



## **M DREAM INWORLD LIMITED**

**聯夢活力世界有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 8100)

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010**

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

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\* for identification purpose only

## **HIGHLIGHTS**

### **(Unaudited)**

- The turnover of the Group was approximately HK\$2.77 million for the Period representing a decrease of approximately 9.18% as compared to the turnover for the corresponding period in 2009 of approximately HK\$3.05 million.
- The Group recorded a loss attributable to equity shareholders of the Company of approximately HK\$4.37 million for the Period compared to the loss of approximately HK\$6.73 million for the same period last year.
- Loss per share for loss attributable to equity shareholders of the Company for the Period was HK0.40 cents.

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 three months and six months ended 30 June 2010 (the “Period”), together with the comparative unaudited figures for the corresponding period in 2009, as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
– UNAUDITED**

*For the three months and six months ended 30 June 2010*

*(Expressed in Hong Kong dollars)*

		Three months ended 30 June		Six months ended 30 June	
	Notes	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<b>Continuing operations</b>					
Turnover	2	472	1,078	2,766	3,049
Cost of sales		(412)	(934)	(2,457)	(2,644)
Gross profit		60	144	309	405
Other revenue and net income	3	380	29	923	95
Selling and administrative expenses		(2,597)	(2,851)	(5,581)	(6,191)
Loss from operations		(2,157)	(2,678)	(4,349)	(5,691)
Finance costs		(11)	(9)	(16)	(12)
Loss before taxation		(2,168)	(2,687)	(4,365)	(5,703)
Taxation	5	-	-	-	-
Loss for the period from continuing operations		(2,168)	(2,687)	(4,365)	(5,703)
<b>Discontinued operations</b>					
Loss for the period from discontinued operations	6	-	(707)	-	(1,462)
<b>Loss for the period</b>		<b>(2,168)</b>	<b>(3,394)</b>	<b>(4,365)</b>	<b>(7,165)</b>
<b>Attributable to:</b>					
Equity shareholders of the Company		(2,168)	(3,182)	(4,365)	(6,727)
Non-controlling interests		-	(212)	-	(438)
		<b>(2,168)</b>	<b>(3,394)</b>	<b>(4,365)</b>	<b>(7,165)</b>
<b>Loss per share</b>					
7					
From continuing and discontinued operations					
Basic		HK0.20 cents	HK0.39 cents	HK0.40 cents	HK0.82 cents
Diluted		N/A	N/A	N/A	N/A
From continuing operations					
Basic		HK0.20 cents	HK0.33 cents	HK0.40 cents	HK0.70 cents
Diluted		N/A	N/A	N/A	N/A

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2010 and 31 December 2009*

	<i>Notes</i>	<b>30 June 2010 (Unaudited) HK\$'000</b>	31 December 2009 (audited) HK\$'000
<b>Non-current assets</b>			
Fixed assets		1,110	1,730
Interest in associates		600	–
		<b>1,710</b>	1,730
<b>Current assets</b>			
Inventories		1,732	2,078
Trade and other receivables	11	6,667	5,240
Amount due from an associate		1,058	84
Current tax recoverable		187	6
Cash and cash equivalents		16,460	21,889
		<b>26,104</b>	29,297
<b>Current liabilities</b>			
Trade and other payables	12	2,307	1,211
Obligations under a finance lease		85	83
		<b>2,392</b>	1,294
<b>Net current assets</b>		<b>23,712</b>	28,003
<b>Total assets less current liabilities</b>		<b>25,422</b>	29,733
<b>Non-current liabilities</b>			
Obligations under a finance lease		255	298
<b>Net assets</b>		<b>25,167</b>	29,435
<b>Capital and reserves</b>			
Share Capital		10,931	10,931
Reserves	9	14,236	18,504
<b>Total equity</b>		<b>25,167</b>	29,435

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)**

*For the six months ended 30 June 2010*

	Share Capital <i>HK\$'000</i>	Share Premium <i>HK\$'000</i>	Contributed Surplus <i>HK\$'000</i>	Exchange Reserve <i>HK\$'000</i>	Accumulated Losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance as at 1 January 2009	8,198	164,284	6,426	482	(146,729)	32,661	450	33,111
Exchange differences	-	-	-	(136)	-	(136)	-	(136)
Net loss for the period	-	-	-	-	(6,727)	(6,727)	(438)	(7,165)
Balance at 30 June 2009	<u>8,198</u>	<u>164,284</u>	<u>6,426</u>	<u>346</u>	<u>(153,456)</u>	<u>25,798</u>	<u>12</u>	<u>25,810</u>
Balance as at 1 January 2010	10,931	173,039	6,426	(66)	(160,895)	29,435	-	29,435
Exchange differences	-	-	-	97	-	97	-	97
Net loss for the period	-	-	-	-	(4,365)	(4,365)	-	(4,365)
Balance at 30 June 2010	<u>10,931</u>	<u>173,039</u>	<u>6,426</u>	<u>31</u>	<u>(165,260)</u>	<u>25,167</u>	<u>-</u>	<u>25,167</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
*For the six months ended 30 June 2010*

