# 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)

## 2009 ANNUAL RESULTS ANNOUNCEMENT
## FOR THE YEAR ENDED 31 DECEMBER 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.**



*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") for continuing operation was approximately HK$5,555,000 for the year ended 31 December 2009, representing an increase of approximately 172% as compared to the turnover for the year ended 31 December 2008 of approximately HK$2,042,000.

- The Group recorded a loss attributable to equity shareholders of the Company of approximately HK$14,166,000 for the year ended 31 December 2009, whereas a lose attributable to equity shareholders of the Company of approximately HK$8,358,000 was recorded for the year ended 31 December 2008.

- The Directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2009.

## ANNUAL RESULTS (AUDITED)

The board of Directors ("the Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together "the Group") for the year ended 31 December 2009 ("the Year"), together with the comparative audited figure for the previous financial year, as follows:

### Consolidated Income Statement

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

| | *Notes* | **2009** **$'000** | 2008 $'000 (Re-presented) |
|---|---|---|---|
| **Continuing operations** | | | |
| Turnover | 4 | **5,555** | 2,042 |
| Cost of sales | | **(4,662)** | (1,754) |
| Gross profit | | **893** | 288 |
| Other revenue and net income/(loss) | 5 | **300** | (515) |
| Selling and administrative expenses | | **(14,465)** | (8,160) |
| Loss from operations | | **(13,272)** | (8,387) |
| Finance costs | 6(a) | **(15)** | – |
| Loss before taxation | 6 | **(13,287)** | (8,387) |
| Income tax credit | 7 | **–** | 7 |
| Loss for the year from continuing operations | | **(13,287)** | (8,380) |
| **Discontinued operations** | | | |
| (Loss)/profit for the year from discontinued operations | 8(b) | **(1,486)** | 300 |
| **Loss for the year** | | **(14,773)** | (8,080) |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **(14,166)** | (8,358) |
| Minority interests | | **(607)** | 278 |
| | | **(14,773)** | (8,080) |
| **Loss per share** | 12 | | |
| From continuing and discontinued operations | | | |
| Basic | | **(HK1.51 cents)** | (HK1.02 cents) |
| Diluted | | **N/A** | N/A |
| From continuing operations | | | |
| Basic | | **(HK1.42 cents)** | (HK1.03 cents) |
| Diluted | | **N/A** | N/A |

**Consolidated Statement of Comprehensive Income**

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

| | *Note* | **2009** **$'000** | 2008 $'000 |
|---|---|---|---|
| **Loss for the year** | | **(14,773)** | (8,080) |
| **Other comprehensive (expense)/income for the year** | 11 | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | | **(548)** | 965 |
| **Total comprehensive loss for the year** | | **(15,321)** | (7,115) |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **(14,714)** | (7,393) |
| Minority interests | | **(607)** | 278 |
| **Total comprehensive loss for the year** | | **(15,321)** | (7,115) |

**Consolidated Balance Sheet**

*At 31 December 2009*
*(Expressed in Hong Kong dollars)*

| | *Notes* | **2009** **$'000** | 2008 $'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | | **1,730** | 851 |
| Interest in an associate | | **–** | – |
| Goodwill | | **–** | – |
| | | **1,730** | 851 |
| **Current assets** | | | |
| Inventories | | **2,078** | 59 |
| Trade and other receivables | 14 | **5,240** | 3,888 |
| Amount due from an associate | | **84** | – |
| Cash and cash equivalents | | **21,889** | 32,377 |
| Current tax recoverable | | **6** | – |
| | | **29,297** | 36,324 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **1,211** | 2,639 |
| Unearned revenue | | **–** | 816 |
| Obligations under a finance lease | | **83** | – |
| Amounts due to related parties | | **–** | 598 |
| Current tax payable | | **–** | 11 |
| | | **1,294** | 4,064 |
| **Net current assets** | | **28,003** | 32,260 |
| **Total assets less current liabilities** | | **29,733** | 33,111 |
| **Non-current liabilities** | | | |
| Obligations under a finance lease | | **298** | – |
| **NET ASSETS** | | **29,435** | 33,111 |
| **CAPITAL AND RESERVES** | | | |
| Share capital | 16 | **10,931** | 8,198 |
| Reserves | | **18,504** | 24,463 |
| **Total equity attributable to equity shareholders of the Company** | | **29,435** | 32,661 |
| **Minority interests** | | **–** | 450 |
| **TOTAL EQUITY** | | **29,435** | 33,111 |

## Consolidated Statement of Changes in Equity

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

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

## Notes to the Financial Statements

*(Expressed in Hong Kong dollars)*

### 1 COMPANY INFORMATION

M Dream Inworld Limited is incorporated in the Cayman Islands under the Companies Law (2001 Revision) of the Cayman Islands as an exempted company with limited liability. The registered office of the Company is located at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The principal place of business in Hong Kong is located at Room 2208, 22nd floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The Company has its primary listing on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal activity of the Company is investment holding.

