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)

2012 ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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 (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 of Hong Kong Limited (the "GEM Listing Rules") 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.

* *For identification purposes only*

FINANCIAL HIGHLIGHTS

(Audited)

- The turnover of the Group from its continuing operations was approximately HK$4,137,000 for the year ended 31 December 2012, representing an increase of approximately 13.8% as compared to the turnover for the year ended 31 December 2011 of approximately HK$3,636,000.

- The Group recorded a loss attributable to equity shareholders of the Company of approximately HK$26,626,000 for the year ended 31 December 2012, compared to a loss of approximately HK$6,146,000 for the year ended 31 December 2011. The reason for the loss was mainly due to the impairment loss on goodwill of approximately HK$20,831,000.

- Loss per share for loss attributable to equity shareholders of the Company for the year ended 31 December 2012 was HK2.13 cents.

- The Board of the Company do not recommend the payment of any dividend for the year ended 31 December 2012.

ANNUAL RESULTS

The Directors of M Dream Inworld Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2012 (the "Year").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Note	**2012** **$'000**	2011 $'000 (Re-presented)
Continuing operations			
Turnover	*3*	**4,137**	3,636
Cost of sales		**(228)**	(264)
Gross profit		**3,909**	3,372
Other revenue	*5*	**2,053**	1,660
Other gains and losses	*6*	**(16,451)**	1,514
Selling and administrative expenses		**(14,442)**	(10,846)
Loss from operations		**(24,931)**	(4,300)
Finance costs	*7(a)*	**(1,048)**	(120)
Loss before taxation	*7*	**(25,979)**	(4,420)
Income tax	*8*	**(359)**	(217)
Loss for the year from continuing operations		**(26,338)**	(4,637)
Discontinued operation	*9*		
Loss for the year from discontinued operation		**(288)**	(1,509)
Loss for the year attributable to equity shareholders of the Company		**(26,626)**	(6,146)
Loss per share	*12*		
From continuing and discontinued operations			
Basic and diluted		**(HK2.13 cents)**	(HK0.55 cents)
From continuing operations			
Basic and diluted		**(HK2.11 cents)**	(HK0.42 cents)
From discontinued operation			
Basic and diluted		**(HK0.02 cents)**	(HK0.13 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	2012	2011
	$'000	*$'000*
Loss for the year	**(26,626)**	(6,146)
Other comprehensive (expense)/income for the year		
Exchange differences on translation of financial statements of overseas subsidiaries	**18**	171
Reclassification adjustments relating to deregistration of foreign operation during the year	**(307)**	–
	(289)	171
Total comprehensive expense for the year attributable to equity shareholders of the Company	**(26,915)**	(5,975)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012
(Expressed in Hong Kong dollars)

	Note	2012 $'000	2011 $'000
Non-current assets			
Fixed assets	*13*	**7,901**	167
Intangible assets	*14*	**3,637**	1,647
Goodwill	*15*	**2,408**	23,239
		13,946	25,053
Current assets			
Trade and other receivables	*16*	**6,291**	13,470
Loan receivables, unsecured	*17*	**–**	5,019
Cash and cash equivalents		**140,737**	118,105
		147,028	136,594
Current liabilities			
Trade and other payables	*18*	**5,194**	2,917
Amount due to a director	*19*	**401**	190
Bank loan, secured	*20*	**3,108**	–
Convertible notes	*21*	**14,044**	–
Current taxation	*22*	**147**	150
		22,894	3,257
Net current assets		**124,134**	133,337
NET ASSETS		**138,080**	158,390
CAPITAL AND RESERVES			
Share capital		**124,889**	124,889
Reserves		**13,191**	33,501
Total equity attributable to equity shareholders of the Company		**138,080**	158,390