	<b>Six months ended</b>	
	<b>30 June</b>	30 June
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash used in operating activities	(4,691)	(10,600)
Net cash used in investing activities	(1,054)	(245)
Net cash generated from financing activities	<u>349</u>	<u>–</u>
Net decrease in cash and cash equivalents	(5,396)	(10,845)
Effect of foreign exchange rate changes	(33)	12
Cash and cash equivalents at 1 January	<u>21,889</u>	<u>32,377</u>
Cash and cash equivalents at 30 June	<u><b>16,460</b></u>	<u><b>21,544</b></u>
Analysis of balances of cash and cash equivalents		
Bank overdraft	–	–
Cash and bank balances	12,203	11,338
Time deposits	<u>4,257</u>	<u>10,206</u>
	<u><b>16,460</b></u>	<u><b>21,544</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results are consistent with those used in the Company’s annual financial statements for the year ended 31 December 2009.

### 2. TURNOVER

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Total	
	2010	2009	2010	2009	2010	2009
	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Sales of optical display equipment, components and related technology	2,766	2,685	–	–	2,766	2,685
Sales of software and hardware	–	364	–	–	–	364
System solution services	–	–	–	2,905	–	2,905
	<u>2,766</u>	<u>3,049</u>	<u>–</u>	<u>2,905</u>	<u>2,766</u>	<u>5,954</u>

### 3. OTHER REVENUE AND NET INCOME/(LOSS)

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Total	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other revenue						
Bank interest income	25	46	–	–	25	46
Dividend income	390	–	–	–	390	–
Government grant	–	–	–	136	–	136
	<u>415</u>	<u>46</u>	<u>–</u>	<u>136</u>	<u>415</u>	<u>182</u>
Other net income/(loss)						
Loss on disposal of associated company	(6)	–	–	–	(6)	–
Gain on disposal of subsidiary company	526	–	–	–	526	–
Net foreign exchange loss	(12)	–	–	(5)	(12)	(5)
Net sundry income	–	49	–	–	–	49
	<u>508</u>	<u>49</u>	<u>–</u>	<u>(5)</u>	<u>508</u>	<u>44</u>
	<u><b>923</b></u>	<u>95</u>	<u>–</u>	<u>131</u>	<u><b>923</b></u>	<u>226</u>

### 4. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.

### 5. 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 (2009: 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 (2009: Nil).

### 6. LOSS FROM DISCONTINUED OPERATIONS

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.

On 29 October 2009, the Group further disposed of the remaining 70% equity interest in Elipva Limited, together with its interest in Elipva Inc.

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



## **7. LOSS PER SHARE**

### **(a) Basic loss per share**

#### **From continuing operations**

The calculation of basic loss per share from continuing operations is based on the loss attributable to equity shareholders of the Company of HK\$4.37M (2009: HK\$5.70M) and the weighted average of 1,093,117,906 ordinary shares (2009: 819,838,000 shares) in issue during the Period.

#### **From discontinued operations**

The calculation of basic loss per share from discontinued operations of 2009 is based on the loss attributable to equity shareholders of the Company of HK\$1.46M and the weighted average of 819,838,000 ordinary shares in issue during the period.

### **(b) Diluted loss per share**

No diluted loss per share has been presented as there were no dilutive events during the periods ended 30 June 2010 and 2009.

## **8. 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**

Information regarding the Group's reportable segments for the period ended 30 June 2010 and 2009 is set out below.

