



M DREAM INWORLD LIMITED
聯 夢 活 力 世 界 有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8100)

INTERIM REPORT 2007

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the this report.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (“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.

As at the date of this report, the board of Directors consists of Mr. Ha Shu Tong, Mr. Yu Shu Kuen, Mr. Tham Ming Yong and Mr. Domingo Chen being the executive directors, Mr. Koh Tat Lee, Michael being the non-executive director, Mr. Cheung Wai Shing, Mr. Tsang Kwok Wai and Mr. Chu, Ray, being the independent non-executive directors.

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 A dark grey rectangular box containing the text "INTERIM REPORT 2007" in white, uppercase letters. The text is arranged in three lines: "INTERIM" on the first line, "REPORT" on the second line, and "2007" on the third line.

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RESULTS

The board of directors (“the Board”) of M Dream Inworld Limited (“the Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together “the Group”) for the six months ended 30 June 2007 (“the Period”).

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months and six months ended 30 June 2007 (in HK Dollars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Turnover	2	2,983	1,132	8,135	6,400
Cost of sales		(737)	(1,020)	(2,134)	(4,939)
Gross profit		2,246	112	6,001	1,461
Other revenue	3	14,934	6	16,549	10
Administrative expenses		(3,918)	(1,939)	(7,560)	(5,321)
Selling and distribution costs		(13)	(24)	(24)	(69)
Profit/(loss) from operations		13,249	(1,845)	14,966	(3,919)
Finance costs		(138)	(5)	(149)	(193)
Profit/(loss) before taxation		13,111	(1,850)	14,817	(4,112)
Taxation	4	-	-	-	-
Net profit/(loss) attributable to shareholders		13,111	(1,850)	14,817	(4,112)
Earnings/(loss) per share					
Basic (HK cent)	5	0.50	(0.07)	0.57	(0.16)
Diluted (HK cent)	5	N/A	N/A	N/A	N/A

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CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2007 (unaudited) HK\$'000	31 December 2006 (audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		1,619	415
Current assets			
Cash and bank balances		776	617
Prepayments, deposits and other receivables		1,051	755
Time deposits		452	62
Trade receivables		1,471	1,870
		<u>3,750</u>	<u>3,304</u>
Current liabilities			
Amount due to a related party	7	16,471	–
Bank overdraft		784	–
Other payables and accruals		5,177	8,925
Short term unsecured interest bearing loans		–	26,274
Trade payables		289	1,998
		<u>22,721</u>	<u>37,197</u>
Net current liabilities		(18,971)	(33,893)
Non-current liabilities			
Long term unsecured interest bearing loan		1,368	–
Net liabilities		<u>(18,720)</u>	<u>(33,478)</u>
Representing			
Share capital		26,069	26,069
Reserves	8	(44,789)	(59,547)
		<u>(18,720)</u>	<u>(33,478)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Six months ended	
	30 June 2007 HK\$'000	30 June 2006 HK\$'000
Total equity at 1 January 2007/2006	(33,478)	(47,872)
Exchange realignment	(59)	-
Net profit/(loss) for the period	<u>14,817</u>	<u>(4,112)</u>
Total equity at 30 June 2007/2006	<u>(18,720)</u>	<u>(51,984)</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
(UNAUDITED)**

	Six months ended	
	30 June 2007 HK\$'000	30 June 2006 HK\$'000
Net cash used in operating activities	(3,614)	(451)
Net cash used in investing activities	(1,298)	–
Net cash generated from financing activities	<u>4,680</u>	<u>–</u>
Net decrease in cash and cash equivalents	(232)	(451)
Effect of foreign exchange rate changes	(3)	–
Cash and cash equivalents at 1 January	<u>679</u>	<u>953</u>
Cash and cash equivalents at 30 June	<u><u>444</u></u>	<u><u>502</u></u>
Analysis of balance of cash and cash equivalents		
Cash and bank balances	776	311
Time deposits	452	191
Bank overdraft	<u>(784)</u>	<u>–</u>
	<u><u>444</u></u>	<u><u>502</u></u>

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NOTES TO THE CONDENSED FINANCIAL INFORMATION

1. Basis of preparation

The consolidated financial statements of the Company have been prepared under the historical cost convention in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited.

The accounting policies adopted in preparing the unaudited consolidated financial statements for the six months ended 30 June 2007 are consistent with those followed in the annual report of the Company for the year ended 31 December 2006.

2. Turnover

Turnover
System solutions services income
Others

Six months ended 30 June	
2007 HK\$'000	2006 HK\$'000
7,844	6,400
291	-
8,135	6,400

3. Other revenue

The Company recorded a gain on derecognition of unsecured loans of HK\$ 16,137,000 during the Period.

4. Taxation

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profits in Hong Kong for the Period (2006: Nil).

