



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)

2008 ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

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.

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This announcement, 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 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 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

HIGHLIGHTS

(Audited)

- The turnover of the Company and its subsidiaries (together the “Group”) was approximately HK\$15.23 million for the year ended 31 December 2008, representing an increase of approximately 1% as compared to the turnover for the year 2007 of approximately HK\$15.11 million.
- The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$8.36 million for the year ended 31 December 2008, whereas a profit attributable to equity shareholders of the Company of approximately HK\$10.56 million was recorded last year.
- The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2008.

ANNUAL RESULTS (AUDITED)

The board of Directors (“Board”) is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2008 (“the Year”), together with the comparative audited figures for the previous financial year, as follows:

Consolidated Income Statement

For the year ended 31 December 2008

(Expressed in Hong Kong dollars)

	Notes	2008 \$'000	2007 \$'000
Turnover	4	15,233	15,112
Cost of sales		<u>(8,284)</u>	<u>(5,831)</u>
Gross profit		6,949	9,281
Other revenue and net (loss)/income	5	(262)	16,577
Selling and administrative expenses		<u>(14,734)</u>	<u>(15,103)</u>
(Loss)/profit from operations		(8,047)	10,755
Finance costs	6(a)	<u>(40)</u>	<u>(174)</u>
(Loss)/profit before taxation	6	(8,087)	10,581
Income tax credit/(expense)	7	<u>7</u>	<u>(18)</u>
(Loss)/profit for the year		<u>(8,080)</u>	<u>10,563</u>
Attributable to:			
Equity shareholders of the Company		(8,358)	10,563
Minority interests		<u>278</u>	<u>–</u>
(Loss)/profit for the year		<u>(8,080)</u>	<u>10,563</u>
(Loss)/earnings per share			
Basic	10(a)	<u>(HK1.02 cents)</u>	<u>HK3.12 cents</u>
Diluted	10(b)	<u>N/A</u>	<u>N/A</u>

Consolidated Balance Sheet
At 31 December 2008
(Expressed in Hong Kong dollars)

	<i>Notes</i>	2008 \$'000	2007 \$'000
Non-current assets			
Fixed assets		<u>851</u>	<u>1,837</u>
		851	1,837
Current assets			
Work-in-progress		–	598
Inventories		59	–
Trade and other receivables	11	3,888	47,334
Cash and cash equivalents		<u>32,377</u>	<u>9,178</u>
		36,324	57,110
Current liabilities			
Trade and other payables	12	2,639	5,651
Unearned revenue		816	241
Unsecured loans		–	4,290
Amounts due to related parties		598	13,929
Current taxation		<u>11</u>	<u>18</u>
		4,064	24,129
Net current assets		<u>32,260</u>	<u>32,981</u>
NET ASSETS		<u>33,111</u>	<u>34,818</u>
CAPITAL AND RESERVES			
Share capital	13	8,198	8,007
Reserves		<u>24,463</u>	<u>26,811</u>
Total equity attributable to equity shareholders of the company		32,661	34,818
Minority interests		<u>450</u>	<u>–</u>
TOTAL EQUITY		<u>33,111</u>	<u>34,818</u>

Consolidated Statement of Changes in Equity
For the year ended 31 December 2008
(Expressed in Hong Kong dollars)

	2008	2007
	\$'000	\$'000
Total equity/(deficit) at 1 January	34,818	(33,478)
Net income recognised directly in equity:		
Exchange differences on translation of the financial statements of overseas subsidiaries	965	(176)
Transfer from equity:		
Transfer to minority interests on partial disposal of a subsidiary	172	–
Net (loss)/profit for the year	(8,080)	10,563
Total recognised income and expense for the year	(6,943)	10,387
Attributable to:		
Equity shareholders of the Company	(7,393)	10,387
Minority interests	450	–
	(6,943)	10,387
Movements in equity arising from capital transactions:		
Shares issued upon loan capitalisation	5,418	–
Professional expenses incurred in loan capitalisation	(182)	–
Placement of new shares	–	45,000
Shares issued upon conversion of convertible bonds	–	14,040
Professional expenses incurred in placement of new shares	–	(1,131)
	5,236	57,909
Total equity at 31 December	33,111	34,818

Notes to the Financial Statements

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the “Group”).

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

The preparation of financial statements in conformity with Hong Kong Financial Reporting Standards (“HKFRS”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) 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.

