



M DREAM INWORLD LIMITED

聯夢活力世界有限公司*

(Incorporated in the Cayman Islands with limited liability)

("the Company")

(Stock Code: 8100)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

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This announcement, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* For identification purpose only

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 nine months ended 30 September 2007 (“the Period”).

CONSOLIDATED INCOME STATEMENT

For the period ended 30 September 2007 (in HK Dollars)

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|---|-------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | | 2007 (unaudited) HK\$'000 | 2006 (unaudited) HK\$'000 | 2007 (unaudited) HK\$'000 | 2006 (unaudited) HK\$'000 |
| Turnover | 2 | 2,513 | 3,487 | 10,648 | 9,887 |
| Cost of sales | | (971) | (2,371) | (3,105) | (7,310) |
| Gross profit | | 1,542 | 1,116 | 7,543 | 2,577 |
| Other revenue | 3 | 224 | 8,359 | 16,773 | 8,369 |
| Administrative expenses | | (3,643) | (2,813) | (11,203) | (8,134) |
| Selling and distribution costs | | (15) | (6) | (39) | (75) |
| Profit/(Loss) from operations | | (1,892) | 6,656 | 13,074 | 2,737 |
| Finance costs | | (1) | (39) | (150) | (232) |
| Profit/(Loss) before taxation | | (1,893) | 6,617 | 12,924 | 2,505 |
| Taxation | 4 | – | – | – | – |
| Net profit/(loss) attributable to shareholders | | <u>(1,893)</u> | <u>6,617</u> | <u>12,924</u> | <u>2,505</u> |
| Earning/(Loss) per share | | | | | |
| Basic (cents) | 5 | <u>(0.07)</u> | <u>0.25</u> | <u>0.5</u> | <u>0.10</u> |
| Diluted (cents) | 5 | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

Notes

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 Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM Listing Rules”) of the Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

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

2. Turnover

| | Nine months ended 30 September | |
|----------------------------------|-----------------------------------|--------------|
| | 2007 | 2006 |
| | HK\$'000 | HK\$'000 |
| Turnover | | |
| System solutions services income | 9,884 | 9,887 |
| Others | 764 | – |
| | <u>10,648</u> | <u>9,887</u> |

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 profits attributable to shareholders for the Period of approximately HK\$12,924,000 (2006: HK\$2,505,000) 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. Reserves

There were no movements in reserves of the Group during the Period other than profits attributable to shareholders of approximately HK\$12,924,000 and exchange realignment of approximately HK\$489,000.

7. Dividend

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

MANAGEMENT DISCUSSIONS AND ANALYSIS

BUSINESS REVIEW

After prolong effort by the new management the Company has resumed the trading of its shares on 15 October 2007. The Convertible Bonds of amount HK\$14.04 million were also converted into new shares on the same day which has greatly improved the net deficit position of the Group.

The Singapore subsidiary, Elipva has recently engaged a prestigious contract with the Airport Authority of Singapore to provide system development service to them. The total contract sum is over one million Singapore dollars and this will give a solid foundation to revenue in next year. By getting this contract it has proven the quality in services of Elipva and the management will lead Elipva to step into the PRC and try to procure more valuable contracts to Elipva as there are plenty of business opportunities over there.

The Company understands its scale of operation is still quite small as a listed company. It will keep looking for good business and market as to create long term and remarkable growth to the Company.

FINANCIAL REVIEW

Turnover

The turnover of the Group was approximately HK\$10,648,000 for the Period, representing an increase of 8% compared to the turnover for the period ended 30 September 2006 of approximately HK\$9,887,000.

Profits for the period

The profits attributable to shareholders for the Period was approximately HK\$12,924,000 compared to profits attributable to shareholders of approximately HK\$2,505,000 for the period ended 30 September 2006. The management has improved the efficiency of operations such that the gross profits margin increase significantly. During the Period the Company has agreed and paid off few creditors such that there was waiver of loans and interests from the creditors of amount approximately HK\$16,137,000. This amount was recorded as Other revenue.

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

With the resumption of trading of its shares the Company is full of confidence about its future. The financial position of the Group is getting healthy again and the operations are running smoothly. With strong connection in the PRC, the management will seek for business opportunities with great potential in there and will also try to broaden the basis of business of the Company.

