



M DREAM INWORLD LIMITED

聯夢活力世界有限公司

(Incorporated in the Cayman Islands with limited liability)

**M DREAM
INWORLD LIMITED
INTERIM
REPORT
2009**

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

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

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

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

This report, for which the directors (the “Directors”) of M Dream Inworld Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the 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.

HIGHLIGHTS (UNAUDITED)

- The turnover of the Group was approximately HK\$5.95 million for the Period representing a decrease of approximately 15.96% as compared to the turnover for the corresponding period in 2008 of approximately HK\$7.08 million.
- The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$6.73 million for the Period compared to the loss of approximately HK\$4.63 million for the same period last year.
- Loss per share for loss attributable to equity shareholders of the Company for the Period was HK0.82 cents.

RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 30 June 2009 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2008, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the three months and six months ended 30 June 2009

(Expressed in Hong Kong dollars)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000 (restated)
Turnover	2	2,990	3,554	5,954	7,077
Cost of sales		(1,744)	(1,733)	(3,689)	(4,077)
Gross profit		1,246	1,821	2,265	3,000
Other revenue and net income	3	94	129	226	652
Selling and administrative expenses	3	(4,725)	(4,496)	(9,644)	(8,240)
Loss from operations		(3,385)	(2,546)	(7,153)	(4,588)
Finance costs		(9)	(11)	(12)	(41)
Loss before taxation		(3,394)	(2,557)	(7,165)	(4,629)
Income tax credit/(expense)		-	-	-	-
Loss for the period		(3,394)	(2,557)	(7,165)	(4,629)
Attributable to:					
Equity shareholders of the Company		(3,182)	(2,557)	(6,727)	(4,629)
Minority interests		(212)	-	(438)	-
Loss for the period		(3,394)	(2,557)	(7,165)	(4,629)
Loss per share					
Basic	5	(HK0.39 cents)	(HK0.31 cents)	(HK0.82 cents)	(HK0.57 cents)
Diluted	5	N/A	N/A	N/A	N/A

RESULTS

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 June 2009 and 31 December 2008

	Notes	30 June 2009 (unaudited) HK\$'000	31 December 2008 (audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,021	851
		<u>1,021</u>	<u>851</u>
Current assets			
Inventories		1,576	59
Trade and other receivables	9	4,901	3,888
Cash and cash equivalents		21,544	32,377
		<u>28,021</u>	<u>36,324</u>
Current liabilities			
Trade and other payables	10	2,590	2,639
Unearned revenue		642	816
Amount due to related parties		–	598
Current taxation		–	11
		<u>3,232</u>	<u>4,064</u>
Net current assets		<u>24,789</u>	<u>32,260</u>
Net assets		<u><u>25,810</u></u>	<u><u>33,111</u></u>
CAPITAL AND RESERVES			
Share capital		8,198	8,198
Reserves	7	17,600	24,463
		<u>25,798</u>	<u>32,661</u>
Total equity attributable to equity shareholders of the company		25,798	32,661
Minority		12	450
Total equity		<u><u>25,810</u></u>	<u><u>33,111</u></u>

RESULTS**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)***For the six months ended 30 June 2009*

	Share Capital HK\$'000	Share Premium HK\$'000	Contributed Surplus HK\$'000	Exchange Reserve HK\$'000	Accumulated Losses HK\$'000	Minority Total HK\$'000	Total Interest HK\$'000	Equity HK\$'000
Balance as at 1 January 2008	8,007	159,239	6,426	(483)	(138,371)	34,818	-	34,818
Issue of new shares	191	5,227	-	-	-	5,418	-	5,418
Exchange differences	-	-	-	909	-	909	-	909
Net loss for the period	-	-	-	-	(4,629)	(4,629)	-	(4,629)
Balance as at 30 June 2008	<u>8,198</u>	<u>164,466</u>	<u>6,426</u>	<u>426</u>	<u>(143,000)</u>	<u>36,516</u>	<u>-</u>	<u>36,516</u>
Balance as at 1 January 2009	8,198	164,284	6,426	482	(146,729)	32,661	450	33,111
Exchange differences	-	-	-	(136)	-	(136)	-	(136)
Net loss for the period	-	-	-	-	(6,727)	(6,727)	(438)	(7,165)
Balance as at 30 June 2009	<u>8,198</u>	<u>164,284</u>	<u>6,426</u>	<u>346</u>	<u>(153,456)</u>	<u>25,798</u>	<u>12</u>	<u>25,810</u>

