 30 June 2008 (unaudited)			
	Sales of software and hardware and system solution services	**Sales of display equipment, components and related technology**	**Others**	**Consolidated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	7,077	–	–	7,077
Segment result	(561)	–	–	(561)
Unallocated operating income and expenses				(4,028)
Loss from operations				(4,589)
Finance costs				(40)
Loss for the period				(4,629)
Other non-cash items included in income statement:				
Depreciation for the period	24	–	117	141
Segment assets	3,876	–	36,190	40,066
Segment liabilities	2,946	–	432	3,378
Capital expenditure incurred during the period	23	–	345	368

	As at and for the six months ended 30 June 2009			
	Sales of software and hardware and system solution services	Sales of display equipment, components and related technology	Others	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	3,270	2,684	–	5,954
Segment result	(1,466)	(1,548)	–	(3,014)
Unallocated operating income and expenses				(4,139)
Loss from operations				(7,153)
Finance costs				(12)
Loss for the period				(7,165)
Other non-cash items included in income statement:				
Depreciation for the period	25	64	38	127
Segment assets	2,497	10,284	16,261	29,042
Segment liabilities	2,424	283	525	3,232
Capital expenditure incurred during the period	30	267	–	297

(b) Geographical segments

The Group comprises the following main geographical segments:

	As at and for the year ended 31 December 2006			
	Hong Kong	**PRC**	**Singapore**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	–	–	13,931	13,931
Segment assets	529	325	2,865	3,719
Capital expenditure incurred during the year	241	111	70	422

	As at and for the year ended 31 December 2007			
	Hong Kong	**PRC**	**Singapore**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	2,807	860	11,445	15,112
Segment assets	53,066	1,441	4,440	58,947
Capital expenditure incurred during the year	481	1,300	38	1,819

	As at and for the year ended 31 December 2008			
	Hong Kong	**PRC**	**Singapore**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	1,639	403	13,191	15,233
Segment assets	23,276	10,192	3,707	37,175
Capital expenditure incurred during the year	779	90	53	922

	As at and for the six months ended 30 June 2008 (unaudited)			
	Hong Kong	**PRC**	**Singapore**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	823	–	6,254	7,077
Segment assets	36,521	10	3,535	40,066
Capital expenditure incurred during the period	345	–	23	368

	As at and for the six months ended 30 June 2009			
	Hong Kong	**PRC**	**Singapore**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers	1,182	1,866	2,906	5,954
Segment assets	17,219	9,370	2,453	29,042
Capital expenditure incurred during the period	25	242	30	297

15 FIXED ASSETS

	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 2006	55	98	22	2,377	–	2,552
Additions	111	69	98	144	–	422
At 31 December 2006	166	167	120	2,521	–	2,974
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
At 1 January 2009	90	307	80	2,996	420	3,893
Exchange differences	(1)	–	–	(20)	–	(21)
Additions	–	244	2	51	–	297
Disposals	–	–	–	(658)	–	(658)
At 30 June 2009	89	551	82	2,369	420	3,511
Accumulated depreciation:						
At 1 January 2006	29	88	21	2,158	–	2,296
Charge for the year	15	11	9	228	–	263
At 31 December 2006	44	99	30	2,386	–	2,559
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
At 1 January 2009	87	130	14	2,804	7	3,042
Exchange differences	(22)	–	–	1	–	(21)
Charge for the period	22	32	8	23	42	127
Written back on disposals	–	–	–	(658)	–	(658)
At 30 June 2009	87	162	22	2,170	49	2,490
Net book value:						
At 31 December 2006	122	68	90	135	–	415
At 31 December 2007	791	305	505	236	–	1,837
At 31 December 2008	3	177	66	192	413	851
At 30 June 2009	2	389	60	199	371	1,021