Taxation on overseas profits is charged at the rates of taxation prevailing in the countries in which the companies operate. No overseas taxation has been made in the financial statements for the subsidiaries operating outside Hong Kong for the Period (2006: Nil).

5. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the net profit/(loss) attributable to shareholders for the Period of approximately HK\$14,817,000 (2006: a loss of HK\$4,112,000) and the weighted average of 2,606,949,911 (2006: 2,606,949,911) ordinary shares in issue during the Period.

No diluted earnings/(loss) per share has been presented because the exercise price of the Company's issued share options was higher than the average market price per share for the Period and other potential ordinary shares are anti-dilutive.

6. Segment information

The details of business segments are as follows:

	Six months ended					
	System solution services		Others		Consolidated	
(a)	30 June 2007	30 June 2006	30 June 2007	30 June 2006	30 June 2007	30 June 2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales from external customers	7,844	6,400	291	–	8,135	6,400
Other revenue	16,548	10	1	–	16,549	10
	<u>24,392</u>	<u>6,410</u>	<u>292</u>	<u>–</u>	<u>24,684</u>	<u>6,410</u>
Results	<u>15,299</u>	<u>(2,797)</u>	<u>(333)</u>	<u>(1,122)</u>	<u>14,966</u>	<u>(3,919)</u>
Finance costs					(149)	(193)
Profit/(loss) before taxation					14,817	(4,112)
Taxation					–	–
Profit/(loss) attributable to shareholders					<u>14,817</u>	<u>(4,112)</u>
(b)	System solution services		Others		Consolidated	
	30 June 2007	31 Dec. 2006	30 June 2007	31 Dec. 2006	30 June 2007	31 Dec. 2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	3,391	2,865	1,978	854	5,369	3,719
Segment liabilities	23,923	6,357	166	30,840	24,089	37,197
Other segment information:						
Depreciation	68	244	25	19	93	263

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RESULTS

The details of geographical segments are as follows:

	Six months ended	
	30 June 2007 HK\$'000	30 June 2006 HK\$'000
Turnover		
Mainland China	291	–
Singapore	6,282	6,400
Hong Kong	1,562	–
	<u>8,135</u>	<u>6,400</u>
Othe revenue		
Mainland China	1,157	–
Singapore	–	8
Hong Kong	15,392	2
	<u>16,549</u>	<u>10</u>
Total revenue	<u>24,684</u>	<u>6,410</u>
Segment results		
Mainland China	(333)	–
Singapore	(159)	(2,797)
Hong Kong	15,458	(1,122)
Profit/(loss) from operations	14,966	(3,919)
Finance costs	(149)	(193)
Taxation	–	–
Profit/(loss) attributable to shareholders	<u>14,817</u>	<u>(4,112)</u>

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7. Amount due to a related party

The amount due was unsecured, interest free and had no fixed terms of repayment.

8. Reserves

There were no movements in reserves of the Group during the Period other than net profit attributable to shareholders of approximately HK\$14,817,000 and an exchange realignment of approximately HK\$59,000.

9. Dividend

The Board does not recommend any payment of dividend for the Period (2006: Nil).

INDEPENDENT REVIEW REPORT

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF M DREAM INWORLD LIMITED

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 2 to 8 which comprises the condensed balance sheet of M Dream Inworld Limited as of 30 June 2007 and the related condensed statements of income, changes in equity and cash flows for the six-month period ended 30 June 2007, and a summary of significant accounting policies and other explanatory notes. The GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Financial Reporting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the six months ended 30 June 2007 is not prepared, in all material respects, in accordance with Hong Kong Financial Reporting Standards.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 27 July 2007

Andrew David Ross

Practising Certificate number P01183

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BUSINESS REVIEW

By the great effort of the new management the Group has gradually regained its healthiness in its financial position since June 2006. With back up from the Company the principal subsidiary in Singapore, Elipva, has been successfully awarded a few system development contracts with remarkable margins, one of them is offered by the Hospital Authority of the Singapore government. The turnover generated from these new contracts will begin being recognized from July 2007 and Elipva should benefit from it and achieve profits at the end of this year.

The Beijing subsidiary has also procured its first consultancy contract of contract sum Renminbi 800,000. Part of it was already booked within this interim results and the rest will be recognized in the second half of 2007. The management considers the Beijing subsidiary has potential to contribute more to the Group's results in the future based on possible referrals by this first client.

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2 0 0 7**FINANCIAL REVIEW****Turnover**

The turnover of the Group was approximately HK\$8,135,000 for the Period, representing an increase of 27% compared to the turnover for the period ended 30 June 2006 of approximately HK\$6,400,000.