RESULTS

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2009

	Six months ended	
	30 June 2009 HK\$'000	30 June 2008 HK\$'000
Net cash used in operating activities	(10,600)	(21,936)
Net cash used in investing activities	(245)	(43)
Net cash generated from financing activities	—	49,287
Net increase/(decrease) in cash and cash equivalents	(10,845)	27,308
Effect of foreign exchange rate changes	12	(6)
Cash and cash equivalents at 1 January	32,377	9,178
Cash and cash equivalents at 30 June	<u>21,544</u>	<u>36,480</u>
Analysis of balances of cash and cash equivalents		
Bank overdraft	—	—
Cash and bank balances	11,338	4,514
Time deposits	10,206	31,966
	<u>21,544</u>	<u>36,480</u>

RESULTS**NOTES TO THE FINANCIAL STATEMENTS****1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The consolidated financial statements of the Company have been prepared under the historical cost convention in accordance with the Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of the Stock Exchange.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2008.

2. TURNOVER

	Six months ended	
	30 June	
	2009	2008
	HK\$’000	HK\$’000
Turnover		
Sales of software and hardware and system solutions services income	3,270	7,077
Sales of display equipment, Components and related technology	2,684	–
	5,954	7,077

3. RESTATEMENT

For the three months ended 31 March 2008, the recognition of a gain of approximately HK\$8.6 million on a disposal of 30% shareholding of the Group’s Singapore subsidiary is derecognized. For details, please refer to the “Business review” in the Company’s 2008 annual report. Approximately HK\$100,000 relevant professional fee of the disposal is adjusted from administration expenses.

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 (2008: Nil).

RESULTS

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 (2008: Nil).

5. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to equity shareholders for the Period of approximately HK\$6,727,000 (2008: HK\$4,629,000(restated)) and the weighted average of 819,838,000 (2008: 815,413,531) ordinary shares in issue during the Period.

No diluted earnings per share has been presented because there were no dilutive events during the Period and the corresponding period in 2008.

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

The details of business segment are as follows:

	Six months ended 30 June						
	Sales of software and hardware and system solution services		Sales of display equipment, components and related technology		Consolidated		
	2009	2008	2009	2008	2009	2008	
Note	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Restated)						
Sales from external customers		3,270	7,077	2,684	-	5,954	7,077
Segment results		(1,466)	(561)	(1,548)	-	(3,014)	(561)
Unallocated operating income and expenses						(4,139)	(4,027)
Loss from operations						(7,153)	(4,588)
Finance costs						(12)	(41)
Taxation						-	-
Loss for the period						(7,165)	(4,629)

RESULTS

(b)	Sales of software and hardware and system solution services		Sales of display equipment, components and related technology		Consolidated	
	30 June 2009	31 Dec. 2008	30 June 2009	31 Dec. 2008	30 June 2009	31 Dec. 2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	2,497	3,899	10,284	10,185	12,781	14,084
Unallocated assets	-	-	-	-	16,261	23,091
Total assets	2,497	3,899	10,284	10,185	29,042	37,175
Segment liabilities	2,424	2,544	283	552	2,707	3,096
Unallocated liabilities	-	-	-	-	525	968
Total Liabilities	2,424	2,544	283	552	3,232	4,064
Other segment information:						
Capital expenditure incurred during the period/year	28	53	265	869		

The details of geographical segments are as follows:

	Six months ended	
	30 June 2009	30 June 2008
	HK\$'000	HK\$'000
Revenue from external customers		
Mainland China	1,866	-
Singapore	2,906	6,254
Hong Kong	1,182	823
	5,954	7,077