2. CHANGE IN ACCOUNTING POLICIES

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 2008 and which have not been adopted in these financial statements:

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of financial statements ²
HKAS 23 (Revised)	Borrowing costs ²
HKAS 27 (Revised)	Consolidated and separate financial statements ³
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ²
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 (Revised)	First-time adoption of Hong Kong Financial Reporting Standards ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ²
HKFRS 2 (Amendment)	Vesting conditions and cancellations ²
HKFRS 3 (Revised)	Business combinations ³
HKFRS 8	Operating segments ²
HK(IFRC)-Int 13	Customer loyalty programmes ⁴
HK(IFRC)-Int 15	Agreements for the construction of real estate ²
HK(IFRC)-Int 16	Hedges of a net investment in a foreign operation ⁵
HK(IFRC)-Int 17	Distribution of non-cash assets to owners ³
HK(IFRC)-Int 18	Transfers of assets from customers ³

- ¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
- ² Effective for annual periods beginning on or after 1 January 2009
- ³ Effective for annual periods beginning on or after 1 July 2009
- ⁴ Effective for annual periods beginning on or after 1 July 2008
- ⁵ Effective for annual periods beginning on or after 1 October 2008

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.

3. 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.

Business segments

The Group comprises the following main business segments:

	System solution services		Others		Consolidated	
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	14,830	14,252	403	860	15,233	15,112
Segment result	16	11,770	(480)	(1,015)	(464)	10,755
Unallocated operating income and expenses					(7,583)	–
(Loss)/profit from operations					(8,047)	10,755
Finance costs					(40)	(174)
Income tax credit/(expense)					7	(18)
(Loss)/profit for the year					(8,080)	10,563
Depreciation for the year	47	155	164	261		

	System solution				Consolidated	
	services		Others			
	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	3,899	56,347	10,185	2,600	14,084	58,947
Unallocated assets	—	—	—	—	23,091	—
Total assets	3,899	56,347	10,185	2,600	37,175	58,947
Segment liabilities	2,544	24,123	552	6	3,096	24,129
Unallocated liabilities	—	—	—	—	968	—
Total liabilities	2,544	24,123	552	6	4,064	24,129
Capital expenditure incurred during the year	53	38	869	1,781		

Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. Singapore is a major market for all of the Group's businesses, and it is the location where most of its system solution services are provided.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		PRC		Singapore		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	1,639	2,807	403	860	13,191	11,445	15,233	15,112
Segment assets	23,276	53,066	10,192	1,441	3,707	4,440	37,175	58,947
Capital expenditure incurred during the year	779	481	90	1,300	53	38		

4 TURNOVER

The principal activities of the Group are sales of software and hardware and provision of services.

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

	2008	2007
	\$'000	\$'000
Sales of software and hardware	2,305	1,923
System solution services	12,928	12,329
Marketing service income	–	860
	<u>15,233</u>	<u>15,112</u>

5 OTHER REVENUE AND NET (LOSS)/INCOME

	2008	2007
	\$'000	\$'000
Other revenue		
Bank interest income	<u>445</u>	<u>102</u>
Other net (loss)/income		
Forfeiture of deposit	–	400
Gain on disposal of fixed assets	9	–
Gain on partial disposal of a subsidiary company	267	–
Loss on disposal of a subsidiary company	–	(154)
Net foreign exchange (losses)/gains	(1,006)	82
Waiver of principal and accrued interest on unsecured loans (<i>note</i>)	–	16,136
Sundry income	<u>23</u>	<u>11</u>
	<u>(707)</u>	<u>16,475</u>
	<u>(262)</u>	<u>16,577</u>

Note:

In 2007, the Company reached agreements with four unsecured creditors by which the Company paid an aggregate of approximately HK\$6,103,000 to discharge all outstanding loans and accrued interest of HK\$22,239,000, in exchange for a waiver of principal and accrued interest of HK\$16,136,000.

6 (LOSS)/PROFIT BEFORE TAXATION

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

	2008 \$'000	2007 \$'000
(a) Finance costs:		
Interest expenses on unsecured loans	<u>40</u>	<u>174</u>
(b) Staff costs (including directors' remuneration):		
Salaries, wages and other benefits	9,013	8,685
Contributions to defined contribution retirement plan	<u>579</u>	<u>56</u>
	<u>9,592</u>	<u>8,741</u>
(c) Other items:		
Depreciation	211	416
Impairment losses of trade receivables	4	–
Net foreign exchange losses/(gains)	1,006	(82)
Auditors' remuneration	295	279
Operating lease charges: minimum lease payments – hire of other assets (including property rentals)	2,019	1,074
Cost of inventories	<u>8,284</u>	<u>5,831</u>

7 INCOME TAX

(a) Taxation in the consolidated income statement represents:

	2008 \$'000	2007 \$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	6	18
Overprovision in respect of prior year	<u>(13)</u>	<u>–</u>
Actual tax (credit)/expense	<u>(7)</u>	<u>18</u>

The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits 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 subsidiary companies operating outside Hong Kong for the year (2007: Nil).