16 GOODWILL

	HK$'000
Cost:	
At 1 January 2006	32,347
Disposal of subsidiaries	(14,013)
At 31 December 2006, 2007 and 2008 and 30 June 2009	18,334
Accumulated amortisation and impairment:	
At 1 January 2006	32,347
Written back on disposal of subsidiaries	(14,013)
At 31 December 2006, 2007 and 2008 and 30 June 2009	18,334
Carrying amount:	
At 31 December 2006	–
At 31 December 2007	–
At 31 December 2008	–
At 30 June 2009	–

17 WORK IN PROGRESS

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	HK$'000	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	–	–

18 INVENTORIES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	HK$'000	HK$'000	HK$'000
Trading goods	–	–	59	1,576

19 TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	2,213	2,896	3,398	2,378
Less: allowance for doubtful debts *(note 19(c))*	(343)	(370)	(374)	(367)
	1,870	2,526	3,024	2,011
Other receivables	520	63	63	47
Amount due from placing agent *(note 19(e))*	–	43,869	–	–
Deposits and prepayments	235	876	801	2,843
	2,625	47,334	3,888	4,901

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

(a) Currency analysis

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

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	307	44,537	726	2,620
Renminbi	128	137	91	824
Singapore dollars	2,190	2,486	3,071	1,457
United States dollars	–	174	–	–
	2,625	47,334	3,888	4,901

(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 financial position date:

	As at 31 December			As at 30 June
	2006	2007	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current	–	1,737	2,001	1,569
Less than 1 month past due	–	335	750	329
1 to 3 months past due	1,470	188	33	10
More than 3 months but less than 12 months past due	400	266	240	103
Amounts past due	1,870	789	1,023	442
	1,870	2,526	3,024	2,011

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 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/period, including both specific and collective loss components, is as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	166	343	370	374
Impairment loss recognised	177	–	4	–
Exchange differences	–	27	–	(7)
At 31 December/30 June	343	370	374	367

(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:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Neither past due nor impaired	–	1,737	2,001	1,569
Less than 1 month past due	–	335	750	329
1 to 3 months past due	1,470	188	33	10
More than 3 months but less than 12 months past due	400	266	240	103
	1,870	789	1,023	442
	1,870	2,526	3,024	2,011

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.

(e) The amount due from the placing agent represents the net proceeds from the placement of 180,000,000 new share in December 2007, which has been received on 3 January 2008.

20 CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits with banks	62	6,222	17,206	10,206
Cash at bank and in hand	617	2,956	15,171	11,338
	679	9,178	32,377	21,544

21 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	1,998	2,107	661	687
Accrued charges and other payables	8,925	3,544	1,978	1,903
	10,923	5,651	2,639	2,590

All of the trade and other payables are expected to be settled or recognised as an income within one year or are repayable on demand.

Included in trade and other payables are trade payables with the following ageing analysis as of the financial position date:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 90 days	1,154	1,210	353	68
91 – 180 days	844	897	213	503
Over 180 days	–	–	95	116
	1,998	2,107	661	687

22 UNSECURED LOANS

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest bearing loans *(note 22(b))*	23,674	2,646	–	–
Interest free loan	2,600	1,644	–	–
	26,274	4,290	–	–

Note:

(a) In 2008, 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(a)(ii)).

(b) The loans carried interest at rates ranging from 5% to 12% per annum and were repayable on demand.

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

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	18,496	1,368	–	–
Singapore dollars	–	2,922	–	–
United States dollars	7,778	–	–	–
	26,274	4,290	–	–

23 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:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong dollars	–	13,929	328	–
Singapore dollars	–	–	270	–
	–	13,929	598	–

24 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Provision for Hong Kong Profits Tax for the year/period	–	18	6	–
Balance of Profits Tax provision relating to prior years	–	–	5	–
	–	18	11	–

(b) Deferred taxation

No provision for deferred tax liabilities has been made as the Group does not have any material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Information.

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

25 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 13%, 13%, 14.5% of relevant income of the staff for the year ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 and the contribution is charged to the consolidated income statements.

Under the MPF Scheme and CPF, there is no forfeited contribution for the year ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 which could be utilised to reduce the level of the contribution by the Group and therefore there was no such balance as at the repetition year/period.

