M DREAM INWORLD LIMITED
聯夢活力世界有限公司

(Incorporated in the Cayman Islands with limited liability)

ANNUAL REPORT

09

Stock Code : 8100

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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This report, for which the directors of M Dream Inworld Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules ("GEM Listing Rules") Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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Corporate Information

DIRECTORS

Executive Directors

Li Fang Hong
Rong Hsu

Independent Non-executive Directors

Zhao Yang
Chan Kam Kwan, Jason
Cho Chun Wai

COMPLIANCE OFFICER

Li Fang Hong

AUTHORIZED REPRESENTATIVES

Li Fang Hong
Ng Kay Kwok

COMPANY SECRETARY

Ng Kay Kwok

AUDIT COMMITTEE

Zhao Yang
Chan Kam Kwan, Jason
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

Room 2208
22 Floor, Harbour Centre
25 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Bank of Butterfield
International (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 705
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26 Floor, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKER

Wing Hang Bank Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITORS

Baker Tilly Hong Kong Limited
Certified Public Accountants

STOCK CODE

8100

Board of Directors

Executive Directors

Ms. Li Fang Hong, aged 37, was appointed as an Executive Director and Managing Director of the Company on 19 May 2008. Ms. Li was graduated from the Zhejiang University with a doctor degree in optical engineering. She has profound knowledge and experience in the research and development of electro-optical technology gained in Japan and the People's Republic of China ("PRC"). Ms. Li presently is the managing director of a company in the field of electro-optical displays in the PRC.

Mr. Rong Hsu, age 59, was appointed as the Independent Non-executive Director of the Company on 26 March 2008 and was subsequently re-designated to be the Executive Director with effect from 11 December 2008. Mr. Hsu obtained his Mechanical Engineering Degree from the National Taiwan University, later on received his Masters Degree in Material Science from Brown University, USA and a Ph.D. in Material Engineering from the University of Maryland, USA. Mr. Hsu has been working in the science and technology field for more than 23 years. He is a founding member and senior advisor of the Chinese American Semiconductor Professional association. Mr. Hsu has been serving as independent director for ChipMos technology, Limited which is a company listed in NASDAQ.

Independent Non-executive Directors

Ms. Zhao Yang was appointed as an Independent Non-executive Director on 6 March 2008. Ms. Zhao, aged 51, 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 lawyer 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 and chairman of the Audit Committee 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 is a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Cho has been working in the accounting and finance field for various companies for more than ten years. He is now the Qualified Accountant and Finance Manager of a company listed on the Stock Exchange.

Mr. Chan Kam Kwan, Jason was appointed as an Independent Non-executive Director on 11 December 2008. Mr. Chan, aged 36, 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.

Managing Director's Statement

The year of 2009 could be marked as a year of change to the Company. We have disposed the Singapore subsidiary which always was in lost position over the past years. And we have started the sales of display equipment, components and related technology as a new business.

The income from this new business stream was yet to grow in 2009 as it was in an initial stage. With employment of competent staff and new offices opened, we expect the growth of this business will be remarkable in the coming years as the demand of large display system such as video walls, interactive reading and signage display boards in China is enormous. We have actively submitted tenders of different scales so to increase our sales, and we have established demonstration booths to display our products and technology in various high technology trade shows in China to build up our goodwill for long term. On the other hand the Company has already done some ground work for entering into the micro projection market, trying to launch proper products within this year. We are also considering bringing in business partners for this. We expect portable integrated projection TV and built-in projectors will become the trendy products for youngsters and professionals.

The world's economy in general is on the way to recovery. China in particular is the engine of the world's economy as reflected in its economic growth of over eight percent in 2009. With our business experience and network in there, the Company insists technology innovation and will try to develop other kinds of high technology products to ride on the tide of growth driven by high technology, as pinpointed in the "science development policy" stated by the Central Government of China.

The Company is seeking and exploring opportunities in developing business in green energy sector including the high efficient energy storage systems, electrical automobiles and smart grid etc. We hope in the near future we can make progress on them to bring in new values to the shareholders of the Company.

Li Fang Hong
Managing Director

1 March 2010

Report of the Directors

The Directors are pleased to present the annual report ("the Report") together with the audited financial statements of the Company and its subsidiaries (together "the Group") for the year ended 31 December 2009 ("the Year").

The Company was incorporated in the Cayman Islands on 30 July 2001 as an exempted company with limited liability under the Company Laws of the Cayman Islands. Its shares have been listed on the GEM of the Stock Exchange since 31 December 2001.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are detailed in note 17 to the financial statements.

SEGMENT INFORMATION

An analysis of the principal activities and geographical locations of operations of the Group for the Year is set out in note 15 to the financial statements.

RESULTS AND DIVIDENDS

Details of the Group's results for the Year are set out in the consolidated income statement on page 23 of the Report.

The Directors do not recommend the payment of a final dividend for the Year.

CHARITABLE DONATIONS

Charitable donations made by the Group during the Year amounted to HK$200,000 (2008: HK$nil).

SHARE CAPITAL

Details of the Company's share capital are set out in note 29 to the financial statements.

RESERVES

Movements in reserves of the Group and the Company during the Year are set out in consolidated statement of changes in equity on page 27 of the Report and in note 29 to the financial statements respectively.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Year.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FIXED ASSETS

Details of the movements in fixed assets of the Group and the Company during the Year are set up in note 16 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales for the Year attributable to the Group's major customers are as follows:

Sales

– the largest customer 9%

– five largest customers combined 35%

The percentages of purchases for the Year attributable to the Group's major suppliers are as follows:

Purchases

– the largest supplier 64%

– five largest suppliers combined 85%

None of the Directors, their respective associates and shareholders of the Company (which to the knowledge of the Directors own more than 5% of the issued capital of the Company) had any interest in any of the five largest customers and suppliers (other than the largest supplier) of the Group for the Year. The largest supplier from purchases for the Year was treated as Continuing Connected Transactions as disclosed in note 34(b) to the financial statements.

POST BALANCE SHEET EVENTS

On 13 January 2010, the Group acquired a 40% equity interest in Cellex Investment Limited for a cash consideration of HK$600,000.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 92 of the Report.

CONTINUING CONNECTED TRANSACTIONS

The Group has entered into the Framework Agreement for the Continuing Connected Transactions during the Year with the Greatsource Group which is controlled by Ms. Li Fang Hong and her associate(s). Ms. Li Fang Hong is the Managing Director and a substantial shareholder of the Company. The details of the Framework Agreement and the Continuing Connected Transactions are contained in the circular of the Company issued on 18 February 2009.

For the Year the amount of the Continuing Connected Transactions was HK$4,608,000 which represented the amount of goods the Group has purchased from the Greatsource Group.

The auditors of the Company have reviewed the Continuing Connected Transactions on an annual basis and they have issued a letter to the Board expressing their opinion on the Continuing Connected Transactions for the Year. Based on this letter from the auditors and after their own review, the Independent Non-executive Directors of the Company confirm the Continuing Connected Transactions for the Year have been entered into (a) in the ordinary and usual course of business of the Company; (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the Framework Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Details of the Continuing Connected Transactions of the Group are set out in note 34(b) to the financial statements.

MANAGEMENT CONTRACTS

No Director of the Company has any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation) during the Year and as at the date of the Report.

COMPETING INTEREST

None of the Directors or the management shareholders of the Company has any interest in a business which competes or may compete with the business of the Group during the Year and as at the date of the Report.

Report of the Directors

DIRECTORS

The Directors who held office during the Year and up to the date of the Report were:

	Appointed on	Resigned on
Executive Directors		
Mr. Yu Shu Kuen	30 January 2007	30 September 2009
Mr. Rong Hsu	26 March 2008	
Ms. Li Fang Hong	19 May 2008	
Independent Non-executive Directors		
Ms. Zhao Yang	6 March 2008	
Mr. Cho Chun Wai	19 November 2008	
Mr. Chan Kam Kwan, Jason	11 December 2008	

In accordance with the Company's Articles of Association, Ms. Zhao Yang, Mr. Cho Chun Wai and Mr. Chan Kam Kwan, Jason shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company confirmed that annual confirmations of independence were received from each of the Company's existing Independent Non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all existing Independent Non-executive Directors are considered to be independent by the Company.