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							
	Share capital *$'000*	Share premium *$'000*	Contributed surplus *$'000*	Share option reserve *$'000*	Convertible note equity reserve *$'000*	Exchange reserve *$'000*	Accumulated losses *$'000*	Total equity *$'000*
Balance at 1 January 2011	13,111	192,064	6,426	–	–	123	(174,044)	37,680
Loss for the year	–	–	–	–	–	–	(6,146)	(6,146)
Other comprehensive income	–	–	–	–	–	171	–	171
Total comprehensive income/ (expense) for the year	–	–	–	–	–	171	(6,146)	(5,975)
Shares issued upon open offer	52,445	48,733	–	–	–	–	–	101,178
Shares issued on bonus issue	39,333	(39,333)	–	–	–	–	–	–
Shares issued on placement of shares	20,000	5,197	–	–	–	–	–	25,197
Equity settled share-based transactions	–	–	–	310	–	–	–	310
Balance at 31 December 2011 and 1 January 2012	124,889	206,661	6,426	310	–	294	(180,190)	158,390
Loss for the year	–	–	–	–	–	–	(26,626)	(26,626)
Other comprehensive expense	–	–	–	–	–	(289)	–	(289)
Total comprehensive expense for the year	–	–	–	–	–	(289)	(26,626)	(26,915)
Issue of convertible notes *(note 21)*	–	–	–	–	6,605	–	–	6,605
Balance at 31 December 2012	124,889	206,661	6,426	310	6,605	5	(206,816)	138,080

Notes:

1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated 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. The consolidated 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. Note 2 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 the consolidated financial statements.

The consolidated financial statements for the Year comprise the Company and its subsidiaries.

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

The preparation of the consolidated 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.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the consolidated financial statements:

- Amendments to HKFRS 7, Financial instruments: Disclosures — Transfers of financial assets

- Amendments to HKAS 12, Income taxes — Deferred tax: Recovery of underlying assets

The adoption of the new amendments had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. TURNOVER

Turnover represents the sales value of goods and services supplied to customers. An analysis of the Group's revenue for the year is as follows:

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Provision of website development, electronic learning products and services	**4,137**	3,636	**–**	–	**4,137**	3,636
Sales of optical display equipment, components and related technology	**–**	–	**–**	–	**–**	–
	4,137	3,636	**–**	–	**4,137**	3,636

4. 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.

— Website development, electronic learning products and services (continuing operations)

— Optical display equipment, components and related technology (discontinued operation)

(a) Segment results, assets and liabilities

For the purpose of monitoring segment performances and allocating resources between segments:

— Segment profit/(loss) represented profit earned by/(loss from) each segment without allocation of central administration costs, finance costs and income tax expense.

— Segment assets include all tangible, intangible assets and current assets with the exception of loan receivables and other corporate assets.

— Segment liabilities include all current and non-current liabilities with the exception of accrued central administration cost and amount due to a director.

Segment revenue reported below represents revenue generated from external customers. There were no inter-segment sales in the current year (2011: HK$nil).

Information regarding the Group's reportable segments for the years ended 31 December 2012 and 2011 is set out below.

	Continuing operations Website development, electronic learning products and services		Discontinued operation Optical display equipment, components and related technology		Unallocated		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover								
Revenue from external customers	**4,137**	3,636	**–**	–	**–**	–	**4,137**	3,636
Results								
Segment result	**(18,577)**	2,338	**(288)**	(1,509)	**–**	–	**(18,865)**	829
Interest income							**1,813**	1,420
Unallocated income							**148**	1,488
Unallocated expenses							**(8,315)**	(9,546)
Loss from operations							**(25,219)**	(5,809)
Finance costs							**(1,048)**	(120)
Loss before taxation							**(26,267)**	(5,929)
Income tax							**(359)**	(217)
Loss for the year							**(26,626)**	(6,146)
Assets								
Segment assets	**10,029**	28,676	**–**	2,834	**–**	–	**10,029**	31,510
Unallocated assets	**–**	–	**–**	–	**150,945**	130,137	**150,945**	130,137
Total assets							**160,974**	161,647
Liabilities								
Segment liabilities	**1,996**	1,718	**–**	654	**–**	–	**1,996**	2,372
Unallocated liabilities	**–**	–	**–**	–	**20,898**	885	**20,898**	885
Total liabilities							**22,894**	3,257
Other information								
Capital expenditure	**(85)**	(40)	**–**	–	**(8,030)**	(30)	**(8,115)**	(70)
Depreciation	**(15)**	(3)	**(10)**	(14)	**(330)**	(221)	**(355)**	(238)
Development costs capitalised	**(1,990)**	(1,647)	**–**	–	**–**	–	**(1,990)**	(1,647)
Gain on deregistration of a subsidiary	**–**	–	**293**	–	**–**	–	**293**	–
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	1,278	**–**	1,278
Gain/(loss) on disposal of fixed assets	**–**	–	**(21)**	–	**47**	(118)	**26**	(118)
Impairment loss on goodwill	**(20,831)**	–	**–**	–	**–**	–	**(20,831)**	–
Recovery from impairment loss on trade receivables	**–**	–	**62**	428	**–**	–	**62**	428
Write-down of inventories	**–**	–	**–**	(1,328)	**–**	–	**–**	(1,328)