The Group does not have any other pension schemes for its employees in respect of its subsidiaries outside Hong Kong, Singapore and the PRC for the year ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at respective year/period end in respect of the retirement of its employees.

26 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.

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 part-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 31 December 2006, 2007 and 2008 and 30 June 2009. 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/period are as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	No. of options	*No. of options*	*No. of options*	*No. of options*
Options outstanding	129,220,000	22,000,000	–	–
Cancelled/lapsed	(107,220,000)	(22,000,000)	–	–
Options outstanding	22,000,000	–	–	–

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.

27 CONVERTIBLE BONDS

On 12 October 2007, the Company issued convertible bonds with a principal value of HK$14,040,000 at the conversion price of HK$0.039 per conversion share and on 15 October 2007, the convertible bonds were converted into 360,000,000 ordinary shares of the Company of HK$0.01 each.

28 CAPITAL AND RESERVES

(a) Share capital

(i) Authorised:

	Number of shares *'000*	*HK$'000*
Ordinary shares of HK$0.01 each		
At 1 January 2006, 31 December 2006, 2007 and 2008 and 30 June 2009	6,000,000	60,000

(ii) Issued and fully paid:

	Number of shares *'000*	*HK$'000*
Ordinary shares of HK$0.01 each		
At 1 January 2006 and 31 December 2006	2,606,949	26,069
At 1 January 2007	2,606,949	26,069
Share consolidation and reduction in share capital *(note (i))*	(2,346,255)	(23,462)
Issue of shares for conversion of convertible bonds *(note (ii))*	360,000	3,600
Placement of new shares *(note (iii))*	180,000	1,800
At 31 December 2007	800,694	8,007
At 1 January 2008	800,694	8,007
Issue of shares upon loan capitalisation *(note (iv))*	19,143	191
At 31 December 2008	819,837	8,198
At 1 January 2009 and 30 June 2009	819,837	8,198

Note:

(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 and 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 by 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 capitalising 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 capitalising 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 S$750,000 (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.

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.

(b) Nature and purpose of reserves

(i) Share premium reserve

Under the Companies Law (2001 Revision) 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 subsidiaries 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.

(iii) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial information 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 (2001 Revision) of the Cayman Islands, the 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.

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 Information 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 consolidated statements of financial position.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 19.

(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 financial position 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:

	As at 31 December									As at 30 June		
	2006			2007			2008			2009		
	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	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*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Trade and other payables	10,923	10,923	10,923	5,651	5,651	5,651	2,639	2,639	2,639	2,590	2,590	2,590
Unsecured loans	26,274	26,274	26,274	4,290	4,422	4,422	–	–	–	–	–	–
Amounts due to related parties	–	–	–	13,929	13,929	13,929	598	598	598	–	–	–
Current taxation	–	–	–	18	18	18	11	11	11	–	–	–
	37,197	37,197	37,197	23,888	24,020	24,020	3,248	3,248	3,248	2,590	2,590	2,590

(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 2006, 2007 and 2008 and 30 June 2009, 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 financial position 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.

	As at 31 December									As at 30 June		
	2006			2007			2008			2009		
	Renminbi	Singapore dollars	United States dollars	Renminbi	Singapore dollars	United States dollars	Renminbi	Singapore dollars	United States dollars	Renminbi	Singapore dollars	United States dollars
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Trade and other receivables	128	438	–	128	460	22	79	570	–	726	269	–
Cash and cash equivalents	86	116	–	105	205	4	481	103	4	640	148	4
Trade and other payables	(60)	(499)	–	(6)	(909)	(16)	(135)	(272)	(11)	(185)	(371)	–
Amounts due to related parties	–	–	–	–	–	–	–	(50)	–	–	–	–
Total exposure arising from recognised assets and liabilities	154	55	–	227	(244)	10	425	351	(7)	1,181	46	4

(e) Equity price risk

The Group is not exposed to any equity securities 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 2006, 2007 and 2008 and 30 June 2009.