DIRECTORS' INTERESTS IN CONTRACT

None of the Directors had any interests in any contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, and which subsisted at the end of the Year or at any time during the Year except Director Ms. Li Fang Hong had an interest in the Continuing Connected Transactions with details as set out in note 34(b) to the financial statements.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2009, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance "SFO", Chapter 571 under the Laws of Hong Kong), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the shares and underlying shares of the Company

Name of Director	Personal interests	Corporate interests	Total interests	Percentage of interests
Mr. Yu Shu Kuen	–	273,333,333 *(note 1)*	273,333,333	25.00%
Ms. Li Fang Hong	–	206,666,666 *(note 2)*	206,666,666	18.91%

Notes:

1. These shares are held by Ample Field Limited of which the entire issued capital is beneficially owned by Mr. Yu Shu Kuen. Accordingly, Mr. Yu Shu Kuen is deemed to be interested in these shares beneficially owned by Ample Field Limited. Mr. Yu Shu Kuen resigned as the Executive Director of the Company on 30 September 2009.

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

Save as disclosed above, as at 31 December 2009, none of the Directors or chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executives, their respective spouses or children under the age of 18 to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

2007 New Share Option Scheme

On 24 December 2007, this new share option scheme was approved by shareholders of the Company in an extraordinary general meeting. This scheme is to enable the Company to grant options to either Directors or employees of the Group in order to recognize and motivate their contribution, provide incentives and to help the Group in retaining its existing employees and recruiting additional quality employees and to provide them with a direct economics interest in attaining the long term business objectives of the Group.

No options were ever granted under this scheme as at 31 December 2009.

Details of the Company's share option schemes are set out in note 28 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this Report, the Company has maintained the prescribed public float under the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2009, the following persons had, or were deemed to have, interests or short positions in the shares or underlying shares which would require to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 or Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the group, or substantial shareholder details required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Number of shares held	Percentage of the Company's share capital
Ample Field Limited *(note 1)*	273,333,333	25%
Mr. Yu Shu Kuen *(note 1)*	273,333,333	25%
Universal Target Limited *(note 2)*	206,666,666	18.91%
Eternal Mass Limited *(note 2)*	206,666,666	18.91%
Mr. Gui Song *(note 2)*	206,666,666	18.91%
Ms. Li Fang Hong *(note 2)*	206,666,666	18.91%

Notes:

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

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

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee members as at the date of this Report are Ms. Zhao Yang, Mr. Cho Chun Wai and Mr. Chan Kam Kwan, Jason. They are the Independent Non-executive Directors of the Company. The Audit Committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit committee met on a quarterly basis during the Year.

The Company's financial statements for the Year have been reviewed and discussed by the Audit Committee before any disclosure and release of information.

Report of the Directors

BOARD PRACTICES AND PROCEDURES

The Company has compiled with the board practices and procedures as set out in Rules 5.34 of the GEM Listing Rules during the Year.

AUDITORS

Baker Tilly Hong Kong Limited acted as auditors of the Company for the year ended 31 December 2009. Baker Tilly Hong Kong Limited shall retire and offer themselves for re-appointment by the approval of the Company shareholders in the forthcoming annual general meeting.

ON BEHALF OF THE BOARD
Li Fang Hong
Managing Director

1 March 2010

Corporate Governance Report

The Board of Directors would like to present this Corporate Governance Report for the Year.

In November 2004, The Stock Exchange promulgated the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules which sets out corporate governance principles ("the Principles") and code provisions ("the Code Provisions") with which listed issuers are expected to follow and comply.

During the Year the Company has applied the Principles and on best effort basis complied with the Code Provisions except for Code Provision A2.1. Code Provision A2.1 requires the separation of the roles of Chairman and Chief Executive Officer. The Chairman should be responsible for the management of the board of directors, whereas the daily management of business operations should rest on the Chief Executive Officer.

The Company has complied with Code Provision A2.1 during the year until Mr. Yu Shu Kuen, the former Chairman of the Company resigned on 30 September 2009. Since then, the Managing Director of the Company, Ms. Li Fang Hong, has temporarily taken up the role as chairman while carrying out her duties as the Managing Director. The Company is actively seeking the right candidate to fill the vacancy and the appointment of new chairman is expected soon.

Other key corporate governance principles and practices of the Company are summarized as follows:

THE BOARD

(1) Responsibilities

The Board should assume responsibility for leadership and control of the Company and is collectively be responsible for promoting the success of the Company. All Directors should take decisions objectively in the interests of the Company.

As at 31 December 2009, the Board comprised two Executive Directors and three Independent Non-executive Directors. The biographies of the Directors are set out on page 3 of this Report.

The Board should meet regularly and at least four times a year at approximately quarterly intervals. Formal notice of at least 14 days will be given to all Directors in respect of a regular meeting. For special meetings, reasonable notice will be given to all Directors before each meeting. During the Year there were 12 board meetings conducted. The Directors were participated either in person or through other electronic means of communication in the meetings. The attendance of Directors is summarized as follows:

Mr. Rong Hsu	9 meetings
Ms. Li Fang Hong	12 meetings
Ms. Zhao Yang	8 meetings
Mr. Chao Chun Wai	11 meetings
Mr. Chan Kam Kwan, Jason	10 meetings

The Board should agree procedures to enable Directors, upon reasonable request, to seek independent professional advice at the Company's expense.

All Directors should have access to the advice and services of the company secretary with a view to ensuring that board procedures and all applicable rules are followed.

(2) Composition

The composition of the Board reflects the balance of skills and experience appropriate for the requirements of the Company's business and for the exercise of independent decisions.

The Company has three Independent Non-executive Directors which is more than one-third of the Board. They are professionals in different areas and provide independent opinions based on their expertise.

The Company has received from each of the present Independent Non-executive Directors a confirmation of independence. The Board considers each of them to be independent by reference to the GEM Listing Rules.

(3) Appointments, re-election & removal of directors

The Company has established formal, considered and transparent procedures for the appointment of new directors. Although the Company has not set up a nomination committee, the Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and retirement of directors and assessing the independence of independent non-executive directors.

The Company's Articles of Association has been amended by the approval of shareholders. According to the present Company's Articles of Association all non-executive directors retire at each annual general meeting and are subject to re-elections by shareholders in the same meeting. Other relevant Articles state that all directors appointed to fill a casual vacancy should be subject to re-elections by shareholders at their first annual general meeting after appointment, and one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retired director shall be eligible for re-election. All directors should retire by rotation at least once every three years including those appointed for a specific term.

Any director resigning or being removed should give explanations and reasons to the Board.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The following statement, which sets out the responsibility of Directors in relation to the financial statements, should be read in conjunction with, but distinguished from, the Independent Auditor's Report on pages 21 to 22 which acknowledges the reporting responsibility of the Group's Auditor.

ANNUAL REPORT AND ACCOUNTS

The Directors acknowledge their responsibility for the preparation of the Annual Report and financial statements of the Company to ensure that these financial statements give a true and fair presentation in accordance with Hong Kong Companies Ordinance and the applicable accounting standards.

ACCOUNTING POLICIES

The Directors consider that in preparing the financial statements, the Group applies appropriate accounting policies that are consistently adopted and makes judgements and estimates that are reasonable and prudent in accordance with the applicable accounting standards.

ACCOUNTING RECORDS

The Directors are responsible for ensuring that the Group keeps accounting records which disclose the financial position of the Group upon which financial statements of the Group could be prepared in accordance with the Group's accounting policies.

SAFEGUARDING ASSETS

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities within the Group.

TRAINING FOR DIRECTORS

Each newly appointed director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so to ensure that he/she has appropriate understanding of the business and operations of the Company, and he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

AUDITORS' REMUNERATION

During the Year approximately HK$555,000 has been given as professional fees to the external auditors. Among it approximately HK$365,000 was as audit fee, and HK$112,000 and HK$78,000 were as financial service fees respectively for the Very Substantial Disposal exercise completed in October and the Open Offer exercise completed in July of the Year.

BOARD COMMITTEES

(1) Remuneration Committee

Code Provision B1.1 stipulates that an issuer should establish a Remuneration Committee with specific written terms of reference and a majority of the members of the Remuneration Committee should be independent non-executive directors.

The primary objectives of the Remuneration Committee include making recommendations on the remuneration policy and structure of, and determining the specific remuneration packages of, all directors and senior management.

The Company has established its Remuneration Committee on 1 February 2007 and all the present Independent Non-executive Directors are the present committee members. The committee will conduct meetings to discuss the remuneration policy on directors and senior management when it is appropriate. **During the Year, one meeting of Remuneration Committee was held and all committee members attended the meeting**.