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

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

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

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

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

**(b) Basis of preparation of the financial statements**

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

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

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## 3 CHANGES IN ACCOUNTING POLICIES

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

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

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

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

## 4 TURNOVER

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

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

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

## 5 OTHER REVENUE AND NET INCOME/(LOSS)

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

## 6 LOSS BEFORE TAXATION

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

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

## 7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

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

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

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

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

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

## 8 DISPOSAL OF DISCONTINUED OPERATIONS

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

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

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

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

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

(b) The combined results of the disposal of discontinued operations as in note 8(a) and the sales of system solution services for the year have been included in the consolidated income statement as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Turnover | **5,226** | 13,191 |
| Cost of sales | **(2,031)** | (6,530) |
| Gross profit | **3,195** | 6,661 |
| Other revenue and net income/(loss) | **204** | (14) |
| Selling and administrative expenses | **(5,986)** | (6,574) |
| (Loss)/profit from operations | **(2,587)** | 73 |
| Finance costs | **–** | (40) |
| (Loss)/profit before taxation | **(2,587)** | 33 |
| Income tax expense | **–** | – |
| | **(2,587)** | 33 |
| Gain on disposal of discontinued operations *(note 8(a))* | **1,101** | 267 |
| (Loss)/profit for the year from discontinued operations | **(1,486)** | 300 |

**9 DIVIDENDS**

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

**10 LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY**

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

## 11 OTHER COMPREHENSIVE (EXPENSE)/INCOME

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

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

## 12 LOSS PER SHARE

### (a) Basic loss per share

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

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

**From continuing operations**

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

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

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

**From discontinued operations**

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

**(b) Diluted loss per share**

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

## 13 SEGMENT REPORTING

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

– Sale of system solution services

– Sale of display equipment, components and related technology

**(a) Segment results, assets and liabilities**

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

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

**(b) Geographical information**

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

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

## 14 TRADE AND OTHER RECEIVABLES

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

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

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

**(a) Ageing analysis**

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

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:

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

**(b) Impairment of trade receivables**

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

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

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

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

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

**(c) Trade receivables that are not impaired**

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

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

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

## 15 TRADE AND OTHER PAYABLES

| | **2009** | 2008 |
|---|---|---|
| | ***$'000*** | *$'000* |
| Trade payables | **346** | 661 |
| Accrued expenses and other payables | **865** | 1,978 |
| | **1,211** | 2,639 |

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

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

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

## 16 SHARE CAPITAL

*Authorised and issued share capital*

| | **2009** | | 2008 | |
|---|---|---|---|---|
| | ***No. of shares '000*** | ***$'000*** | *No. of shares '000* | *$'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 | **819,837** | **8,198** | 800,694 | 8,007 |
| Shares issued in open offer *(note (i))* | **273,279** | **2,733** | – | – |
| Shares issued upon loan capitalisation *(note (ii))* | **–** | **–** | 19,143 | 191 |
| At 31 December | **1,093,116** | **10,931** | 819,837 | 8,198 |

*Note:*

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

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

On 5 February 2008, the Company entered into a Loan Capitalisation Agreement with Brilliant Path Limited ("Brilliant"), an independent third party, pursuant to which Brilliant agreed to subscribe for an aggregate of 16,804,979 new shares at a price of approximately HK$0.241 per share by capitalising the unsecured loan owed by the Company to Brilliant. As at the date of the Loan Capitalisation Agreement, the Company was indebted to Brilliant in the sum of approximately HK$4,050,000.

Details of the loan capitalisations are set out in the Company's announcements dated 15 January 2008 and 5 February 2008.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

## 17 POST BALANCE SHEET EVENTS

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

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

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

### FINANCIAL REVIEW

#### Turnover

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

#### Loss for the year

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

#### Liquidity and financial resources

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

### Capital structure

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

### Foreign exchange exposure

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

### Significant investments

The Group had no significant investments during the Year.

### Material acquisitions and disposals

The Group had no material acquisition during the Year and the Singapore subsidiary was disposed in October 2009. This disposal constituted a Very Substantial Disposal under the GEM Listing Rules and a circular relating to it was dispatched to the shareholders of the Company on 12 October 2009. The gain on this disposal is set out in note 8(a) to the financial statements.

### Aging of trade receivables and payables

The aging of the Group's trade receivables and payables as at 31 December 2009 are set out in note 14 and note 15 to the financial statements.

### Gearing ratio

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

### Employee information

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

### Contingent liabilities

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

## OUTLOOK

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

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

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

## CONTINUING CONNECTED TRANSACTIONS

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

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

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

## COMPETING INTEREST

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

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

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

### Long position in the shares and underlying shares of the Company

| Name of Director | Personal interests | Corporate interests | Total interests | Percentage of interests |
|---|---|---|---|---|
| Mr. Yu Shu Kuen | – | 273,333,333 *(note 1)* | 273,333,333 | 25.00% |
| Ms. Li Fang Hong | – | 206,666,666 *(note 2)* | 266,666,666 | 18.91% |

*Notes:*

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

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

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

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

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

## SUBSTANTIAL SHAREHOLDERS

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

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

*Notes:*

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

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

## AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The audit committee members as at the date of this 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 2009 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 Year, the Company has complied with the code provisions ("**Code Provision**") set out in the Code on Corporate Governance Practices contained in Appendix 15 to the GEM Listing Rules except the followings:

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

A Corporate Governance Report will be included in the annual report of the Company.

## DEALINGS FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## 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.

By Order of the Board
**M Dream Inworld Limited**
**Li Fang Hong**
*Managing Director*

1 March, 2010

*As at the date of this announcement, the Board of Directors consists of 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 and on the website of the Company from the day of its posting.*