30 COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 30 June
	2006	**2007**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	230	1,450	1,352	1,653
After 1 year but within 5 years	–	1,216	74	418
	230	2,666	1,426	2,071

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 2006, 2007 and 2008 and 30 June 2009, the Group had no significant contingent liabilities.

32 MAJOR NON-CASH TRANSACTIONS

In 2007, the Company had convertible bonds with a principal value of HK$14,040,000 converted into 360,000,000 ordinary shares of the Company of HK$0.01 each.

In 2008, the Group had unsecured loans with an aggregate 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) In 2008, Elipva 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) In 2008, 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) For the six months ended 30 June 2009, the Group purchased certain display equipment and components and related technology from Greatsource Holdings Co., Ltd. and its subsidiaries, where Greatsource Holdings Co., Ltd. is controlled by Ms. Li Fang Hong, an executive director and substantial shareholder of the Company, and her associate.

(iv) Balances with related parties are disclosed in the consolidated statements of financial position and in note 23.

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 receivables to the consolidated income statements. 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.

II. EVENT AFTER THE FINANCIAL POSITION DATE

Disposal of the Company's Sale Group

On 4 September 2009, Elipva International Limited "the Vendor", a wholly owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Dr. Lui Siu-Man "the Purchaser", pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 70% of the issued share capital of Elipva Limited "Elipva", for a consideration of HK$300,000. The Disposal is subject to the satisfaction of the conditions as set out in the Company's announcement on 9 September 2009. Immediately after completion of the Disposal, the Vendor will cease to hold any interest in the issued share capital of Elipva and Elipva will cease to be a subsidiary of the Group.

The Disposal constitutes a very substantial disposal on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the approval of the shareholders at the EGM.

The loss before taxation from disposal on completion of the Transaction is estimated to be approximately HK$98,000.

The revenue and expenses, assets and liabilities, and cash flows of the Sale Group are set out as follows:

(i) Revenue and expenses of the Sale Group

	Year ended 31 December			Six months ended 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Turnover	13,931	11,443	13,191	6,254	2,905
Cost of sales	(9,058)	(4,536)	(6,530)	(3,564)	(1,045)
Gross profit	4,873	6,907	6,661	2,690	1,860
Other revenue	70	81	–	–	131
Selling and administrative expenses	(7,958)	(8,667)	(6,591)	(3,457)	(3,453)
(Loss)/profit from operations	(3,015)	(1,679)	70	(767)	(1,462)
Finance costs	(25)	(32)	(40)	(40)	–
(Loss)/profit before taxation	(3,040)	(1,711)	30	(807)	(1,462)
Income tax	–	–	–	–	–
(Loss)/profit for the year/period	(3,040)	(1,711)	30	(807)	(1,462)

(ii) Assets and liabilities of the Sale Group

	As at 31 December			As at 30 June	
	2006	**2007**	**2008**	**2008**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
Non-current assets					
Fixed assets	100	43	51	45	56
Current assets					
Work in progress	–	598	–	–	–
Inventories	–	–	–	–	122
Trade and other receivables	8,620	9,813	3,071	2,583	1,457
Cash and cash equivalents	580	929	585	907	819
	9,200	11,340	3,656	3,490	2,398
Current liabilities					
Trade and other payables	6,350	9,671	1,556	2,813	1,983
Unearned revenue	–	238	380	–	441
Amounts due to related parties	–	–	269	–	–
	6,350	9,909	2,205	2,813	2,424
Net current assets/(liabilities)	2,850	1,431	1,451	677	(26)
NET ASSETS	2,950	1,474	1,502	722	30
CAPITAL AND RESERVES					
Share capital	50,527	50,527	50,527	50,527	50,527
Reserves	(47,577)	(49,053)	(49,025)	(49,805)	(50,497)
TOTAL EQUITY	2,950	1,474	1,502	722	30