	Six months ended 30 June							
	Continuing operations		Discontinued operations		Unallocated		Consolidated	
	Sales of display equipment, components and related technology		Sales of system solution services					
	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales from external customers	<u>2,766</u>	<u>2,685</u>	<u>-</u>	<u>2,905</u>	-	364	<u>2,766</u>	<u>5,954</u>
Segment results	<u>(2,201)</u>	<u>(1,560)</u>	<u>-</u>	<u>(1,462)</u>	-	-	<u>(2,201)</u>	<u>(3,022)</u>
Unallocated income and expenses							<u>(2,164)</u>	<u>(4,143)</u>
Loss from operations							<u>(4,365)</u>	<u>(7,165)</u>
Income tax							<u>-</u>	<u>-</u>
Loss for the period							<u>(4,365)</u>	<u>(7,165)</u>
Other segment information:								
Depreciation	<u>302</u>	<u>121</u>	<u>-</u>	<u>5</u>			<u>302</u>	<u>126</u>
Capital expenditure incurred during the period	<u>66</u>	<u>264</u>	<u>-</u>	<u>29</u>			<u>66</u>	<u>293</u>

(b) **Segment assets, liabilities and capital expenditure**

	Sales of display equipment, components and related technology		Sales of system solution services		Unallocated		Consolidated	
	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec
	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<u>9,139</u>	<u>8,649</u>	<u>-</u>	<u>-</u>	<u>18,675</u>	<u>22,378</u>	<u>27,814</u>	<u>31,027</u>
Total assets	<u><b>9,139</b></u>	<u><b>8,649</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>18,675</b></u>	<u><b>22,378</b></u>	<u><b>27,814</b></u>	<u><b>31,027</b></u>
Segment liabilities	<u>1,866</u>	<u>438</u>	<u>-</u>	<u>-</u>	<u>781</u>	<u>1,154</u>	<u>2,647</u>	<u>1,592</u>
Total liabilities	<u><b>1,866</b></u>	<u><b>438</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>781</b></u>	<u><b>1,154</b></u>	<u><b>2,647</b></u>	<u><b>1,592</b></u>
Other segment information: Capital expenditure incurred during the period/year	<u><b>66</b></u>	<u><b>422</b></u>	<u><b>-</b></u>	<u><b>32</b></u>	<u><b>-</b></u>	<u><b>1,340</b></u>	<u><b>66</b></u>	<u><b>1,794</b></u>

(c) **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 assets, in the case of property, plant and equipment and the location of operation, in the case of interests in associates.

	Six months ended	
	30 June	30 June
	2010	2009
	HK\$'000	HK\$'000
<b>Revenues from external customers</b>		
Mainland China	<u>2,766</u>	<u>1,866</u>
Singapore	<u>-</u>	<u>2,906</u>
Hong Kong (place of domicile)	<u>-</u>	<u>1,182</u>
	<u><b>2,766</b></u>	<u><b>5,954</b></u>

	<b>30 June 2010 HK\$'000</b>	31 Dec 2009 HK\$'000
<b>Specified non-current assets</b>		
Mainland China	284	415
Singapore	–	4
Hong Kong	<u>1,426</u>	<u>1,311</u>
	<b><u>1,710</u></b>	<b><u>1,730</u></b>

	<b>30 June 2010 HK\$'000</b>	31 Dec 2009 HK\$'000
<b>Capital expenditure incurred during the period/year</b>		
Mainland China	–	454
Singapore	–	–
Hong Kong	<u>66</u>	<u>1,340</u>
	<b><u>66</u></b>	<b><u>1,794</u></b>

## 9. RESERVES

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

## 10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the Period (2009: Nil).

## 11. TRADE AND OTHER RECEIVABLES

	<b>(Unaudited) 30 June 2010 HK\$'000</b>	(Audited) 31 Dec 2009 HK\$'000
Trade receivable	1,827	1,390
Less: allowance for doubtful debts of trade receivables	<u>–</u>	<u>–</u>
Trade receivable – net	1,827	1,390
Prepayments, deposits and other receivables	<u>4,840</u>	<u>3,850</u>
	<b><u>6,667</u></b>	<b><u>5,240</u></b>

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

	(Unaudited) <b>30 June</b> <b>2010</b> <i>HK\$'000</i>	(Audited) 31 Dec 2009 <i>HK\$'000</i>
Current	<u>92</u>	<u>1,064</u>
Less than 1 month past due	<b>679</b>	266
1 to 3 months past due	<b>154</b>	24
More than 3 months but less than 12 months past due	<u><b>902</b></u>	<u>36</u>
	<u><b>1,735</b></u>	<u>326</u>
	<u><b>1,827</b></u>	<u>1,390</u>

Trade receivables are due within 30-60 days from the date of billing or the date of received inspection report from customer. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The directors are of the opinion that adequate provision for uncollectible receivables has been made in the financial statements and the Group has no significant concentration of credit risk. Normally, the Group does not obtain collateral from customers.

The directors of the Group had assessed the recoverability of prepayments, deposits and other receivables for the six months ended 30 June 2010 and considered no provision for impairment in respect of prepayments, deposits and their receivables to their recoverable values (31 December 2009: Nil).