(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, intangible assets and goodwill ("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 fixed assets, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	Revenues from external customers		**Specified non-current assets**	
	2012	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong	**4,137**	2,640	**13,874**	24,999
Mainland China	**–**	996	**72**	54
	4,137	3,636	**13,946**	25,053

(c) Information about major customers

For the year ended 31 December 2012, there were nil (2011: two) customers who individually accounted for over 10% of total revenue of the Group and their aggregate revenue was HK$nil (2011: HK$1,623,000) related to the website development, electronic learning products and services segment (2011: website development, electronic learning products and services segment).

5. OTHER REVENUE

	Continuing operations		**Discontinued operation**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Bank interest income	**1,748**	1,376	**–**	–	**1,748**	1,376
Income from provision of business centre services	**240**	240	**–**	–	**240**	240
Loan interest income	**65**	44	**–**	–	**65**	44
	2,053	1,660	**–**	–	**2,053**	1,660

6. OTHER GAINS AND LOSSES

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Foreign exchange (loss)/gain	**(5)**	24	**–**	–	**(5)**	24
Gain on disposal of subsidiaries	**–**	1,278	**–**	–	**–**	1,278
Gain/(loss) on disposal of fixed assets	**47**	(118)	**(21)**	–	**26**	(118)
Gain on profit guarantee from acquisition of subsidiaries	**4,235**	–	**–**	–	**4,235**	–
Impairment loss on goodwill	**(20,831)**	–	**–**	–	**(20,831)**	–
Net sundry income	**103**	330	**2**	–	**105**	330
Recovery from impairment loss on trade receivables	**–**	–	**62**	428	**62**	428
Write-down of inventories	**–**	–	**–**	(1,328)	**–**	(1,328)
	(16,451)	1,514	**43**	(900)	**(16,408)**	614

7. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
(a) Finance costs:						
Interest on bank loans:						
— wholly repayable within 5 years	**–**	13	**–**	–	**–**	13
— not wholly repayable within 5 years	**86**	–	**–**	–	**86**	–
Finance charges on obligations under finance leases	**–**	107	**–**	–	**–**	107
Effective interest on convertible notes	**962**	–	**–**	–	**962**	–
	1,048	120	**–**	–	**1,048**	120
(b) Staff costs (including directors' remuneration):						
Salaries, wages and other benefits	**6,225**	3,047	**142**	92	**6,367**	3,139
Retirement scheme contributions	**111**	98	**–**	–	**111**	98
	6,336	3,145	**142**	92	**6,478**	3,237
(c) Other items:						
Depreciation	**345**	224	**10**	14	**355**	238
Auditor's remuneration	**400**	380	**–**	–	**400**	380
Operating lease charges: minimum lease payments						
— hire of office premises	**515**	1,618	**117**	109	**632**	1,727
— hire of other assets	**6**	19	**217**	158	**223**	177
Equity settled share-based payment	**–**	310	**–**	–	**–**	310

8. INCOME TAX

(a) Income tax in the consolidated income statement represents:

	Continuing operations		Discontinued operation		Total	
	2012	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Current tax						
— Hong Kong Profits Tax						
Provision for the year	**368**	217	**–**	–	**368**	217
Overprovision in respect of prior year	**(9)**	–	**–**	–	**(9)**	–
	359	217	**–**	–	**359**	217

The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5% (2011: 16.5%) 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 consolidated financial statements of the subsidiaries operating outside Hong Kong for the year (2011: HK$nil).