Profit for the period

The profit attributable to shareholders for the Period was approximately HK\$14,817,000 compared to loss attributable to shareholders of approximately HK\$4,112,000 for the period ended 30 June 2006. The significant improvement was mainly due to two factors. First was increase in turnover as well as greater gross profit margin. The other was gain from debt restructuring. During the Period the Company has agreed and paid off few creditors such that a consequential gain on derecognition of unsecured loans of approximately HK\$16,137,000 was recorded as other revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital structure

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

Foreign exchange exposure

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

Significant investments

The Group had no significant investments during the Period.

Material acquisitions and disposals

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

CORPORATE GOVERNANCE

The Directors are pleased to report that throughout the Period the Company substantially complied with the Code of Corporate Governance Practices (“the Code”) as set out in Appendix 14 of the Listing Rules. In particular, the Company has ensured:

- the appointment to and the composition and operation of the Board of Directors;
- duty delegation by the Board;
- operations of committees and
- accountability and internal control,

were in compliance with the Code.

OUTLOOK

The future of the Group is looking bright as after capturing some sales contracts with remarkable profit margin in the Period, the morale and confidence of the staff is getting solid again. The potential of the subsidiary companies is gradually utilized and the management believes there will be more and more valuable sales contracts procured by the subsidiaries, especially in the PRC.

During the Period the Company has actively communicated with the Stock Exchange of Hong Kong Limited ("SEHK") in relation to the resumption trading of shares of the Company. There were queries issued by the SEHK on the internal control, past transactions, working capital and business of the Company which the management has supplied rounds of information to the SEHK. Some opinions from independent financial advisor and external auditors of the Company were also obtained upon the request of the SEHK. The management hopes trading of shares can be resumed very soon as a reward to its past effort, yet the Company is still alert and ready to co-operate with the SEHK in this issue.

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

As at 30 June 2007, 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, Chapter 571 under the Laws of Hong Kong ("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 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in the ordinary shares of the Company

Name of director	Personal interests	Corporate interests	Total interests	Percentage of interests
Mr. Koh Tat Lee, Michael	–	323,104,376 <i>(Note 1)</i>	323,104,376	12.39%
Dr. Choong Ying Chuan <i>(Note 3)</i>	2,563,930	46,089,697 <i>(Note 2)</i>	48,653,627	1.87%
Mr. Yu Shu Kuen	–	360,000,000 <i>(Note 4)</i>	360,000,000	58% <i>(Note 5)</i>

Notes:

1. These shares are held by Dynamate Limited of which the entire issued share capital is beneficially owned by Mr. Koh Tat Lee, Michael. Accordingly, Mr. Koh is deemed to be interested in the shares of the Company beneficially owned by Dynamate Limited.
2. These shares are held by eMatrix Pte Limited of which 83.33% of the entire issued capital is beneficially owned by Dr. Choong Ying Chuan. Accordingly, Dr. Choong is deemed to be interested in the shares of the Company beneficially owned by eMatrix Pte Limited.
3. Dr. Choong Ying Chuan ceased to be director of the Company on 15 January 2007.

4. These shares will be issued upon conversion of the Convertible Bonds and are held by Ample Field Limited of which the entire issued capital is beneficially owned by Mr. Yu Shu Kuen. Ample Field Limited is the subscriber of the Convertible Bonds as defined in the circular of the Company dated 4 December 2006. Accordingly, Mr. Yu is deemed to be interested in the shares of the Company beneficially owned by Ample Field Limited.
5. The percentage is based on the number of new shares after the Share Reorganisation as defined in the circular of the Company dated 4 December 2006.

Save as disclosed above, as at 30 June 2007, 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 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

Apart from those as disclosed under the heading "Share Options" below, at no time during the Period 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 OPTIONS

Pre-IPO share option scheme

On 14 December 2001, the Pre-IPO Share Option Scheme was approved and adopted by a written resolution of all the Shareholders. The purpose of the Pre-IPO Share Option Scheme is to recognize the contribution of certain directors and employees of the Group to the growth of the Group and/or the listing of the shares of the Company.

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

Share option scheme

The Company has also adopted a share option scheme on 14 December 2001 (the “Share Option Scheme”) under which the directors may at their discretion grant options to employees (whether under full-time or part-time employment) and directors (whether executive, non-executive or independent non-executive) of the Group to subscribe for ordinary shares in the Company subject to the terms and conditions stipulated in the Share Option Scheme. An aggregate of 22,000,000 options were outstanding under the Share Option Scheme up as at the end of the Period.