## 12. TRADE PAYABLES, ACCRUED CHARGES AND OTHER PAYABLES

	(Unaudited) <b>30 June</b> <b>2010</b> <i>HK\$'000</i>	(Audited) 31 Dec 2009 <i>HK\$'000</i>
Trade payables	<b>1,153</b>	346
Accrued charges and other payables	<u><b>1,154</b></u>	<u>865</u>
	<u><b>2,307</b></u>	<u>1,211</u>

As at 30 June 2010, the aged analysis of the trade payables was as follows:

	(Unaudited) 30 June 2010 HK\$'000	(Audited) 31 Dec 2009 HK\$'000
0 – 90 days	562	346
91 – 180 days	591	–
Over 180 days	–	–
	<u>1,153</u>	<u>346</u>

### 13. CONTINUING CONNECTED TRANSACTIONS

During the Period, 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.”), had 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, a former 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. The amount of purchase for the Period is shown in Note 14.

### 14. RELATED PARTY TRANSACTIONS

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

Name of related party	Nature of transactions	Six months ended 30 June	
		2010 HK\$'000	2009 HK\$'000
鴻源控股有限公司 (“Greatsource Holding Co. Ltd.”) and its subsidiaries ( <i>Note</i> )	Purchases of display equipment and components and related technology	<u>2,105</u>	<u>2,183</u>

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

## 15. SUBSEQUENT EVENTS

- (i) On 14 July 2010, Refine Skill Limited (“Refine Skill”), a company being a wholly-owned subsidiary of the Company entered into a conditional sales and purchase agreement with KanHan Technologies Limited (“Vendor”) whereby Refine Skill conditionally agreed to purchase and Vendor conditionally agreed to sell the entire issued capital and shareholder loan of KanHan Educational Services Limited at a consideration of HK\$25,000,000, which shall be satisfied by HK\$5,000,000 in cash and HK\$20,000,000 promissory note issued by Refine Skill and guaranteed by the Company. This acquisition was completed on 19 July 2010. Details of this acquisition and its completion are set out in the Company’s announcements published on 14 July 2010 and 19 July 2010.
  
- (ii) On 29 July 2010, the Company entered a placing agreement with Kingston Securities Limited (“the Placing Agent”) whereby the Placing Agent conditionally agreed to place on fully underwritten basis, 218,000,000 new shares of the Company at a price of HK\$0.10 per share to not fewer than six independent placees. The issue of the new shares is under the general mandate approved by the shareholders of the Company at the annual general meeting on 11 June 2010. The net proceeds from this placement, if completed, will be approximately HK\$ 21 million and this amount is intended for as general working capital for the Group. Details of this placement are set out in the Company’s announcements published on 29 July 2010.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

As some sales was not yet confirmed by some customers, the sales for the three months ended 30 June 2010 was only approximately HK\$472,000 which was quite disappointing. The Group has focused on doing its display business during the Period. The sales for the Period was slightly less than the sales for the same period in last year, experienced about a 10% drop. However, the loss attributable to equity shareholders of the Company was smaller in this Period compared to the same period in last year as there was no loss from discontinued operations incurred in the Period, and the selling and administration expenses was properly controlled.

### **FINANCIAL REVIEW**

#### **Turnover**

The turnover of the Group was approximately HK\$2.77 million for the Period, representing a decrease of 9.18% compared to the turnover for the corresponding period in 2009 of approximately HK\$3.05 million.

#### **Loss for the Period**

The Group recorded a loss attributable to equity shareholders of the Company for the Period was approximately HK\$4.37 million compared to the loss of approximately HK\$6.73 million for the same period last year. The decrease in loss is mainly due to the decrease in selling and administrative expenses for the Period by a better control in operations in Hong Kong and the PRC offices.

#### **Capital structure**

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

#### **Foreign exchange exposure**

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

#### **Significant investments**

The Group had no significant investments during the Period.

#### **Material acquisitions and disposals**

The Group had no material acquisition or disposal during the Period. There were some immaterial disposal of small subsidiaries and associated company carried out during the Period, and the result of disposal are set out in Note 3 to the financial statements.



## **DEALINGS FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has relied on Rules 5.48 to 5.67 of the GEM Listing Rules as the required standard of dealings in respect to any dealings in the Company's securities by the Company's Directors.

General and specific enquiries have been made to all Directors and they all confirmed they have complied with the said GEM Listing Rules during the Period.