(iii) Cash flows of the Sale Group

	Year ended 31 December			Six months ended 30 June	
	2006	2007	2008	2008	2009
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Operating activities					
(Loss)/profit before taxation	(3,040)	(1,711)	30	(807)	(1,462)
Adjustments for:					
Finance costs	25	32	40	40	–
Interest income	(5)	–	–	–	–
Depreciation	245	103	47	24	25
Operating (loss)/profit before changes in working capital	(2,775)	(1,576)	117	(743)	(1,437)
(Increase)/decrease in work in progress	–	(598)	598	598	–
Increase in inventories	–	–	–	–	(122)
Decrease/(increase) in trade and other receivables	3,966	(1,193)	6,740	7,229	1,615
(Decrease)/increase in trade and other payables	(1,357)	3,321	(8,114)	(6,857)	427
Increase/(decrease) in unearned revenue	–	238	142	(238)	61
Increase/(decrease) in amounts due to related parties	–	–	269	–	(269)
Net cash (used in)/generated from operating activities	(166)	192	(248)	(11)	275
Investing activities					
Interest received	5	–	–	–	–
Purchase of fixed assets	(70)	(38)	(53)	(23)	(31)
Net cash used in investing activities	(65)	(38)	(53)	(23)	(31)
Financing activities					
Interest paid	(25)	(32)	(40)	(40)	–
Net cash used in financing activities	(25)	(32)	(40)	(40)	–
Net (decrease)/increase in cash and cash equivalents	(256)	122	(341)	(74)	244
Cash and cash equivalents at beginning of year/period	949	580	929	929	585
Effect of foreign exchange rate changes	(113)	227	(3)	52	(10)
Cash and cash equivalents at end of year/period	580	929	585	907	819

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2008 and up to the date of this report.

Yours faithfully,

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 12 October 2009

Andrew David Ross
Practising certificate number P01183

1. INDEBTEDNESS STATEMENT

Borrowings

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

Contingent liabilities

As at the close of business on 31 August 2009, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, 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 August 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 August 2009 and up to the Latest Practicable Date.

2. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, taking into consideration the financial resources available to the Group including the Group's internal financial resources and the net proceeds will be received by the Group as a result of the Disposal, in the absence of unforeseen circumstances, the Group has sufficient working capital for the Group's present requirements, that is for at least the next 12 months from the date of this circular.

3. MATERIAL ADVERSE CHANGE

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

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is an illustrative and pro forma consolidated statement of financial position, consolidated income statement and consolidated statement of cash flows of the Remaining Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the disposal of the Company's 70% indirect controlling equity interest, held through a subsidiary, in its e-commerce solutions services and portal development operations comprising Elipva Limited and its subsidiary (the "Transaction") as if it had taken place on 30 June 2009 for the pro forma consolidated statement of financial position and 1 January 2009 for the pro forma consolidated income statement and consolidated statement of cash flows. This pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position and financial results of the Remaining Group had the Transaction been completed as at 30 June 2009 and 1 January 2009 respectively or at any future date.

I. Unaudited pro forma consolidated statement of financial position

	Unadjusted consolidated statement of financial position of the Group as at 30 June 2009	Pro forma adjustments		Pro forma Remaining Group
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*
	Note (a)	*Note (b)*	*Note (c)*	
Non-current assets				
Fixed assets	1,021	(56)		965
Intangible assets	–	–		–
	1,021			965
Current assets				
Inventories	1,576	(122)		1,454
Trade and other receivables	4,901	(1,457)		3,444
Cash and cash equivalents	21,544	(819)	(80)	20,645
	28,021			25,543
Current liabilities				
Trade and other payables	2,590	(1,983)		607
Unearned revenue	642	(441)		201
	3,232			808
Net current assets	24,789			24,735
NET ASSETS	25,810			25,700
CAPITAL AND RESERVES				
Share capital	8,198			8,198
Reserves	17,600	(18)	(80)	17,502
Total equity attributable to equity shareholders of the Company	25,798			25,700
Minority interests	12	(12)		–
TOTAL EQUITY	25,810			25,700

The notes on page 73 form part of this unaudited pro forma financial information.