(2) Audit Committee

The main duties of the Audit Committee include the following:

(a) To monitor the control procedures and the disclosures on the reporting of the Company's financial statements, and to review and discuss with external auditors any significant financial reporting standards and guidelines applied to the financial statements.

(b) To consider any significant or unusual items that are, or may need to be, reflected in financial reports and accounts, and give due consideration to matters raised by the Company's qualified accountant, compliance officer or external auditors.

(c) To review the relationship with the external auditors by reference to the work performed by them, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of auditors.

(d) To review the Company's financial controls, internal control and risk management systems.

The Audit Committee held four meetings during the Year to review the financial results and reports, financial reporting and compliance procedures, report on the Company's internal control and risk management review and processes and the re-appointment of external auditors. **All the present Independent Non-executive Directors are the committee members and they attended all the four meetings**.

The Audit Committee also held a meeting to review the annual results and the reporting of it for the Year ended 31 December 2009.

DEALINGS FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has relied on Rules 5.48 to 5.67 of the GEM Listing Rules as the required standard of dealings in respect to any dealings of the Company's securities by the Company's Directors. General and specific enquiries have been made to all Directors and they all confirmed they have complied with said GEM Listing Rules during the Year.

SHAREHOLDER RIGHTS

According to the GEM Listing Rules, all resolutions proposed in any general meetings are by poll. Results on the voting will be posted on the websites of the Stock Exchange and the Company by way of an announcement on the business day following the general meeting.

The general meetings of the company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board as well as the chairmen of the board committees or, in their absence, other members of the respective committees and, where applicable, the independent board committee, are normally available to answer questions at the shareholders' meetings.

Management Discussion and Analysis

BUSINESS REVIEW

In October 2009 the shareholders of the Company have approved in a general meeting the disposal of the Singapore subsidiary which is engaged in providing system solution services business. Although this subsidiary has achieved a turnover of HK$5,226,000 during the period up to the date of disposal, the loss absorbed by the Company was HK$2,587,000. The Company no longer has to take up the loss of this subsidiary after the disposal.

The display business recorded a turnover of HK$5,191,000 for the Year. There were contracts from both governmental and non-governmental entities engaged by the Beijing subsidiary. The Company is committed to put in its resources to strengthen this business.

The cash and cash equivalents of the Group as at 31 December 2009 had HK$21,889,000 and the Group remained in a very healthy cash position.

FINANCIAL REVIEW

Turnover

The turnover of the Group for continuing operation was HK$5,555,000 for the Year, representing an increase of approximately 172% compared to the turnover for the year ended 31 December 2008 of approximately HK$2,042,000.

Loss for the year

The loss of the Group attributable to the shareholders of the Company for the Year was HK$14,166,000 compared to the same of loss of HK$8,358,000 for the year ended 31 December 2008. This was mainly due to the increase in selling and administrative expenses for the Year as more management staff have been employed and more offices were opened.

Liquidity and financial resources

The Group's total liabilities decreased to HK$1,592,000 as at 31 December 2009 from HK$4,064,000 as at 31 December 2008. The Group had HK$21,889,000 in cash and cash equivalents as at 31 December 2009 which was far more enough to settle its total liabilities. Therefore no liquidity problem is expected by the Group in the year of 2010.

Capital structure

On 31 July 2009, the Company issued 273,279,476 offer shares at HK$0.045 per offer share by way of an open offer on the basis of one offer share for every three issued shares held on 8 July 2009. The net proceed of approximately HK$11,700,000 from the open offer was used for general working capital and future business expansion. Besides that there has been no significant change in the capital structure of the Company for the Year.

Foreign exchange exposure

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

Significant investments

The Group had no significant investments during the Year.

Material acquisitions and disposals

The Group had no material acquisition during the Year and the Singapore subsidiary was disposed in October 2009. This disposal constituted a Very Substantial Disposal under the GEM Listing Rules and a circular relating to it was dispatched to the shareholders of the Company on 12 October 2009. The gain on this disposal is set out in note 10(a) to the financial statements.

Aging of trade receivables and payables

The aging of the Group's trade receivables and payables as at 31 December 2009 are set out in note 21 and note 23 to the financial statements respectively.

Gearing ratio

As at 31 December 2009 the gearing ratio of the Group was 5% (2008: 11%).

Employee information

The Group currently has about 20 employees (2008: 30) working in Hong Kong, Beijing and Shenzhen. The decrease of headcount is due to the disposal of the Singapore subsidiary.

Contingent liabilities

As at 31 December 2009 the Directors did not consider the Group had any contingent liabilities (2008: HK$nil).

Management Discussion and Analysis

OUTLOOK

The Company will further strengthen its effort in the display business this year. There is great demand in large display system such as interactive reading and signage display boards and video walls in China and this is the market the Company is tackling. Some tenders for contracts of relatively large scale have been proposed, and it would bring in new momentum in development if the Company could obtain the contracts.

Micro projection is another arena of display business with lots of potential. Portable integrated projection TV and built-in projectors are expected to be the trendy products for youngsters and professionals. The Company has already done some ground work to enter this market and proper products may be able to launch within this year. The Company is also considering bringing in business partners for this.

Due to global warming, pushing for low carbon emission and develop green energy are the works being promoted by the world and the Chinese government. The Company is seeking and exploring opportunities in high efficient energy storage systems, electrical automobiles and smart grid etc. By doing so the Company intends not only to capture the potential but also to diversify its business scope.

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

Independent auditor's report to the shareholders of
M Dream Inworld Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of M Dream Inworld Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 23 to 91, which comprise the consolidated and Company balance sheets as at 31 December 2009, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 1 March 2010

Andrew David Ross
Practising certificate number P01183

Consolidated Income Statement

For the year ended 31 December 2009
(Expressed in Hong Kong dollars)

	Notes	2009 $'000	2008 $'000 (Re-presented)
Continuing operations			
Turnover	4	**5,555**	2,042
Cost of sales		**(4,662)**	(1,754)
Gross profit		**893**	288
Other revenue and net income/(loss)	5	**300**	(515)
Selling and administrative expenses		**(14,465)**	(8,160)
Loss from operations		**(13,272)**	(8,387)
Finance costs	6(a)	**(15)**	–
Loss before taxation	6	**(13,287)**	(8,387)
Income tax credit	7	**–**	7
Loss for the year from continuing operations		**(13,287)**	(8,380)
Discontinued operations			
(Loss)/profit for the year from discontinued operations	10(b)	**(1,486)**	300
Loss for the year		**(14,773)**	(8,080)
Attributable to:			
Equity shareholders of the Company		**(14,166)**	(8,358)
Minority interests		**(607)**	278
		(14,773)	(8,080)
Loss per share	14		
From continuing and discontinued operations			
Basic		**(HK1.51 cents)**	(HK1.02 cents)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(HK1.42 cents)**	(HK1.03 cents)
Diluted		**N/A**	N/A

The notes on pages 30 to 91 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009
(Expressed in Hong Kong dollars)

	Note	**2009** **$'000**	2008 $'000
Loss for the year		**(14,773)**	(8,080)
Other comprehensive (expense)/income for the year	13		
Exchange differences on translation of financial statements of overseas subsidiaries		**(548)**	965
Total comprehensive loss for the year		**(15,321)**	(7,115)
Attributable to:			
Equity shareholders of the Company		**(14,714)**	(7,393)
Minority interests		**(607)**	278
Total comprehensive loss for the year		**(15,321)**	(7,115)

The notes on pages 30 to 91 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2009
(Expressed in Hong Kong dollars)

	Notes	2009 $'000	2008 $'000
Non-current assets			
Fixed assets	16	**1,730**	851
Interest in an associate	18	**–**	–
Goodwill	19	**–**	–
		1,730	851
Current assets			
Inventories	20	**2,078**	59
Trade and other receivables	21	**5,240**	3,888
Amount due from an associate	18	**84**	–
Cash and cash equivalents	22	**21,889**	32,377
Current tax recoverable	26(a)	**6**	–
		29,297	36,324
Current liabilities			
Trade and other payables	23	**1,211**	2,639
Unearned revenue		**–**	816
Obligations under a finance lease	24	**83**	–
Amounts due to related parties	25	**–**	598
Current tax payable	26(a)	**–**	11
		1,294	4,064
Net current assets		**28,003**	32,260
Total assets less current liabilities		**29,733**	33,111
Non-current liabilities			
Obligations under a finance lease	24	**298**	–
NET ASSETS		**29,435**	33,111
CAPITAL AND RESERVES			
Share capital	29(b)	**10,931**	8,198
Reserves		**18,504**	24,463
Total equity attributable to equity shareholders of the Company		**29,435**	32,661
Minority interests		**–**	450
TOTAL EQUITY		**29,435**	33,111

Approved and authorised for issue by the board of directors on 1 March 2010

Li Fang Hong
Director

Rong Hsu
Director

The notes on pages 30 to 91 form part of these financial statements.