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

	2012	2011
	$'000	*$'000*
Loss before taxation		
— Continuing operations	**(25,979)**	(4,420)
— Discontinued operation	**(288)**	(1,509)
	(26,267)	(5,929)
Notional tax credit on loss before taxation, calculated at the rate of 16.5% (2011: 16.5%)	**(4,334)**	(978)
Tax effect of different taxation rates in other tax jurisdictions	**(20)**	(43)
Tax effect of non-deductible expenses	**5,840**	1,919
Tax effect of non-taxable income	**(1,037)**	(588)
Tax effect of unused tax losses not recognised	**–**	176
Utilisation of tax losses previously not recognised	**–**	(4)
Overprovision in respect of prior year	**(9)**	–
Tax effect of temporary differences not recognised	**(81)**	(265)
Income tax expense	**359**	217

9 DISCONTINUED OPERATION

On 26 November 2012, 廣泰益昌(北京)科技有限公司 ("廣泰"), a wholly-owned subsidiary of the Group, completed the deregistration from the State Administration for Industry and Commerce in the People's Republic of China ("PRC"). The business relating to optical display equipment, components and related technology carried out by the subsidiary is presented as a discontinued operation.

The results of the discontinued operation included in the loss for the year are set out below. The comparative loss and cash flows from discontinued operation have been re-presented to include the operation classified as discontinued in the current year:

	2012	2011
	$'000	*$'000*
Revenue	**–**	–
Other gains and losses	**43**	(900)
Selling and administrative expenses	**(624)**	(609)
Loss before taxation	**(581)**	(1,509)
Income tax	**–**	–
	(581)	(1,509)
Gain on derecognition of discontinued operation (including HK$307,000 reclassification of exchange reserve from equity to profit or loss on deregistration of foreign operation)	**293**	–
Loss for the year from discontinued operation	**(288)**	(1,509)
Net cash flows from discontinued operation		
Net cash flow generated by operating activities	**(723)**	(132)
Net cash flow generated by investing activities	**3**	–
Net cash flow generated by financing activities	**–**	–
	(720)	(132)

10. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2012 (2011: HK$nil).

11. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$15,007,000 (2011: HK$34,052,000) which has been dealt with in the financial statements of the Company.

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$26,626,000 (2011: HK$6,146,000) and the weighted average of 1,248,893,000 ordinary shares (2011: 1,108,752,000 ordinary shares) in issue during the year.

From continuing operations

The calculation of basic loss per share from continuing operations is based on the loss from continuing operations of HK$26,338,000 (2011: HK$4,637,000) and the weighted average of 1,248,893,000 ordinary shares (2011: 1,108,752,000 ordinary shares) in issue during the year.

From discontinued operation

The calculation of basic loss per share from the discontinued operation is based on the loss from the discontinued operation of HK$288,000 (2011: HK$1,509,000) and the weighted average of 1,248,893,000 ordinary shares (2011: 1,108,752,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2012 and 2011 in respect of a dilution as the impact of the convertible notes and share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

13. FIXED ASSETS

The Group

	Land and buildings $'000	Leasehold improvements $'000	Office equipment $'000	Furniture and fixtures $'000	Computer hardware and software $'000	Motor vehicles $'000	Total $'000
Cost:							
At 1 January 2011	–	181	226	82	–	3,161	3,650
Exchange adjustments	–	–	3	–	–	–	3
Additions	–	–	2	–	68	–	70
Disposals	–	–	(12)	(48)	–	(1,793)	(1,853)
Disposal of subsidiaries	–	–	–	–	–	(1,368)	(1,368)
At 31 December 2011 and 1 January 2012	–	181	219	34	68	–	502
Exchange adjustments	–	–	1	–	–	–	1
Additions	6,753	536	13	–	813	–	8,115
Disposals	–	–	(72)	(26)	–	–	(98)
At 31 December 2012	6,753	717	161	8	881	–	8,520
Accumulated depreciation and impairment:							
At 1 January 2011	–	181	83	46	–	1,086	1,396
Exchange adjustments	–	–	1	–	–	–	1
Charge for the year	–	–	44	14	7	173	238
Written back on disposals	–	–	(8)	(33)	–	(278)	(319)
Written back on disposal of subsidiaries	–	–	–	–	–	(981)	(981)
At 31 December 2011 and 1 January 2012	–	181	120	27	7	–	335
Exchange adjustments	–	–	1	–	–	–	1
Charge for the year	168	98	41	3	45	–	355
Written back on disposals	–	–	(50)	(22)	–	–	(72)
At 31 December 2012	168	279	112	8	52	–	619
Net book value:							
At 31 December 2012	**6,585**	**438**	**49**	**–**	**829**	**–**	**7,901**
At 31 December 2011	–	–	99	7	61	–	167

14. INTANGIBLE ASSETS

The Group

	Development costs
	$'000
Cost:	
At 1 January 2011	–
Additions through internal development	1,647
At 31 December 2011 and 1 January 2012	1,647
Additions through internal development	1,990
At 31 December 2012	3,637
Accumulated amortisation:	
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	–
Net book value:	
At 31 December 2012	**3,637**
At 31 December 2011	1,647

The development costs represent the expenditure incurred for developing electronic learning products.