II. Unaudited pro forma consolidated income statement

	Unadjusted consolidated income statement of the Group for the six months ended 30 June 2009	Pro forma adjustments		Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (d)*	*Note (e)*	
Turnover	5,954	(2,905)		3,049
Cost of sales	(3,689)	1,045		(2,644)
Gross profit	2,265			405
Other revenue and net income	226	(131)		95
Selling and administrative expenses	(9,644)	3,453		(6,191)
Loss on disposal of subsidiaries	–		(1,122)	(1,122)
Loss from operations	(7,153)			(6,813)
Finance costs	(12)			(12)
Loss before taxation	(7,165)			(6,825)
Income tax	–			–
Loss for the period	(7,165)			(6,825)

The notes on page 73 form part of this unaudited pro forma financial information.

III. Unaudited pro forma consolidated statement of cash flows

	Unadjusted consolidated statement of cash flows of the Group for the six months ended 30 June 2009	Pro forma adjustments		Pro forma Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note (a)	*Note (f)*	*Note (g)*	
Operating activities				
Cash used in operating activities	(10,425)	(275)		(10,700)
Tax paid - Hong Kong Profits Tax paid	(11)			(11)
Net cash used in operating activities	(10,436)			(10,711)
Investing activities				
Cash outflow from disposal of subsidiaries, net of cash disposal of	–		(665)	(665)
Interest received	47			47
Purchase of fixed assets	(297)	31		(266)
Net cash used in investing activities	(250)			(884)
Financing activities				
Interest paid	(12)			(12)
Net cash used in financing activities	(12)			(12)
Net decrease in cash and cash equivalents	(10,698)	(244)	(665)	(11,607)
Cash and cash equivalents at 1 January	32,377			32,377
Effect of foreign exchange rate changes	(135)	10		(125)
Cash and cash equivalents at 30 June	21,544			20,645

The notes on page 73 form part of this unaudited pro forma financial information.

IV. Notes to the unaudited pro forma financial information

(a) The unadjusted consolidated statement of financial position of the Group as at 30 June 2009, the unadjusted consolidated income statement and unadjusted consolidated statement of cash flows of the Group for the six months ended 30 June 2009 are extracted from the accountant's report set out in Appendix I of this circular.

(b) The adjustment reflects the de-consolidation of the assets and liabilities of the Sale Group, assuming that the Transaction had taken place on 30 June 2009.

(c) The adjustment reflects (i) the Base Purchase Price for the Company's economic interests in the Sale Group, consisting of cash payment in the amount of HK$300,000, less expenses of HK$380,000, and (ii) the estimated loss before tax of HK$98,000 resulting from the Transaction, calculated after deducting the carrying value (including goodwill) of the Sale Group as at 30 June 2009, assuming that the Transaction had taken place on 30 June 2009.

(d) The adjustment reflects the de-consolidation of the results of the Sale Group for the six months ended 30 June 2009, assuming that the Transaction had taken place on 1 January 2009.

(e) The adjustment reflects the estimated loss before tax of HK$1,122,000 resulting from the Transaction, calculated based on the consideration of HK$300,000, less expenses of HK$380,000, and the carrying value (including goodwill) of the Sale Group as at 1 January 2009, assuming that the Transaction had taken place on 1 January 2009.

(f) The adjustment reflects the exclusion of the cash flows of the Sale Group for the six months ended 30 June 2009, assuming that the Transaction had taken place on 1 January 2009.

(g) The adjustment of HK$665,000 reflects the cash and cash equivalents adjustment of HK$80,000, as explained in note (e) above, less cash of the Sale Group disposed of HK$585,000 assuming that the Transaction had taken place on 1 January 2009.

(h) The final amount of consideration, assets and liabilities of the Sale Group and the loss from the Transaction will be different from those amounts as presented above.

(i) No adjustment has been made to reflect any result or other transactions of the Group and the Sale Group entered into subsequent to 30 June 2009.

(j) The tax regulations applicable to the holding by our subsidiary, Elipva International Ltd. ("EIL") of its shares in Elipva Ltd. provide that upon disposal of that holding, no tax on any loss is payable by EIL.