Balance Sheet

At 31 December 2009
(Expressed in Hong Kong dollars)

	Notes	2009 $'000	2008 $'000
Non-current assets			
Investments in subsidiaries	*17*	**4,200**	4,200
Current assets			
Amounts due from subsidiaries	*17*	**3,000**	11,217
Other receivables	*21*	**–**	63
Cash and cash equivalents	*22*	**15,997**	17,279
		18,997	28,559
Current liabilities			
Accrued expenses and other payables	*23*	**334**	623
Net current assets		**18,663**	27,936
NET ASSETS		**22,863**	32,136
CAPITAL AND RESERVES	*29(a)*		
Share capital		**10,931**	8,198
Reserves		**11,932**	23,938
TOTAL EQUITY		**22,863**	32,136

Approved and authorised for issue by the board of directors on 1 March 2010

Li Fang Hong	**Rong Hsu**
Director	*Director*

The notes on pages 30 to 91 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2009
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Contributed surplus	Exchange reserve	Accumulated losses	Total	Minority interests	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2008	8,007	159,239	6,426	(483)	(138,371)	34,818	–	34,818
Partial disposal of discontinued operations	–	–	–	–	–	–	172	172
Shares issued upon loan capitalisation	191	5,227	–	–	–	5,418	–	5,418
Professional expenses incurred in loan capitalisation	–	(182)	–	–	–	(182)	–	(182)
Total comprehensive loss for the year	–	–	–	965	(8,358)	(7,393)	278	(7,115)
Balance at 31 December 2008 and at 1 January 2009	8,198	164,284	6,426	482	(146,729)	32,661	450	33,111
Disposal of discontinued operations	–	–	–	–	–	–	157	157
Shares issued upon open offer	2,733	9,565	–	–	–	12,298	–	12,298
Professional expenses incurred in open offer	–	(810)	–	–	–	(810)	–	(810)
Total comprehensive loss for the year	–	–	–	(548)	(14,166)	(14,714)	(607)	(15,321)
Balance at 31 December 2009	10,931	173,039	6,426	(66)	(160,895)	29,435	–	29,435

The notes on pages 30 to 91 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2009
(Expressed in Hong Kong dollars)

	Notes	2009 $'000	2008 $'000
Operating activities			
Loss before taxation		**(14,773)**	(8,087)
Adjustments for:			
– Finance costs	6(a)	**15**	40
– Interest income	5	**(106)**	(445)
– Depreciation	6(c)	**475**	211
– Loss on disposal of a subsidiary	6(c)	**52**	–
– Gain on disposal of discontinued operations	6(c)	**(1,101)**	(267)
– Loss/(gain) on disposal of fixed assets, net	5	**52**	(9)
– Impairment loss of trade receivables	6(c)	**23**	4
– Impairment loss of amount due from an associate	6(c)	**216**	–
Operating loss before changes in working capital		**(15,147)**	(8,553)
Decrease in work-in-progress		**–**	598
Increase in inventories		**(2,045)**	(59)
(Increase)/decrease in trade and other receivables		**(2,100)**	43,442
Increase in amount due from an associate		**(300)**	–
Increase/(decrease) in trade and other payables		**537**	(3,012)
(Decrease)/increase in unearned revenue		**(579)**	575
Decrease in amounts due to related parties		**(598)**	(13,331)
Cash (used in)/generated from operations		**(20,232)**	19,660
Income tax paid		**(17)**	–
Net cash (used in)/generated from operating activities		**(20,249)**	19,660
Investing activities			
Interest received		**106**	445
Payment for purchase of fixed assets		**(1,354)**	(922)
Proceeds from disposal of fixed assets		**350**	1,787
Net cash (outflow)/inflow from disposal of discontinued operations		**(645)**	440
Net cash (used in)/generated from investing activities		**(1,543)**	1,750

Consolidated Cash Flow Statement

For the year ended 31 December 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Financing activities			
Interest paid		**(15)**	(40)
Proceeds from issue of shares upon open offer		**11,488**	–
Proceeds from unsecured loans		**–**	946
Repayment of obligations under a finance lease		**(59)**	–
Net cash generated from financing activities		**11,414**	906
Net (decrease)/increase in cash and cash equivalents		**(10,378)**	22,316
Cash and cash equivalents at 1 January		**32,377**	9,178
Effect of foreign exchange rate changes		**(110)**	883
Cash and cash equivalents at 31 December	*22*	**21,889**	32,377

The notes on pages 30 to 91 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Hong Kong dollars)

1 COMPANY INFORMATION

M Dream Inworld Limited is incorporated in the Cayman Islands under the Companies Law (2001 Revision) of the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business in Hong Kong is located at Room 2208, 22nd floor, 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"). The principal activity of the Company is investment holding. The principal activities of the Company's subsidiary companies are set out in note 17 to the financial statements.

The Group disposed of its business segment of system solution services during the financial year and such business segment as classified as discontinued operations for the year ended 31 December 2009.

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate.

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

The preparation of financial statements 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 statements and major sources of estimation uncertainly are discussed in note 35.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Subsidiaries and minority interests

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

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

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

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

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment losses (see note 2(h)).

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Associate

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(h)). The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interest that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Group's balance sheet, investment in an associate is stated at cost less impairment losses (see note 2(h)).

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate 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 arising on a business combination is allocated to each cash-generating units, or groups, of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(h)). In respect of associate, the carrying amount of goodwill is included in the carrying amount of the interest in the associate and the investment as a whole is tested for impairment whenever there is object evidence of impairment (see note 2(h)).

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 or an investment in an assoicate is recognised immediately in profit or loss.

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

(f) Fixed assets

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.

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) 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) Assets acquired under finance leases

Where the group acquires the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the group will obtain ownership of the asset, the life of the asset, as set out in note 1(f). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(h). Finance charges implicit in the lease payments are charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(iii) 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets

(i) Impairment of receivables

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

– significant financial difficulty of the debtor;

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

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

– 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 investments in associates recognised using the equity method (see note 2(d)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(h)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(h)(ii).

– 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(i) Impairment of receivables (Continued)

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 debtors 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 debtors and other receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

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

– fixed assets;

– investments in subsidiaries;

– interest in an associate; 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(ii) Impairment of other assets (Continued)

– Calculation of recoverable amount

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

– Reversals of impairment losses

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) 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.

(j) 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(h)), 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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 cash flow statement.

(m) Employee benefits

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Employee benefits *(Continued)*

(ii) Share-based payments

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

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

(iii) Termination benefits

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income tax

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Income tax *(Continued)*

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

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

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

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

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Provisions and contingent liabilities

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

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

(p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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.

(iv) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Translation of foreign currencies

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Borrowing costs

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

(s) Discontinued operations

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 separated 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, 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 statement of comprehensive income, 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) Share capital

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(u) Related parties

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, 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 respect of 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.

3 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 8, Operating segments
- HKAS 1 (revised 2007), Presentation of financial statements
- Amendments to HKFRS 7, Financial instruments: Disclosures – improving disclosures about financial instruments
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate
- HKAS 23 (revised 2007), Borrowing costs
- Amendments to HKFRS 2, Share-based payment – vesting conditions and cancellations

Except for HKAS 1 (revised 2007) as described below, the adoption of these new and revised HKASs and HKFRSs have no impact on the Group's financial statements.

3 CHANGES IN ACCOUNTING POLICIES *(Continued)*

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

4 TURNOVER

The principal activities of the Group are sales of software and hardware and system solution services and sales of display equipment, components and related technology.