There is no amortisation charge in the year as the intangible assets are not yet available for use at 31 December 2012 (2011: HK$nil).

15. GOODWILL

	The Group
	$'000
Cost:	
At 1 January 2011, 31 December 2011, 1 January 2012 and 31 December 2012	23,239
Accumulated impairment losses:	
At 1 January 2011, 31 December 2011, 1 January 2012	–
Impairment loss	20,831
At 31 December 2012	20,831
Carrying value:	
At 31 December 2012	**2,408**
At 31 December 2011	23,239

Impairment test for cash-generating unit containing goodwill

Goodwill is allocated to the Group's cash generating unit ("CGU") identified according to the business segment as follows:

	2012	2011
	$'000	*$'000*
Website development, electronic learning products and services	**2,408**	23,239

The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period were then extrapolated using the estimated rates stated below.

Key assumptions used for value in use calculations:

	2012	2011
Gross margin	**81%–90%**	82%–91%
Growth rate	**2.3%–26%**	-6%–145%
Discount rate	**13.4%**	4.5%

Management determined the budgeted gross margin and growth rate based on past performance, its expectation for market development and the geometric average growth rate of Hong Kong Government expenditure on education from 2002 to 2012. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The discount rate used is pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

During the years ended 31 December 2012 and 2011, management of the Group determined that there are impairment losses of HK$20,831,000 (2011: HK$nil) on its CGU containing goodwill. As the CGU has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

16. TRADE AND OTHER RECEIVABLES

	The Group	
	2012	2011
	$'000	*$'000*
Trade receivables	**1,632**	1,234
Less: Impairment loss *(note 16(b))*	**–**	(971)
	1,632	263
Deposits paid for purchase of fixed assets	**–**	2,350
Deposit paid for investment *(note 16(d))*	**–**	10,000
Prepayments and deposits	**323**	321
Receivable from profit guarantee on acquisition of subsidiaries	**4,235**	–
Other receivables	**101**	536
	6,291	13,470

All of the trade and other receivables, apart from deposits paid for purchase of fixed assets of HK$nil (2011: HK$2,350,000) and rental deposits of HK$23,000 (2011: HK$117,000), are expected to be recovered or recognised as expenses within one year.

Included in trade receivables is an amount of HK$nil (2011: HK$59,000) due from a related company, KanHan Technologies Limited ("KanHan Technologies").

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

(a) Ageing analysis

According to the credit rating of different customers, the Group allows credit periods of 30 days (2011: 30 days) to its trade customers. 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 and the Group has no significant concentration of credit risk. Normally, the Group does not obtain collateral from customers.

The ageing analysis of trade receivables (net of allowance for doubtful debts), based on due date, is as follows:

	The Group	
	2012	2011
	$'000	*$'000*
Current	**1,031**	140
Less than 1 month past due	**458**	62
1 to 3 months past due	**22**	41
More than 3 months but less than 12 months past due	**121**	20
Amounts past due	**601**	123
	1,632	263

(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 movement in the allowance for impairment loss on trade receivables is as follows:

	The Group	
	2012	2011
	$'000	*$'000*
At 1 January	**971**	1,316
Amounts received	**–**	(428)
Uncollectible amounts written off	**(971)**	–
Exchange adjustments	**–**	83
At 31 December	**–**	971

At the end of each reporting period, 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 does 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

As of 31 December 2012, the ageing analysis of the Group's trade receivables that are past due but not impaired is as follows:

	The Group	
	2012	2011
	$'000	*$'000*
Less than 1 month past due	**458**	62
1 to 3 months past due	**22**	41
More than 3 months but less than 12 months past due	**121**	20
	601	123

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.

(d) Deposit paid for investment

The Group made a deposit of HK$10,000,000 on 3 June 2011 pursuant to the sale and purchase agreement in relation to the acquisition of 10% of the issued share capital of Green Global Bioenergy Limited. On 21 March 2012, the Group and the vendor mutually agreed to terminate the agreement and the deposit paid to the vendor was refunded to the Group. Neither the Group nor the vendor shall have any claims against the other party. Details of the transactions are set out in the Company's announcements dated 3 June 2011 and 21 March 2012.