B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

BAKER TILLY
HONG KONG LIMITED
Certified Public Accountants
香港天華會計師事務所有限公司
12th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
香港干諾道中168-200號信德中心招商局大廈12樓

Accountants' report on unaudited pro forma financial information
to the directors of M Dream Inworld Limited
(Incorporated in the Cayman Islands with limited liability)

We report on the unaudited pro forma financial information of M Dream Inworld Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 70 to 73 under the heading of "Unaudited Pro Forma Financial Information of the Remaining Group" (the "Unaudited Pro Forma Financial Information") in Appendix III of the Company's circular dated 12 October 2009 (the "Circular") in connection with the disposal of the 70% equity interest in Elipva Limited by Elipva International Limited, an indirect wholly-owned subsidiary of the Company (the "Transaction"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transaction might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 70 to 73 of the Circular.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 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 Listing 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 rule 7.31 (7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information 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 Financial Information 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 Report Engagements 300 "Accountant's Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted consolidated statement of financial position of the Group as at 30 June 2009, unadjusted consolidated income statement and unadjusted consolidated statement of cash flows of the Group for the six months ended 30 June 2009 as set out in Appendix I of this Circular with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

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 Financial Information 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 purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31 (1) of the GEM Listing Rules.

The Unaudited Pro Forma Financial Information is 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:

– the financial position of the Group as at 30 June 2009 or any future date, or

– the results and cash flows of the Group for the six months ended 30 June 2009 or any future period.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information 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 purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 7.31(1) of the GEM Listing Rules.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 12 October 2009

Andrew David Ross
Practising certificate number P01183

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading; and

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

2. DISCLOSURE OF INTERESTS

(a) Directors' 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
Universal Target Limited	1	206,666,666	Beneficial owner	18.91%
Eternal Mass Limited	1	206,666,666	Interest in controlled corporation	18.91%

Name of Director	*Note*	Number of Shares and/or underlying Shares	Type of Interests	Approximate percentage of issued share capital
Ms. Li Fang Hong	1	206,666,666	Interest in controlled corporation	18.91%
Mr. Gui Song	1	206,666,666	Interest in controlled corporation	18.91%

L: Long Position

Note:

1. These Shares are held by Universal Target Limited ("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 Fang Hong ("Ms. Li"). Accordingly, Mr. Gui Song, Ms. Li and EML are deemed to be interested in the shares beneficially owned by Universal Target. 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, save as disclosed below, as at the Latest Practicable Date, no 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.

(i) Interests in Shares:

Name of Shareholder	*Note*	Number of Shares and/or underlying Shares	Type of Interests	Approximate percentage of issued share capital
Mr. Yu Shu Kuen	1	273,333,333	Interest in controlled corporation	25.00%
Ample Field	1	273,333,333	Beneficial owner	25.00%

L: Long Position

Note:

1. These 273,333,333 Shares are held by Ample Field, which is wholly and beneficially owned by Mr. Yu Shu Kuen, a former Executive Director.

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.

3. DIRECTORS' SERVICE CONTRACTS

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

4. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors, management shareholders or substantial shareholders or any of their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or has, any other conflict of interest which any such person has or may have within the Group.

5. LITIGATION

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

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are 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 Company were made up.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by any member of the Group within two years immediately preceding the Latest Practicable Date which 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 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, 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;

(f) the underwriting agreement dated 22 June 2009 entered into among the Company and Kingston Securities Limited as underwriter in relation to the open offer of 273,279,476 offer Shares on the basis of one (1) offer Share for every three (3) Shares; and

(g) the Sale and Purchase Agreement.

Save for the aforementioned, no contract, not being contracts in the ordinary course of business carried on by the Company or any of its subsidiaries, has been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date.