RESULTS

	At	At
	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
Segment assets		
Mainland China	9,370	10,192
Singapore	2,453	3,707
Hong Kong	17,219	23,276
	<u>29,042</u>	<u>37,175</u>
Other segment information:		
Capital expenditure incurred		
during the period/year		
Mainland China	242	90
Singapore	28	53
Hong Kong	23	779
	<u>293</u>	<u>922</u>

7. RESERVES

The amounts of the Group's reserves and the movements therein for the current and the same period of previous year are presented in the condensed consolidated statement of changes in equity of the financial statements.

8. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the Period (2008: Nil).

RESULTS**9. TRADE AND OTHER RECEIVABLES**

	(Unaudited)	(Audited)
	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
Trade receivables	2,378	3,398
Less: allowance for doubtful debts of trade receivables	(367)	(374)
	<hr/>	<hr/>
Trade receivables – net	2,011	3,024
Prepayments, deposits and other receivables	2,890	864
	<hr/>	<hr/>
	4,901	3,888
	<hr/> <hr/>	<hr/> <hr/>

The following is an aged analysis of the trade receivables, net of allowance for doubtful debts:

	(Unaudited)	(Audited)
	30 June	31 December
	2009	2008
	HK\$'000	HK\$'000
Current	1,569	2,001
0 – 30 days past due	329	750
31 – 90 days past due	10	33
91 days – 365 days past due	103	240
	<hr/>	<hr/>
Amounts past due	442	1,023
	<hr/>	<hr/>
	2,011	3,024
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are due within 30-60 days from the date of billing. 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.

RESULTS

The directors of the Group had assessed the recoverability of prepayments, deposits and other receivables for the six months ended 30 June 2009 and considered no provision for impairment in respect of prepayments, deposits and other receivables to their recoverable values (31 December 2008: Nil).

10. TRADE PAYABLES, ACCRUED CHARGES AND OTHER PAYABLES

	(Unaudited) 30 June 2009 HK\$'000	(Audited) 31 December 2008 HK\$'000
Trade payables	688	661
Accrued charges and other payables	1,902	1,978
	<u>2,590</u>	<u>2,639</u>

As at 30 June 2009, the aged analysis of the trade payables was as follows:

	(Unaudited) 30 June 2009 HK\$'000	(Audited) 31 December 2008 HK\$'000
0 – 90 days	69	353
91 – 180 days	503	213
Over 180 days	116	95
	<u>688</u>	<u>661</u>

11. CONTINUING CONNECTED TRANSACTIONS

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

RESULTS**12. RELATED PARTY TRANSACTIONS**

During the Period, the Group entered into the following transactions with related parties:

		Six months ended	
		30 June	
		2009	2008
		<i>HK\$'000</i>	<i>HK\$'000</i>
Name of related party	Nature of transactions		
鴻源控股有限公司 ("Greatsource Holding Co. Ltd.") and its subsidiaries (<i>Note</i>)	Purchases of display equipment and components and related technology	2,183	-

Note: 鴻源控股有限公司 ("Greatsource Holding Co Ltd") is a PRC company which is controlled by Ms Li Fang Hong, an Executive Director and substantial shareholder of the Company, and her associate(s).

13. SUBSEQUENT EVENT

On 31 July 2009, the Company issued 273,279,476 offer shares at the subscription price of HK\$0.045 per offer share, by way of an open offer on the basis of one offer share for every three shares held on 8 July 2009. The Board intends to apply the net proceeds of approximately HK\$11.7 million (net of expenses of approximately HK\$0.6 million) as general working capital of the Group and funds for future business expansion, including potential acquisitions of businesses which may or may not be within the existing principal business of the Group.

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW

During the Period the sales of Elipva, the principal subsidiary in Singapore has recorded approximately HK\$2.9 million, representing a huge decrease of about 54 percent when compared to the same period of last year of sales approximately HK\$6.3 million. The bad economy in Singapore and the tighten competition in bidding system solution contracts were the main factors causing the drop in sales of this subsidiary. As the Singapore government is the major system solution contracts provider, Elipva is always in a passive position to procure business. The Board will think seriously about the position of Elipva in terms of its costs and benefits.