Particulars and movements during the Period of the outstanding share options granted under the Share Option Scheme were as follows:–

Name or Category of participant	As at 1 January, 2007	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	As at 30 June, 2007	Date of grant of share options	Exercise period of share options	Exercise price of share options
Mr. Chen Domingo	22,000,000	-	-	-	-	22,000,000	24 November, 2004	24 November, 2004 to 23 November 2014	HK\$0.034
Total	22,000,000	-	-	-	-	22,000,000			

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, the following persons had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Division 2 and 3 or Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the group, or substantial shareholder required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Number of shares held	Percentage of the Company's share capital
Temasek Holdings (Private) Limited (<i>Note 1</i>)	507,862,364	19.48%
Singapore Technologies Telemedia Pte Ltd (<i>Note 1</i>)	507,862,364	19.48%
STT Communications Ltd (<i>Note 1</i>)	507,862,364	19.48%
stt Ventures Ltd (<i>Note 1</i>)	507,862,364	19.48%
Yu Chung Choi, Chaucer	307,000,000	11.78%
Madam Lidya Suryawaty (<i>Note 2</i>)	204,870,228	7.86%
Dr. Mochtar Riady (<i>Note 2</i>)	204,870,228	7.86%
Lanius Limited (<i>Note 2</i>)	204,870,228	7.86%
Lippo Cayman Limited (<i>Note 2</i>)	204,870,228	7.86%
Lippo Limited (<i>Note 2</i>)	204,870,228	7.86%
Lippo China Resources Limited (<i>Note 2</i>)	204,870,228	7.86%
HKCL Holdings Limited (<i>Note 2</i>)	204,870,228	7.86%
Hongkong Chinese Limited (<i>Note 2</i>)	204,870,228	7.86%
Allwin Asia Inc. (<i>Note 2</i>)	204,870,228	7.86%
Dynamate Limited (<i>Note 3</i>)	323,104,376	12.39%
Koh Tat Lee, Michael (<i>Note 3</i>)	323,104,376	12.39%
Shenzhen Ingen Technology Company Limited	147,440,000	5.66%
Ample Field Limited (<i>Note 4</i>)	360,000,000	(<i>Note 5</i>) 58%
Yu Shu Kuen (<i>Note 4</i>)	360,000,000	(<i>Note 5</i>) 58%

Notes:

1. These shares are held by stt Ventures Limited, which is a wholly-owned subsidiary of STT Communications Limited (“STTC”). 99.99% of the interest of STTC is in turn held by Singapore Technologies Telemedia Pte Ltd, which is in turn a wholly-owned indirect subsidiary of Temasek Holdings (Private) Limited. Accordingly, Temasek Holdings (Private) Limited, Singapore Technologies Telemedia Pte Ltd and STTC are deemed to be interested in the shares beneficially owned by stt Ventures Limited.
2. These shares are held by Allwin Asia Inc., which is a wholly-owned indirect subsidiary of Hongkong Chinese Limited. 60.97% of the interest of Hongkong Chinese Limited is in turn held by HKCL Holdings Limited, which is in turn a wholly-owned indirect subsidiary of Lippo China Resources Limited. 71.13% of the interest of Lippo Chinese Resources Limited is in turn indirectly held by Lippo Limited.

Lippo Cayman Limited is the holding company of Lippo Limited through direct holding and through wholly-owned subsidiaries, one of which is Lippo Capital Limited which controls an approximate 50.47% interest in Lippo Limited.

Lanius Limited is the registered shareholder of the entire issued share capital of Lippo Cayman Limited and is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius Limited is accustomed to act. The beneficiaries of the trust include Dr. Mochtar Riady and his family members. Madam Lidya Suryawaty is the spouse of Dr. Mochtar Riady. Dr. Mochtar Riady is not the registered holder of any shares in issued share capital of Lanius Limited.

Accordingly, Madam Lidya Suryawaty, Dr. Mochtar Riady, Lanius Limited, Lippo Cayman Limited, Lippo Limited, Lippo China Resources Limited, HKCL Holdings Limited and Hongkong Chinese Limited are deemed to be interested in the shares beneficially owned by Allwin Asia Inc.

3. These shares are held by Dynamate Limited of which the entire issued capital is beneficially owned by Mr. Koh Tat Lee, Michael. Accordingly, Mr. Koh is deemed to be interested in the shares beneficially owned by Dynamate Limited.
4. These shares will be issued upon conversion of the Convertible Bonds and are held by Ample Field Limited of which the entire issued capital is beneficially owned by Mr. Yu Shu Kuen. Ample Field Limited is the subscriber of the Convertible Bonds as defined in the circular of the Company dated 4 December 2006. Accordingly, Mr. Yu is deemed to be interested in the shares of the Company beneficially owned by Ample Field Limited.
5. The percentage is based on the number of new shares after the Share Reorganisation as defined in the circular of the Company dated 4 December 2006.

OTHER INFORMATION

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 Period.

COMPETING INTEREST

As at the date of this report none of the directors, or the management shareholders of the Company has any interest in any business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in accordance with Rules 5.34 to 5.45 of the GEM Listing Rules. The audit committee members as at the date of this report are Mr. Cheung Wai Shing, Mr. Tsang Kwok Wai and Mr. Chu, Ray. 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 Company's financial statements for Period have been reviewed and discussed by the audit committee before any disclosure and release of information.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules during the Period.