8. EXPERT'S QUALIFICATION AND CONSENT

1. The following are the respective qualifications of the experts who have been named in this circular or have given their opinions, letters or advice which are contained in this circular:

Name	Qualification
Baker Tilly Hong Kong Limited ("Baker Tilly")	Certified Public Accountants

2. Baker Tilly has no shareholding, directly or indirectly, in any member of the Group or 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.

3. Baker Tilly has given and has not withdrawn its written consent to the issue of the circular, with the inclusion of the reference to its name and/or its opinion in the form and context in which they are included.

4. Baker Tilly has no direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Remaining Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Remaining Group since 31 December 2008, the date to which the latest published audited financial statements of the Group were made up.

9. INTEREST IN CONTRACTS AND ASSETS

Save for 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., no contract or arrangement of significance in relation to the Group's business to which the Company or any of its subsidiaries is a party and in which any Director has a material interest, whether directly or indirectly, subsist at the date of this circular.

None of the Directors and experts referred in the paragraph headed "Expert's qualification and consent" in this appendix has any direct or indirect interest in any asset which has been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries during the period since 31 December 2008, the date to which the latest published audited consolidated financial statements of the Group were compiled, up to and including the Latest Practicable Date.

10. MISCELLANEOUS

1. 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.

2. The head office and the principal place of business of the Company in Hong Kong is located at Room 909, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

3. The principal share registrar and transfer office of the Company is Butterfield Fulcrum Group (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands.

4. The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

5. The company secretary of the Company is Mr. Ng Kay Kwok who is an associate member of CPA, Australia.

6. The compliance officer of the Company is Ms. Li Fang Hong who is also an Executive Director.

7. The Company has established an audit committee with written terms of reference prepared and adopted with reference to the guidelines recommended by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external and internal audit and of internal controls and risk evaluation. The audit committee comprises three members, namely Ms. Zhao Yang, Mr. Cho Chun Wai and Mr. Chan Kam Kwan, Jason who are all Independent Non-executive Directors. Set out below are their background and directorships (present and past) of other companies listed on GEM, the main board of the Stock Exchange or other stock exchanges.

   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 33, 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, and an independent director of Man Shing Agricultural Holdings, Inc., a company listed on NASDAQ.

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.

8. The English text of this circular shall prevail over the Chinese text in case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (except Saturdays, Sundays and public holidays) at the head office and principal place of business of the Company at Room 909, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong as at the date of this circular up to and including 29 October 2009:

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

(ii) the annual reports of the Company for the two years ended 31 December 2008;

(iii) the unaudited interim report 2009 of the Company for the six months ended 30 June 2009;

(iv) the material contracts referred to in the section headed "Material contracts" in this appendix;

(v) the written consent referred to in the section headed "Expert's qualification and consent" in this appendix;

(vi) the letter from Baker Tilly Hong Kong Limited in respect of the unaudited pro forma financial information of the Remaining Group as set out in Appendix III in this circular; and

(vii) this circular.

M DREAM INWORLD LIMITED
聯夢活力世界有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8100)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of M Dream Inworld Limited (the "**Company**") to be held at Phoenix Room, The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong at 29 October 2009 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution with or without amendments:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional sale and purchase agreement dated 4 September 2009 (the "**Sale and Purchase Agreement**") entered into between Elipva International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, as vendor and Dr. Lui Siu-Man, as purchaser, in relation to the disposal of 148,609,832 shares in the share capital of Elipva Limited, an indirect non-wholly owned subsidiary of the Company, representing 70% the issued share capital of Elipva Limited, for a total cash consideration of HK$300,000 (a copy of Sale and Purchase Agreement will be produced to the Meeting marked "A" for the purpose of identification) and the transactions contemplated thereunder be and are thereby approved, confirmed and ratified; and

(b) any Director be and is thereby authorised to do all such acts and things and execute all documents which he/she consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation and completion of the Sale and Purchase Agreement and the matters contemplated thereunder."

By order of the Board
M Dream Inworld Limited
Li Fang Hong
Managing Director

Hong Kong, 12 October 2009

* *for identification purpose only*

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

Notes:

1. A member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

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

3. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.