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

	2008	2007
	\$'000	\$'000
(Loss)/profit before taxation	(8,087)	10,581
Notional tax on (loss)/profit before taxation	(1,334)	1,852
Tax effect of non-deductible expenses	660	154
Tax effect of non-taxable income	(79)	(2,968)
Tax effect of unused tax losses not recognised	837	1,037
Overprovision in respect of prior year	(13)	–
Others	(78)	(57)
Actual tax (credit)/expense	(7)	18

8 DISPOSAL OF A SUBSIDIARY COMPANY

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

	2008
	\$'000
Net assets disposed of:	
Fixed assets	32
Amount due from immediate holding company	1,227
Trade and other receivables	2,025
Cash and cash equivalents	918
Trade and other payables	(3,627)
	<u>575</u>
30% share of net assets disposed of	173
Expenses incurred on disposal	120
Gain on partial disposal of a subsidiary company	267
	<u>560</u>
Satisfied by:	
Cash consideration	<u>560</u>

- (b) In prior year, the Group disposed of its subsidiary company, Good Growth Limited, for HK\$1 consideration. Details of the net assets disposed of and the loss on disposal of the subsidiary company are as follows:

	2007 \$'000
Net assets disposed of:	
Prepayments, deposits and other receivables	150
Cash and cash equivalents	4
	<hr/>
	154
Loss on disposal of a subsidiary company	(154)
	<hr/>
	–
	<hr/> <hr/>
Satisfied by:	
Cash consideration	–
	<hr/> <hr/>
Net cash outflow arising on disposal:	
Cash consideration	–
Cash and bank balances disposed of	(4)
	<hr/>
	(4)
	<hr/> <hr/>

For the period from 1 January 2007 to the respective date of disposal, the above subsidiary company contributed a profit of approximately HK\$394,000 to the Group's profit before taxation.

9 DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2008 (2007: Nil).

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$8,358,000 (2007: profit of HK\$10,563,000) and the weighted average of 817,499,000 ordinary shares (2007: 338,120,000 shares) in issue during the year, calculated as follows:

	Number of shares	
	2008 '000	2007 '000
Issued ordinary shares at 1 January	800,694	2,606,949
Effect of share consolidation	–	(2,401,965)
Effect of conversion of convertible bonds	–	130,942
Effect of placement of new shares	–	2,194
Effect of loan capitalisation	16,805	–
	<hr/>	<hr/>
Weighted average number of ordinary share at 31 December	817,499	338,120
	<hr/> <hr/>	<hr/> <hr/>

(b) Diluted (loss)/earnings per share

No diluted (loss)/earnings per share has been presented as there were no dilutive events during the years ended 31 December 2008 and 2007.

11 TRADE AND OTHER RECEIVABLES

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:

	2008 \$'000	2007 \$'000
Current	2,001	1,737
Less than 1 month past due	750	335
1 to 3 months past due	33	188
More than 3 months but less than 12 months past due	240	266
	<hr/>	<hr/>
Amounts past due	1,023	789
	<hr/>	<hr/>
	3,024	2,526
	<hr/> <hr/>	<hr/> <hr/>

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

12 TRADE AND OTHER PAYABLES

	2008	2007
	\$'000	\$'000
Trade payables	661	2,107
Accrued charges and other payables	1,978	3,544
	<hr/>	<hr/>
	2,639	5,651
	<hr/> <hr/>	<hr/> <hr/>

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

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

	2008	2007
	\$'000	\$'000
0 – 90 days	353	1,210
91 – 180 days	213	897
Over 180 days	95	–
	<hr/>	<hr/>
	661	2,107
	<hr/> <hr/>	<hr/> <hr/>

13. SHARE CAPITAL

Authorised and issued share capital

	2008		2007	
	<i>No. of shares</i>		<i>No. of shares</i>	
	'000	\$'000	'000	\$'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	800,694	8,007	2,606,949	26,069
Share consolidation and reduction in share capital	–	–	(2,346,255)	(23,462)
Issuance of shares for conversion of convertible bonds	–	–	360,000	3,600
Placement of new shares	–	–	180,000	1,800
Shares issued upon loan capitalisation	19,144	191	–	–
At 31 December	819,838	8,198	800,694	8,007

14 SUBSEQUENT EVENTS

Subsequent to the balance sheet date, 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 announcements dated 18 February and 9 March 2009 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Two loan capitalizations were carried out by the Company during the Year. An unsecured loan of HK\$1,368,000 was settled by issuing 2,338,460 new shares of the Company while another loan of approximately HK\$4,050,000 was settled by issuing 16,804,979 new shares of the Company.