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

	Continuing operations		Discontinued operations		Total	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover						
Sales of optical display equipment, components and related technology	**5,191**	403	**–**	–	**5,191**	403
Sales of software and hardware	**364**	1,639	**–**	–	**364**	1,639
System solution services	**–**	–	**5,226**	13,191	**5,226**	13,191
	5,555	2,042	**5,226**	13,191	**10,781**	15,233

5 OTHER REVENUE AND NET INCOME/(LOSS)

	Continuing operations		Discontinued operations		Total	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Other revenue						
Bank interest income	**106**	445	**–**	–	**106**	445
Government grant	**–**	–	**203**	–	**203**	–
Written-back of accruals and interest payables	**275**	–	**–**	–	**275**	–
	381	445	**203**	–	**584**	445
Other net income/(loss)						
(Loss)/gain on disposal of fixed assets, net	**(52)**	9	**–**	–	**(52)**	9
Net foreign exchange gains/(losses)	**23**	(992)	**1**	(14)	**24**	(1,006)
Net sundry (loss)/income	**(52)**	23	**–**	–	**(52)**	23
	(81)	(960)	**1**	(14)	**(80)**	(974)
	300	(515)	**204**	(14)	**504**	(529)

6 LOSS BEFORE TAXATION

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

		Continuing operations		Discontinued operations		Total	
		2009	2008	**2009**	2008	**2009**	2008
		$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
(a)	Finance costs						
	Interest expenses on unsecured loans	**–**	–	**–**	40	**–**	40
	Finance charges on obligations under a finance lease	**15**	–	**–**	–	**15**	–
		15	–	**–**	40	**15**	40
(b)	Staff costs (including directors' remuneration)						
	Salaries, wages and other benefits	**4,170**	2,689	**4,926**	5,087	**9,096**	7,776
	Contributions to defined contribution retirement plan	**143**	32	**429**	545	**572**	577
		4,313	2,721	**5,355**	5,632	**9,668**	8,353
(c)	Other items						
	Depreciation	**431**	164	**44**	47	**475**	211
	Impairment losses						
	– trade receivables	**23**	4	**–**	–	**23**	4
	– amount due from an associate	**216**	–	**–**	–	**216**	–
	Gain on disposal of discontinued operations	**–**	–	**(1,101)**	(267)	**(1,101)**	(267)
	Loss on disposal of a subsidiary	**52**	–	**–**	–	**52**	–
	Auditors' remuneration	**515**	272	**40**	23	**555**	295
	Operating lease charges: minimum lease payments						
	– hire of office premises	**1,768**	1,632	**321**	387	**2,089**	2,019
	– hire of other assets	**314**	–	**–**	–	**314**	–
	Cost of inventories	**4,662**	1,754	**2,031**	6,530	**6,693**	8,284

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operations		Total	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Current tax – Hong Kong Profits Tax						
Provision for the year	**–**	6	**–**	–	**–**	6
Overprovision in respect of prior years	**–**	(13)	**–**	–	**–**	(13)
Actual tax credit	**–**	(7)	**–**	–	**–**	(7)

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the year.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries. No taxation has been provided in the financial statements of the subsidiaries operating outside Hong Kong for the year (2008: HK$nil).

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT *(Continued)*

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

	2009	2008
	$'000	*$'000*
(Loss)/profit before taxation		
Continuing operations	**(12,186)**	(8,387)
Discontinued operations	**(2,587)**	300
	(14,773)	(8,087)
Notional tax credit on loss before taxation	**(2,437)**	(1,334)
Tax effect of different taxation rates in other tax jurisdictions	**(163)**	(42)
Tax effect of non-deductible expenses	**765**	660
Tax effect of non-taxable income	**(211)**	(79)
Tax effect of unused tax losses not recognised	**2,100**	879
Overprovision in respect of prior years	**–**	(13)
Others	**(54)**	(78)
Actual tax credit	**–**	(7)

8 DIRECTORS' REMUNERATION

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

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	2009 Total $'000
Executive directors					
Ms. Li Fang Hong *(note (i))*	–	–	–	–	–
Mr. Rong Hsu *(note (ii))*	60	–	–	–	60
Mr. Yu Shu Kuen	900	–	–	–	900
Independent non-executive directors					
Mr. Cho Chun Wai *(note (iii))*	120	–	–	–	120
Mr. Chan Kam Kwan, Jason *(note (iv))*	120	–	–	–	120
Ms. Zhao Yang *(note (v))*	60	–	–	–	60
	1,260	–	–	–	1,260

8 DIRECTORS' REMUNERATION *(Continued)*

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

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

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

8 DIRECTORS' REMUNERATION *(Continued)*

Notes:

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

(ii) 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.

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

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

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

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

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

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

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

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

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

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2008: one) is a former director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four (2008: four) individuals are as follows:

	2009	2008
	$'000	*$'000*
Salaries and other emoluments	**2,234**	1,089
Retirement scheme contributions	**192**	29
	2,426	1,118

The emoluments of the four (2008: four) individuals with the highest emoluments are within the following bands:

	2009 Number of individuals	2008 Number of individuals
HK$nil – HK$1,000,000	**4**	4

10 DISPOSAL OF DISCONTINUED OPERATIONS

(a) On 20 March 2008, the Group disposed of a 30% equity interest in a wholly-owned subsidiary company, Elipva Limited, together with its interest in a subsidiary, Elipva Inc., at a consideration of HK$560,000.

On 29 October 2009, the Group further disposed of the remaining 70% equity interest in Elipva Limited, together with its interest in a subsidiary, Elipva Inc., at a consideration of HK$300,000.

The business of sales of system solution services carried out by the subsidiaries was discussed as discontinued operations.

Details of the net assets disposed of and the gain on the disposal of the discontinued operations are as follows:

	2009 *$'000*
Net assets/(liabilities) disposed of:	
Fixed assets	40
Goodwill	–
Trade and other receivables	698
Cash and cash equivalents	421
Trade and other payables	(2,202)
Minority interests	157
Exchange reserve	(439)
	(1,325)
Professional expenses incurred on disposal	524
Gain on disposal of discontinued operations *(note 6(c))*	1,101
	300
Satisfied by:	
Cash consideration	300
Net cash outflow arising on disposal:	
Cash consideration received	300
Cash and cash equivalents disposed of	(421)
Payment for professional expenses incurred on disposal	(524)
	(645)

10 DISPOSAL OF DISCONTINUED OPERATIONS *(Continued)*

(b) The combined results of the disposal of discontinued operations as in note 10(a) and the sales of system solution services for the year have been included in the consolidated income statement as follows:

	2009	2008
	$'000	*$'000*
Turnover	**5,226**	13,191
Cost of sales	**(2,031)**	(6,530)
Gross profit	**3,195**	6,661
Other revenue and net income/(loss)	**204**	(14)
Selling and administrative expenses	**(5,986)**	(6,574)
(Loss)/profit from operations	**(2,587)**	73
Finance costs	**–**	(40)
(Loss)/profit before taxation	**(2,587)**	33
Income tax expense	**–**	–
	(2,587)	33
Gain on disposal of discontinued operations *(note 10(a))*	**1,101**	267
(Loss)/profit for the year from discontinued operations	**(1,486)**	300

11 DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2009 (2008: HK$nil).

12 LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$20,761,000 (2008: HK$8,288,000) which has been dealt with in the financial statements of the Company.

13 OTHER COMPREHENSIVE (EXPENSE)/INCOME

Tax effects relating to each component of other comprehensive (expense)/income

	2009			2008		
	Before tax amount	**Tax expense**	**Net-of-tax amount**	Before tax amount	Tax expense	Net-of-tax amount
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Exchange differences on translation of financial statements of overseas subsidiaries	**(548)**	**–**	**(548)**	965	–	965

14 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of HK$14,166,000 (2008: HK$8,358,000) and the weighted average of 935,140,000 ordinary shares (2008: 817,499,000 shares) in issue during the year, calculated as follows:

	Number of shares	
	2009	2008
	'000	*'000*
Issued ordinary shares at 1 January	**819,838**	800,694
Effect of open offer	**115,302**	–
Effect of loan capitalisation	**–**	16,805
Weighted average number of ordinary shares at 31 December	**935,140**	817,499

14 LOSS PER SHARE *(Continued)*

(a) Basic loss per share *(Continued)*

From continuing operations

The calculation of basic loss per share from continuing operations attributable to the equity shareholders of the Company is based on the following data:

	2009	2008
	$'000	*$'000*
Loss for the year attributable to the equity shareholders of the Company for the purpose of basic loss per share	**(14,166)**	(8,358)
(Loss)/profit for the year from discontinued operations	**(1,486)**	300
Less: (Loss)/profit for the year attributable to minority interests from discontinued operations	**(607)**	278
(Loss)/profit for the year attributable to the equity shareholders of the Company from discontinued operations	**(879)**	22
Loss for the year attributable to the equity shareholders of the Company for the purpose of basic loss per share from continuing operations	**(13,287)**	(8,380)

The calculation of basic loss per share from continuing operations is based on the loss attributable to equity shareholders of the Company of HK$13,287,000 (2008: HK$8,380,000) and the weighted average of 935,140,000 ordinary shares (2008: 817,499,000 shares) in issue during the year.