OTHER INFORMATION

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 September 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, 6)</i> | 323,104,376 | 12.39% <i>(Note 6)</i> |
| Dr. Choong Ying Chuan <i>(Note 3)</i> | 2,563,930 | 46,089,697 <i>(Note 2)</i> | 48,653,627 <i>(Note 6)</i> | 1.87% <i>(Note 6)</i> |
| Mr. Yu Shu Kuen | – | 360,000,000 <i>(Note 4, 6)</i> | 360,000,000 | 58% <i>(Note 5, 6)</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.
6. The Share Reorganisation became effective on 15 October 2007 and the Convertible Bonds were fully converted into new shares on the same day. Thereafter the number of shares held by Dynamate Limited which is also deemed to be held by Mr. Koh Tat Lee, Michael is 32,310,438, represents 5.21% of the entire issued capital of the Company. Subsequently Dynamate Limited has disposed 30,094,118 shares and the number of shares remains is 2,216,320, represents 0.36% of the entire issued capital of the Company. The number of shares held by and deemed to be held by Mr. Choong Ying Chuan together is 4,865,363, represents 0.78% of the entire issued capital of the Company. 360,000,000 new shares is allotted to Ample Field Limited which is also deemed to be held by Mr. Yu Shu Kuen, represents 58% of the entire issued capital.

Save as disclosed above, as at 30 September 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.

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. There was no option outstanding under the Share Option Scheme 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 September, 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 | <u>22,000,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,000,000</u> | <u>-</u> | | | |

SUBSTANTIAL SHAREHOLDERS

As at 30 September 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% |

After the full conversion of the Convertible Bonds and Share Reorganisation on 15 October 2007, the shareholding of the substantial shareholders became:

| Name of shareholders | Number of shares held | Percentage of the Company's share capital |
|--|-----------------------|---|
| Temasek Holdings (Private) Limited (<i>Note 1</i>) | 50,786,236 | 8.18% |
| Singapore Technologies Telemedia Pte Ltd (<i>Note 1</i>) | 50,786,236 | 8.18% |
| STT Communications Ltd (<i>Note 1</i>) | 50,786,236 | 8.18% |
| stt Ventures Ltd (<i>Note 1</i>) | 50,786,236 | 8.18% |
| Yu Chung Choi, Chaucer | 30,700,000 | 4.95% |
| Madam Lidya Suryawaty (<i>Note 2</i>) | 20,487,023 | 3.30% |
| Dr. Mochtar Riady (<i>Note 2</i>) | 20,487,023 | 3.30% |
| Lanius Limited (<i>Note 2</i>) | 20,487,023 | 3.30% |
| Lippo Cayman Limited (<i>Note 2</i>) | 20,487,023 | 3.30% |
| Lippo Limited (<i>Note 2</i>) | 20,487,023 | 3.30% |
| Lippo China Resources Limited (<i>Note 2</i>) | 20,487,023 | 3.30% |
| HKCL Holdings Limited (<i>Note 2</i>) | 20,487,023 | 3.30% |
| Hongkong Chinese Limited (<i>Note 2</i>) | 20,487,023 | 3.30% |
| Allwin Asia Inc. (<i>Note 2</i>) | 20,487,023 | 3.30% |
| Dynamate Limited (<i>Note 3, 6</i>) | 32,310,438 | 5.21% |
| Koh Tat Lee, Michael (<i>Note 3, 6</i>) | 32,310,438 | 5.21% |
| Shenzhen Ingen Technology Company Limited | 14,744,000 | 2.38% |
| Ample Field Limited | 360,000,000 | 58% |
| Yu Shu Kuen | 360,000,000 | 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 China 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.
6. Subsequently Dynamate Limited has disposed 30,094,118 shares and the number of shares remains is 2,216,320, represents 0.36% of the entire issued capital of the Company.

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.

By order of the Board
M Dream Inworld Limited
Ha Shu Tong
Chairman

Hong Kong, 12 November 2007

As at the date of this announcement, 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.

This announce, 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 announcement 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 announcement misleading; and (3) all opinions expressed in this announcement 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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