A new Beijing subsidiary was incorporated in October 2008 to focus on display equipments and technology business. It has recorded turnover of approximately HK\$400,000 during the Year since incorporation. With more competent sales staff joining this subsidiary, it is expected the sales volume can jump significantly in coming years.

Similar to year 2007, the Singapore subsidiary contributed the most in sales within the Group for the Year. Its turnover for the Year was approximately HK\$13,191,000 which accounted for 87% of the total sales of the Group. During the Year, a 30% shareholding of this Singapore subsidiary was disposed to its CEO to deepen his commitment for procuring more businesses. Upon this disposal, the Group reckoned that there was a gain of approximately HK\$9 million as the minority should take up part of the accumulated losses incurred by the subsidiary. This gain was recorded by the Company in its previous reports issued during the Year. However the auditors of the Company have different view on the recognition of the gain as its realization is not certain. The minority does not demonstrate his ability nor the subsidiary has the prospect that the minority can take up the proportional accumulated loss. To take a prudent approach, the Company concurs the view of the auditors of the Company not to recognise this considerable gain. This change leads to a loss position to the Group as at year end.

The cash position of the Group as at year end remained healthy with an amount of approximately HK\$32 million which was also about the same as the net current assets of the Group. Based on such solid financial position the management will cautiously look for investment opportunities with good prospects.

FINANCIAL REVIEW

Turnover

The turnover of the Group was approximately HK\$15.23 million for the Year, representing an increase of 1% compared to the turnover for the year ended 31 December 2007 of approximately HK\$15.11 million.

Loss for the year

The consolidated loss of the Group for the Year was approximately HK\$8.08 million compared to the profit of approximately HK\$10.56 million for the year ended 31 December 2007. The change from a profit to a loss is mainly due to a large gain on derecognition of unsecured loans of HK\$16.14 million in the year 2007, and the decrease in gross profit margin from 61% of the year 2007 to 46% of the year 2008.

Liquidity and financial resources

The Group's total liabilities decreased to approximately HK\$4.06 million as at 31 December 2008 from approximately HK\$24.13 million as at 31 December 2007. As at 31 December 2008, the Group has more than HK\$32 million in cash and bank, and no liquidity problem is expected in the near future.

Capital structure

There has been no significant change in the capital structure of the Company during the Period except the issuance of 19,143,439 new ordinary shares in two loan capitalisation exercises.

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 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 Year.

Material acquisitions and disposals

The Group had no material acquisition or disposal during the Year except for the disposal of a 30% shareholding of the Singapore subsidiary to its chief executive officer at a consideration of HK\$560,000.

Gearing ratio

As at 31 December 2008 the gearing ratio of the Group was 11% (2007: 41%).

Employee information

The Group currently has approximately 30 employees (2007: 25) working in Hong Kong, Beijing and Singapore. The Group remunerates its employees based on their experience, performance and values, which they contribute to the Group.

Contingent liabilities

As at 31 December 2008 the Directors did not consider the Group had any contingent liabilities (2007: nil).

OUTLOOK

Due to the poor global economic environment the Singapore subsidiary which contributed the most in sales within the Group for the Year, may experience a drop in sales in this year. It mainly depends on how much contracts will be issued by the Singapore government and how much of those contracts will be awarded to us. But as most competitors are lowering their bids, this makes the tendering so harsh that the profit might be very minimal even a contract is awarded.

The Group has recently established a new business unit, engaged in the businesses of trading of display equipment and provision of certain related technology. The management is recently negotiating with certain potential customers and the management is confident that such new business can broaden the revenue base and enhance the return of the shareholders.

The Company has strong determination to take large steps to move forward in this year. With careful execution of the new business mentioned above, the Company believes it can achieve better results than last year. Meanwhile, the Company will continue to seek for new acquisition opportunities and new business plans which would bring value to the shareholders as a whole.

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 announcement 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 year ended 31 December 2008 have been reviewed and discussed by the audit committee before disclosure and release of information.

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 Year.

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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held at Phoenix Room, The Charterhouse Hotel, 209-219 Wanchai Road, Hong Kong on 21 April 2009 at 10:30 a.m.

AUDITORS

The financial statements have been audited by Baker Tilly Hong Kong Limited who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. 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

23 March, 2009

As at the date of this announcement, the Board of Directors 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.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the day of its posting.