From discontinued operations

The calculation of basic loss per share from discontinued operations is based on the loss attributable to equity shareholders of the Company of HK$879,000 (2008: profit of HK$22,000) and the weighted average of 935,140,000 ordinary shares (2008: 817,499,000 shares) in issue during the year.

(b) Diluted loss per share

No diluted loss per share has been presented as there were no dilutive events during the years ended 31 December 2009 and 2008.

15 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

– Sale of system solution services

– Sale of display equipment, components and related technology

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments for the years ended 31 December 2009 and 2008 is set out below.

	Continuing operations		Discontinued operations					
	Sales of display equipment, components and related technology		System solution services		Unallocated		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue from external customers	**4,373**	403	**5,226**	13,191	**1,182**	1,639	**10,781**	15,233
Segment result	**(535)**	(480)	**(1,486)**	300			**(2,021)**	(180)
Unallocated income							**442**	1,496
Unallocated expenses							**(13,194)**	(9,403)
Loss before income tax							**(14,773)**	(8,087)
Income tax credit							**–**	7
Loss for the year							**(14,773)**	(8,080)
Segment assets								
Total assets	**8,649**	10,174	**–**	3,707	**22,378**	23,294	**31,027**	37,175
Segment liabilities								
Total liabilities	**438**	541	**–**	2,205	**1,154**	1,318	**1,592**	4,064
Other segment information								
Capital expenditure	**422**	90	**32**	53	**1,340**	779	**1,794**	922
Depreciation	**97**	3	**44**	47	**334**	161	**475**	211
Impairment loss on trade receivables	**–**	–	**–**	–	**23**	4	**23**	4
Gain on disposal of discontinued operations	**–**	–	**(1,101)**	(267)	**–**	–	**(1,101)**	(267)

15 SEGMENT REPORTING *(Continued)*

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and the location of operations, in the case of interests in associates.

	Revenues from external customers		Specified non-current assets	
	2009	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong (place of domicile)	**1,182**	1,639	**1,311**	706
Mainland China	**4,373**	403	**415**	87
Singapore	**5,226**	13,191	**4**	58
	10,781	15,233	**1,730**	851

16 FIXED ASSETS

The Group

	Leasehold improvements $'000	Office equipment $'000	Furniture and fixtures $'000	Computer hardware and software $'000	Motor vehicles $'000	Total $'000
Cost:						
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	3	2	–	82	–	87
Additions	431	266	2	60	1,035	1,794
Disposals	–	–	(–)	(866)	(466)	(1,332)
Disposals of discontinued operations	(93)	(130)	–	(2,228)	–	(2,451)
At 31 December 2009	431	445	82	44	989	1,991
Accumulated depreciation:						
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	3	3	–	79	–	85
Charge for the year	48	81	16	194	136	475
Written back on disposals	–	–	–	(867)	(63)	(930)
Written back on disposals of discontinued operations	(91)	(119)	–	(2,201)	–	(2,411)
At 31 December 2009	47	95	30	9	80	261
Net book value:						
At 31 December 2009	384	350	52	35	909	1,730
At 31 December 2008	3	177	66	192	413	851

Fixed assets held under finance leases

During the year, additions to motor vehicles of the Group financed by new finance leases were HK$440,000 (2008: HK$nil). At the balance sheet date, the net book value of motor vehicles held under a finance lease of the Group was HK$375,000 (2008: HK$nil).

17 INVESTMENTS IN AND ACCOUNTS WITH SUBSIDIARIES

	The Company	
	2009	2008
	$'000	*$'000*
Unlisted shares, at cost	**11,985**	11,985
Less: Provision for impairment loss	**(7,785)**	(7,785)
	4,200	4,200
Amounts due from subsidiaries	**21,035**	13,958
Less: Provision for impairment loss	**(18,035)**	(2,741)
	3,000	11,217

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

Details of the Group's subsidiaries as at 31 December 2009 are as below:

Name of company	Place of incorporation and operation	Particulars of issued and fully paid up share capital/registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Billion Harvest Development Limited *(note 1)*	Hong Kong	Ordinary HK$1	100%	–	100%	Dormant
Elite Ford Limited *(note 2)*	Hong Kong	Ordinary HK$1	100%	–	100%	Investment holding
Elipva (Hong Kong) Limited *(note 2)* (formerly known as "NewTrend MDI Limited")	Hong Kong	Ordinary HK$1	100%	–	100%	Sales of software and hardware
Elipva International Limited *(note 2)*	British Virgin Islands ("BVI")	Ordinary US$1,000	100%	100%	–	Investment holding

(Expressed in Hong Kong dollars)

17 INVESTMENTS IN AND ACCOUNTS WITH SUBSIDIARIES *(Continued)*

Name of company	Place of incorporation and operation	Particulars of issued and fully paid up share capital/registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Elipva (Greater China) Holdings Limited *(note 2)*	Hong Kong	Ordinary HK$1	100%	–	100%	Investment holding
iBar International Holdings Limited *(note 2)*	BVI	Ordinary US$1	100%	100%	–	Investment holding
Karlon Development Limited *(note 2)*	Hong Kong	Ordinary HK$1	100%	–	100%	Sourcing of electronic parts and sales of optical display equipment, components and related technology
Mission Ahead Limited *(note 2)*	BVI	Ordinary US$1	100%	–	100%	Investment holding
Upway (Hong Kong) Limited *(note 2)*	Hong Kong	Ordinary HK$1	100%	100%	–	Dormant
北京聯夢活力世界咨詢服務有限公司 *(note 3)*	The People's Republic of China ("PRC")	Registered capital HK$1,000,000	100%	–	100%	Provision of IT marketing and consultancy services
廣泰益昌(北京)科技有限公司 *(note 4)*	PRC	Registered capital HK$10,000,000	100%	–	100%	Sales of optical display equipment, components and related technology

17 INVESTMENTS IN AND ACCOUNTS WITH SUBSIDIARIES *(Continued)*

Notes:

1 Newly acquired on 23 July 2009, audited by Peleus & Co., Certified Public Accountants for statutory purposes.

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

3 Audited by 北京嘉潤會計師事務所有限公司, the PRC, for statutory purpose. The subsidiary is registered as a wholly foreign owned enterprise under the PRC law.

4 Audited by 北京森和光會計師事務所有限責任公司, the PRC, for statutory purpose. The subsidiary is registered as a wholly foreign owned enterprise under the PRC law.

18 INTEREST IN AN ASSOCIATE

	The Group	
	2009	2008
	$'000	*$'000*
Unlisted shares, at cost	**–**	–
Share of net assets	**–**	–
	–	–
Amount due from an associate	**300**	–
Less: Provision for impairment loss *(note 6(c))*	**(216)**	–
	84	–

The amount due from an associate is unsecured, interest free and has no fixed terms of repayment and denominated in Hong Kong dollars.

18 INTEREST IN AN ASSOCIATE *(Continued)*

Details of the Group's associate as at 31 December 2009 are as below:

Name of company	Place of incorporation and operations	Particulars of issued and fully paid up share capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
OLE Consultants Limited	Hong Kong	Ordinary HK$4	25%	–	25%	Securities investment

Summary financial information on an associate is set out below:

	Assets	Liabilities	Equity	Revenue	Loss
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
2009					
100 per cent	343	(1,200)	(857)	–	(842)
Group's effective interest	–	–	–	–	–

19 GOODWILL

	The Group
	$'000
Cost:	
At 1 January 2008 and 31 December 2008	18,334
Disposals of discontinued operations	(18,334)
At 31 December 2009	–
Accumulated impairment losses:	
At 1 January 2008 and 31 December 2008	18,334
Written back on disposals of discontinued operations	(18,334)
At 31 December 2009	–
Carrying value:	
At 31 December 2008 and 2009	–

20 INVENTORIES

	The Group	
	2009	2008
	$'000	*$'000*
Trading goods	**2,078**	59

21 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*
Trade receivables	**1,390**	3,398	**–**	–
Less: provision for impairment loss *(note 21(b))*	**–**	(374)	**–**	–
	1,390	3,024	**–**	–
Prepayments and deposits	**2,512**	864	**–**	63
Other receivables	**1,338**	–	**–**	–
	3,850	864	**–**	63
	5,240	3,888	**–**	63

All of the trade and other receivable, apart from rental deposits of HK$138,000, are expected to be recovered or recognised as expenses within one year.