The sales of display equipment, components and technology is a new business to the Group and approximately HK\$2.7 million sales was achieved in this sector by the Group for this Period. It was a good start though it may not be very impressive. About HK\$1.9 million out of it was the sales in the PRC and the rest was generated locally. The Board expects the sales in the PRC of this business will increase significantly in the second half of this year with the strengthening of the sales force in the PRC.

The selling and administrative expenses was approximately HK\$9.6 million, an increase of about 17 percent when compared to the same period of last year of approximately HK\$8.2 million. It was mainly due to increase of some management staff.

FINANCIAL REVIEW

Turnover

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

Loss for the Period

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

MANAGEMENT DISCUSSIONS AND ANALYSIS

Capital structure

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

Foreign exchange exposure

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

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 in 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 the said GEM Listing Rules during the Period.

The Company has established written guidelines to further govern Directors when dealing in the Company's securities.

OUTLOOK

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

OTHER INFORMATION

DIRECTORS' INTERESTS IN CONTRACT

Save as disclosed in note 12 above, 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 Period or at any time during the Period.

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 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	-	205,000,000 (Note 1)	205,000,000	25.00%
Ms. Li Fang Hong	-	155,000,000 (Note 2)	155,000,000	18.91%

OTHER INFORMATION

Notes:

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

Save as disclosed above, as at 30 June 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 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.

OTHER INFORMATION

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 option to either Directors or employees of the Group in order to recognize and motivate their contribution, to provide incentives and to help the Group in retaining its existing employees and recruiting additional quality employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group.

No options were granted under this scheme as at 30 June 2009.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 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
Temasek Holdings (Private) Limited (Note 1)	50,786,236	6.19%
Singapore Technologies Telemedia Pte Ltd (Note 1)	50,786,236	6.19%
STT Communications Ltd (Note 1)	50,786,236	6.19%
stt Ventures Ltd (Note 1)	50,786,236	6.19%
Ample Field Limited (Note 2)	205,000,000	25%
Yu Shu Kuen (Note 2)	205,000,000	25%
Universal Target Limited (Note 3)	155,000,000	18.91%
Eternal Mass Limited (Note 3)	155,000,000	18.91%
Mr. Gui Song (Note 3)	155,000,000	18.91%
Ms. Li Fang Hong (Note 3)	155,000,000	18.91%

OTHER INFORMATION

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 Ample Field Limited of which the entire issued capital is beneficially owned by Mr. Yu Shu Kuen. Accordingly, Mr. Yu is deemed to be interested in the shares beneficially owned by Ample Field Limited.
3. These shares are held by Universal Target Limited and it is wholly owned by Eternal Mass Limited. Eternal Mass Limited is 40% beneficially owned by Ms. Li Fang Hong and the rest 60% is beneficially owned by Mr. Gui Song, who is the spouse of Ms. Li Fang Hong. Accordingly, Eternal Mass Limited, Mr. Gui Song and Ms. Li Fang Hong are deemed to be interested in the shares of the Company beneficially owned by Universal Target Limited.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries, has 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 shareholder of the Company has any interest in any business which competes or may compete with the business of the Group.

CORPORATE GOVERNANCE

During the Period under review, the Company complied with the provisions set out in Appendix 15 of the Code on Corporate Governance Practices of the Rules Governing the Listing of Securities on the GEM.

OTHER INFORMATION

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 Company's financial statements for the 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 Rule 5.34 of the GEM Listing Rules during the Period.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all shareholders for their full support.

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

4 August 2009

As at the date of this report, the Board consists of Mr. Yu Shu Kuen, Ms. Li Fang Hong and Mr. Rong Hsu being the Executive Directors, Mr. Cho Chun Wai, Mr. Chan Kam Kwan, Jason and Ms. Zhao Yang being the Independent Non-executive Directors.