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

## **OUTLOOK**

The Group has successfully acquired KanHan Educational Services Limited ("KanHan Educational") on 19 July 2010 which, the management expects it would give a strong boost to the sales of the Group. The products and services of KanHan Educational are getting popular in market and given some time to the sales team of KanHan Educational, their products and services will be widely spread across many schools and institutions in Hong Kong.

There is a profits guarantee for KanHan Educational. The profits after tax in 2010, 2011 and 2012 of KanHan Educational should not be less than HK\$450,000, HK\$2,200,000 and HK\$6,500,000 respectively. Details of this guarantee are set out in the announcement of the Company published on 14 July 2010. Such guarantee should improve the results of the Group in the near future.

## **DIRECTORS' INTERESTS IN CONTRACT**

Save as disclosed in note 14 above, none of the Directors had any interests in any contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the company had a material interest, whether directly or indirectly, and which subsisted at the end of the Period or at any time during the Period.

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

As at 30 June 2010, 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
Ms. Li Fang Hong	–	206,666,666 (Note 1, 2)	206,666,666	18.91%

### Notes:

1. 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.
2. On 9 July 2010, Ms. Li Fang Hong has resigned as Executive Director, and Universal Target Limited has disposed all of its 206,666,666 shares in the Company on 5 July 2010. Details of the disposal of shares are set out in the Company's announcements dated 18 June 2010, 30 June 2010 and 5 July 2010.

Save as disclosed above, as at 30 June 2010, none of the Directors or chief executives of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

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

## SHARE OPTION SCHEME

### 2007 New Share Option Scheme

On 24 December 2007, this new share option scheme was approved by shareholders of the Company in an extraordinary general meeting. This scheme is to enable the Company to grant option to either Directors or employees of the Group in order to recognize and motivate their contribution, to provide incentives and to help the Group in retaining its existing employees and recruiting additional quality employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group.

No options were granted under this scheme as at 30 June 2010.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2010, 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:

<b>Name of shareholders</b>	<b>Number of shares held</b>	<b>Percentage of the Company's share capital</b>
Ample Field Limited ( <i>Note 1</i> )	273,333,333	25%
Mr. Yu Shu Kuen ( <i>Note 1</i> )	273,333,333	25%
Universal Target Limited ( <i>Note 2, 3</i> )	206,666,666	18.91%
Eternal Mass Limited ( <i>Note 2, 3</i> )	206,666,666	18.91%
Mr. Gui Song ( <i>Note 2, 3</i> )	206,666,666	18.91%
Ms. Li Fang Hong ( <i>Note 2, 3</i> )	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 is deemed to be interested in the 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 beneficially owned by Universal Target Limited.
3. Universal Target Limited has disposed all of its 206,666,666 shares in the Company on 5 July 2010. Details of the disposal of shares are set out in the Company's announcements dated 18 June 2010, 30 June 2010 and 5 July 2010.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company, nor any of its subsidiaries, has purchased, sold or redeemed any of the Company's shares during the Period.

## **COMPETING INTEREST**

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 Period.

## **CORPORATE GOVERNANCE**

During the Period the Company has complied with the code provisions set out in Appendix 15 of the GEM Listing Rules except for Code Provision A2.1 which requires the separation of the roles of chairman and chief executive officer. Since the former chairman resigned on 30 September 2009, the former 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 until she resigned as Director on 9 July 2010. Mr. Chi Chi Hung, Kenneth has been appointed as Chairman, Executive Director, Authorized Representative and Compliance Officer of the Company with effect from 8 July 2010. Mr. Ng Kay Kwok has been appointed as Executive Director of the Company on 9 July 2010 and since then he has been carrying out the duties as the chief executive officer.

## **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 Mr. Billy B Ray Tam, Ms. Chan Hoi Ling, Mr. Cho Chun Wai and Mr. Yu Pak Yan, Peter. They are the Independent Non-executive Directors of the Company. The audit committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

The Company's financial statements for the Period have been reviewed and discussed by the audit committee before any disclosure and release of information.

## **BOARD PRACTICES AND PROCEDURES**

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

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

By Order of the Board  
**M Dream Inworld Limited**  
**Chi Chi Hung, Kenneth**  
*Chairman*

9 August 2010

*As at the date of this announcement, the Board consists of Mr. Chi Chi Hung, Kenneth, and Mr. Ng Kay Kwok being the Executive Directors, Mr. Billy B Ray Tam, Ms. Chan Hoi Ling, Mr. Cho Chun Wai and Mr. Yu Pak Yan, Peter 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 and on the website of the Company.*