The directors considered that the fair value of trade receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inspection.

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis

The majority of the Group's sales are on credit or documents against payment. According to the credit rating of different customers, the Group allow a range of credit periods ranging from 30 days to 60 days (2008: 30 days to 60 days) to its trade customers. Further details on the group's credit policy are set out in note 30(a).

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

	The Group	
	2009	2008
	$'000	*$'000*
Current	**1,064**	2,001
Less than 1 month past due	**266**	750
1 to 3 months past due	**24**	33
More than 3 months but less than 12 months past due	**36**	240
Amounts past due	**326**	1,023
	1,390	3,024

(b) 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(h)).

The movements in the provision for impairment loss on trade receivables are as follows:

	The Group	
	2009	2008
	$'000	*$'000*
At 1 January	**374**	370
Provision for impairment loss on trade receivables	**23**	4
Uncollectible amounts written off	**(23)**	–
Disposal of discontinued operations	**(374)**	–
At 31 December	**–**	374

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Impairment of trade receivables *(Continued)*

At each balance sheet date, the Group reviews trade receivables for evidence of impairment on both individual and collective basis. The impaired trade receivables are due from customers that were in default of payments.

The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on individual or collective basis.

(c) Trade receivables that are not impaired

The ageing analysis of the Group's trade receivables that are past due as at the balance sheet date but not impaired, based on due date is as follows:

	The Group	
	2009	2008
	$'000	*$'000*
Neither past due nor impaired	**1,064**	2,001
Less than 1 month past due	**266**	750
1 to 3 months past due	**24**	33
More than 3 months but less than 12 months past due	**36**	240
	326	1,023
	1,390	3,024

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.

22 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*
Deposits with banks	**6,003**	17,206	**6,003**	17,000
Cash at bank and in hand	**15,886**	15,171	**9,994**	279
	21,889	32,377	**15,997**	17,279

23 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*
Trade payables	**346**	661	**–**	–
Accrued expenses and other payables	**865**	1,978	**334**	623
	1,211	2,639	**334**	623

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.

23 TRADE AND OTHER PAYABLES *(Continued)*

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

	The Group	
	2009	2008
	$'000	*$'000*
0 to 90 days	**346**	353
91 to 180 days	**–**	213
Over 180 days	**–**	95
	346	661

24 OBLIGATIONS UNDER A FINANCE LEASE

At 31 December 2009, the Group had obligations under the finance lease repayable as follows:

	The Group			
	2009		2008	
	Present value of the minimum lease payments	**Total minimum lease payments**	Present value of the minimum lease payments	Total minimum lease payments
	$'000	***$'000***	*$'000*	*$'000*
Within 1 year	**83**	**99**	–	–
After 1 year but within 2 years	**87**	**99**	–	–
After 2 years but within 5 years	**211**	**223**	–	–
After 5 years	**–**	**–**	–	–
	298	**322**	–	–
	381	**421**	–	–
Less: total future interest expenses		**(40)**		–
Present value of lease obligations	**381**	**381**	–	–

25 AMOUNTS DUE TO RELATED PARTIES

The amounts due were unsecured, interest free, had no fixed terms of repayment.

26 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

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

	The Group	
	2009	2008
	$'000	*$'000*
Provision for Hong Kong Profits Tax for the year	**–**	6
Balance of Profits Tax (credit)/provision relating to prior years	**(6)**	5
	(6)	11

(b) Deferred taxation

No provision for deferred tax liabilities has been made as the Group and the Company do not have any material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements (2008: HK$nil).

The Group has not recognised any deferred tax assets in respect of losses of HK$37,520,000 (2008: HK$24,793,000) due to the unpredictability of the future profit streams.

The unrecognised tax losses will expire in the following years ending 31 December:

	The Group	
	2009	2008
	$'000	*$'000*
2011	**42**	42
2012	**286**	290
2013	**544**	551
2014	**1,596**	–
No expiry date	**35,052**	23,910
	37,520	24,793

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

Under the Central Provident Fund (the "CPF") of Singapore, the Group contributed 14.5% (2008: 14.5%) of relevant income of the staff and the contribution is charged to the income statement.

Under the MPF Scheme and CPF, there is no forfeited contribution which could be utilised to reduce the level of the contribution by the Group and therefore there was no such balance as at 31 December 2009.

The Group does not have any other pension schemes for its employees in respect of its subsidiaries outside Hong Kong, Singapore and the PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2009 in respect of the retirement of its employees.

28 EQUITY SETTLED SHARE-BASED TRANSACTIONS

2007 New Share Option Scheme

The purpose of the 2007 New 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 New Share Option Scheme up to the date of the approval of the financial statements.

29 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital	Share premium	Contributed surplus	Accumulated losses	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2008	8,007	159,239	2,985	(135,043)	35,188
Shares issued upon loan capitalisation	191	5,227	–	–	5,418
Professional expenses incurred in loan capitalisation	–	(182)	–	–	(182)
Total comprehensive loss for the year	–	–	–	(8,288)	(8,288)
Balance at 31 December 2008 and at 1 January 2009	8,198	164,284	2,985	(143,331)	32,136
Shares issued upon open offer	2,733	9,565	–	–	12,298
Professional expenses incurred in open offer	–	(810)	–	–	(810)
Total comprehensive loss for the year	–	–	–	(20,761)	(20,761)
Balance at 31 December 2009	10,931	173,039	2,985	(164,092)	22,863

29 CAPITAL AND RESERVES *(Continued)*

(b) Share capital

Authorised and issued share capital

	2009 No. of shares '000	**2009** $'000	2008 No. of shares '000	2008 $'000
Authorised:				
Ordinary shares of HK$0.01 each	**6,000,000**	**60,000**	6,000,000	60,000
Ordinary shares, issued and fully paid:				
At 1 January	**819,837**	**8,198**	800,694	8,007
Shares issued in open offer *(note (i))*	**273,279**	**2,733**	–	–
Shares issued upon loan capitalisation *(note (ii))*	**–**	**–**	19,143	191
At 31 December	**1,093,116**	**10,931**	819,837	8,198

29 CAPITAL AND RESERVES *(Continued)*

(b) Share capital *(Continued)*

Notes:

(i) Pursuant to the ordinary resolutions passed on 9 July 2009, the Company made an open offer (the "Open Offer") of 273,279,476 offer shares at a subscription price of HK$0.045 per offer share on the basis of one offer share for every three shares.

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

On 5 February 2008, the Company entered into a Loan Capitalisation Agreement with Brilliant Path Limited ("Brilliant"), an independent third party, pursuant to which Brilliant agreed to subscribe for an aggregate of 16,804,979 new shares at a price of approximately HK$0.241 per share by 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 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.

(c) Nature and purpose of reserves

(i) Share premium reserve

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

29 CAPITAL AND RESERVES *(Continued)*

(c) Nature and purpose of reserves *(Continued)*

(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.

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

Under the Companies Law (Revised) of the Cayman Islands, a company may make distributions to its members out of the contributed surplus account under certain circumstanices. 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.

(iii) Exchange reserve

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

(iv) Distributability of reserves

At 31 December 2009, the aggregate amount of reserves available for distribution to equity shareholders of the Company was approximately HK$11,932,000 (2008: HK$23,938,000).

29 CAPITAL AND RESERVES *(Continued)*

(d) Capital management

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

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

The Group and the Company monitor its capital structure on the basis of a net debt-to-adjusted-capital ratio. For this purpose, adjusted net debt as total debt (which includes trade and other payables, obligation under a finance lease and amounts due to related parties, which is applicable) less cash and cash equivalents. Adjusted capital comprises all components of equity.

During 2009, the Group's strategy was to maintain the an adjusted net debt-to-adjusted-capital ratio at the lower end of the range 10% to 45%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

29 CAPITAL AND RESERVES *(Continued)*

(d) Capital management *(Continued)*

	The Group		The Company	
	2009	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*
Current liabilities:				
Trade and other payables	**1,211**	2,639	**334**	623
Obligations under a finance lease	**83**	–	**–**	–
Amounts due to related parties	**–**	598	**–**	–
Non-current liabilities	**1,294**	3,237	**334**	623
Obligations under a finance lease	**298**	–	**–**	–
Total debt	**1,592**	3,237	**334**	623
Less: Cash and cash equivalents	**(21,889)**	(32,377)	**(15,997)**	(17,279)
Adjusted net debt	**(20,297)**	(29,140)	**(15,663)**	(16,656)
Adjusted capital – Total equity	**29,435**	33,111	**22,863**	32,136
Adjusted net debt-to-capital ratio	**N/A**	N/A	**N/A**	N/A

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

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

(a) Credit risk

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

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

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

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

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 21.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk

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

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

(i) The Group

	2009 Contractual undiscounted cash outflow					2008 Contractual undiscounted cash outflow		
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Balance sheet carrying amount	Within 1 year or on demand	Total	Balance sheet carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables	1,211	–	–	1,211	1,211	2,639	2,639	2,639
Obligations under a finance lease	99	99	223	421	381	–	–	–
Amounts due to related parties	–	–	–	–	–	598	598	598
	1,310	99	223	1,632	1,592	3,237	3,237	3,237

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(b) Liquidity risk *(Continued)*

(ii) The Company

	2009 Contractual undiscounted cash outflow			2008 Contractual undiscounted cash outflow		
	Within 1 year or on demand	Total	Balance sheet carrying amount	Within 1 year or on demand	Total	Balance sheet carrying amount
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Accrued expenses and other payables	**334**	**334**	**334**	623	623	623

(c) Interest rate risk

The company's interest rate risk arises primarily from finance lease obligations at fixed rates expose the company to fair value interest rate risk.

The company's interest rate profile as monitored by management is set out below:

	2009 Effective interest rate		2008 Effective interest rate	
	%	*$'000*	%	*$'000*
Obligations under a finance lease	**6.05**	**15**	–	–

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(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.

By assessing the foreign currency risk, the effect arising from a reasonable possible changes in the exchange rates of Renminbi, Singapore dollars and United States dollars against Hong Kong dollars in the next twelve months was not material to the results for the years ended 2009 and 2008, on the basis that all other variables remain constant.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(d) Foreign currency risk *(Continued)*

(iii) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the year end date.

The Group

	Exposure to foreign currencies (expressed in Hong Kong dollars)					
	2009			2008		
	Renminbi	**Singapore dollars**	**United States dollars**	Renminbi	Singapore dollars	United States dollars
	$'000	***$'000***	***$'000***	*$'000*	*$'000*	*$'000*
Trade and other receivables	**1,591**	**–**	**992**	79	570	–
Cash and cash equivalents	**1,329**	**–**	**–**	481	103	4
Trade and other payables	**(445)**	**–**	**–**	(135)	(272)	(11)
Amounts due to related parties	**–**	**–**	**–**	–	(50)	–
Net exposure arising from recognised assets and liabilities	**2,475**	**–**	**992**	425	351	(7)

The Company has no significant exposure to currency risk arising from forecast transactions or recognised assets or liabilities denominated in a currency other than the functional currency of the Company as at 31 December 2009 and 2008.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

(e) Equity price risk

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

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2009 and 2008.

31 COMMITMENTS

At 31 December 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group			
	2009		2008	
	Properties	**Others**	Properties	Others
	$'000	***$'000***	*$'000*	*$'000*
Within 1 year	**1,296**	**513**	1,317	35
After 1 year but within 5 years	**581**	**181**	–	74
	1,877	**694**	1,317	109

The Group is the lessee in respect of a number of properties, items of office equipment and motor vehicles 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.

32 CONTINGENT LIABILITIES

At 31 December 2009 and 2008, the Group and the Company had no significant contingent liabilities.

33 MAJOR NON-CASH TRANSACTIONS

During the year, the Group acquired HK$440,000 of motor vehicle under a finance lease. In prior year, the Group had unsecured loans with a carrying amount of approximately HK$5,418,000 capitalised into 19,143,439 ordinary shares of the Company with par value of HK$0.01 each.

34 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

During the year, the Group entered into the following material related party transactions:

	Note	**2009** **$'000**	2008 $'000
Purchase of display equipment, components and related technology from a related company	*(i)*	**4,608**	–
Sale of fixed assets to a related company	*(ii)*	**350**	–

(i) Purchases of display equipment, components and related technology from 鴻源控股有限公司 ("Greatsource Holding Co., Ltd."), a PRC company which is controlled by Ms. Li Fang Hong, an Executive Director and substantial shareholder of the Company, and her associate(s), amounted to HK$4,608,000 (2008: HK$nil).

The Group's wholly owned subsidiary, 廣泰益昌（北京）科技有限公司, ("Guang Tai Yichang (Beijing) Technology Co., Ltd.") entered into a framework agreement with 鴻源控股有限公司 ("Greatsource Holding Co., Ltd."), a PRC company which is controlled by Ms Li Fang Hong, an Executive Director and substantial shareholder of the Company, and her associate(s), to purchase display equipment and components and related technology, in an aggregate commercial value of, but not exceeding, HK$97,000,000, HK$126,000,000 and HK$149,000,000 in the calendar years of 2009, 2010 and 2011 respectively. The transaction has been approved in an extraordinary general meeting on 9 March 2009. Details of the transaction and the results of the extraordinary general meeting are set out in the Company's announcements dated 18 February and 9 March 2009 respectively.

(ii) Two motor vehicles with an aggregate net book value of HK$364,000 were sold to a related company at a total consideration of HK$350,000.

Balances with related parties are disclosed in the balance sheets and in notes 17, 18 and 25.

35 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(i) Trade and other receivables

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

(ii) Useful lives of fixed assets

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

(iii) Income taxes

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

(Expressed in Hong Kong dollars)

36 COMPARATIVE FIGURES

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

37 POST BALANCE EVENTS

On 13 January 2010, the Group acquired a 40% equity interest in Cellex investment Limited for a cash consideration of HK$600,000.

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2009 and which have not been adopted in these financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters[2]
HKFRS 1 (Revised)	First Time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions[2]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instrument[6]
HKAS 18 Amendments	Revenue[2]
HKAS 24 (Revised)	Related Party Disclosure[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues[3]
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items[1]
HK(IFRIC)-Int 14 Amendment	Prepayment of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[4]
HK(IFRIC)-Int 4 Amendment	Determination of Length of Lease Term in respect of Hong Kong Land Leases[2]

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009 *(Continued)*

Apart from the above, the HKICPA has also issued Improvements to HKFRSs* which set out amendments to number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 which are effective for the annual periods on or after 1 July 2009, other amendments are effective for annual periods beginning on or after 1 January 2010 although there is separate transitional provision for each standard.

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2010
3 Effective for annual periods beginning on or after 1 February 2010
4 Effective for annual periods beginning on or after 1 July 2010
5 Effective for annual periods beginning on or after 1 January 2011
6 Effective for annual periods beginning on or after 1 January 2013
* Improvements to HKFRSs contain amendments to HKFRS 2, HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 18, HKAS 36, HKAS 38, HKAS 39, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16.

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.

Five Years Financial Information

The following is a summary of the published results and of the assets and liabilities of the Group for the five years ended 31 December 2005, 2006, 2007, 2008 and 2009:

Results

	Year ended				
	31 December 2009	31 December 2008	31 December 2007	31 December 2006	31 December 2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	**5,555**	15,233	15,112	13,931	14,432
(Loss)/profit from operations	**(13,272)**	(8,047)	10,755	5,328	(107,783)
Finance costs	**(15)**	(40)	(174)	(2,209)	(2,136)
(Loss)/profit before taxation	**(13,287)**	(8,087)	10,581	3,119	(109,919)
Taxation	**–**	7	(18)	–	–
(Loss)/profit after taxation from continuing operations	**(13,287)**	(8,080)	10,563	3,119	(109,919)
(Loss)/profit after taxation from discontinued operations	**(1,486)**	–	–	12,402	(27,977)
(Loss)/profit for the year	**(14,773)**	(8,080)	10,563	15,521	(137,896)
(Loss)/profit attributable to					
– Equity holders of the Company	**(14,166)**	(8,358)	10,563	15,521	(137,772)
– Minority interests	**(607)**	278	–	–	(124)
	(14,773)	(8,080)	10,563	15,521	(137,896)

Assets and liabilities

	As at 31 December				
	2009	2008	2007	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**31,027**	37,175	58,947	3,719	6,994
Total liabilities	**(1,592)**	(4,064)	(24,129)	(37,197)	(54,866)
Minority interests	**–**	(450)	–	–	–
Shareholders' fund	**29,435**	32,661	34,818	(33,478)	(47,872)