17. LOAN RECEIVABLES, UNSECURED

The unsecured loans bore interest at fixed rates ranging from 2% to 5% per annum and were repayable within one year. They were fully repaid during the year.

18. TRADE AND OTHER PAYABLES

	The Group	
	2012	2011
	$'000	*$'000*
Trade payables	**–**	251
Deferred income	**1,652**	1,487
Receipts in advance	**–**	395
Accrued expenses and other payables	**3,542**	784
	5,194	2,917

All of the trade and other payables, apart from certain deferred income of HK$962,000 (2011: HK$661,000), are expected to be settled or recognised as income within one year or are repayable on demand.

The ageing analysis of trade payables, based on the date of receipt of goods, is as follows:

	The Group	
	2012	2011
	$'000	*$'000*
Less than 3 months	**–**	251

19. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and has no fixed terms of repayment.

20. BANK LOAN, SECURED

Bank loan with repayment on demand clause has been classified as current liabilities.

The maturity profile of bank loan, based on the scheduled repayment dates set out in relevant loan agreement, is as follows:

	The Group	
	2012	2011
	$'000	*$'000*
Within 1 year	**176**	–
After 1 year but within 2 years	**181**	–
After 2 years but within 5 years	**581**	–
After 5 years	**2,170**	–
	3,108	–
Less: Amount due within one year or repayable on demand classified as current liabilities	**(3,108)**	–
	–	–

At 31 December 2012, bank loan of HK$3,108,000 (2011: HK$nil) was secured by a corporate guarantee from the Company, and a mortgage on the land and buildings of the Group with a carrying amount of HK$6,585,000 (2011: HK$nil).

All of the Group's banking facilities are subject to the fulfilment of covenants, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. At 31 December 2012, none of the covenants relating to drawn down facilities had been breached (2011: HK$nil).

21. CONVERTIBLE NOTES

On 14 November 2012, the Company issued convertible notes with principal amount of HK$20 million. The notes bear interest at 2% per annum, are unsecured and have a maturity date on 13 November 2013. The noteholder has the right to convert the notes into ordinary shares of the Company at a conversion price of HK$0.1 per ordinary share up to 9 November 2013. The Company has the right to redeem any portion of the convertible notes at any time before the maturity date at the principal amount.

The convertible notes contain two components, liability and equity components. The fair value of the liability component at issue date was valued by an independent valuer using a market interest rate for an equivalent non-convertible note. The value of redemption option has been allocated to the liability component. The residual amount, representing the value of the equity conversion option, is included in convertible note equity reserve within equity. The effective interest rate of the liability component on initial recognition is 56% per annum.

	Liability component	**Equity component**	**Total**
	$'000	*$'000*	*$'000*
Issue of convertible notes	13,082	6,605	19,687
Effective interest expenses	962	–	962
At 31 December 2012	14,044	6,605	20,649

22. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group	
	2012	2011
	$'000	*$'000*
Provision for Hong Kong Profits Tax for the year	**368**	217
Provisional Hong Kong Profits Tax paid	**(221)**	(67)
	147	150

(b) Deferred tax liabilities

No provision for deferred tax liabilities has been made as the Group does not have any material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements (2011: HK$nil).

(c) Deferred tax assets

The Group has not recognised any deferred tax assets in respect of tax losses carried forward of HK$20,575,000 (2011: HK$26,737,000) due to the unpredictability of the future profit streams.

The unused tax losses will be expired in the following years ending 31 December:

	The Group	
	2012	2011
	$'000	*$'000*
2013	**–**	565
2014	**–**	1,147
2015	**111**	1,874
2016	**108**	720
No expiry date	**20,356**	22,431
	20,575	26,737

23. EVENTS AFTER THE REPORTING PERIOD

Other than those disclosed elsewhere in the announcement, the following significant event took place subsequent to the end of the reporting period:

On 15 November 2012, the Company entered into a conditional sale and purchase agreement to purchase 50.5% of the issued share capital of Apperience Corporation. On 11 December 2012, the Company has entered into a supplemental agreement in relation thereto. The maximum aggregate amount of the consideration payable by the Company will be approximately HK$548,986,000 which would be satisfied partly by the creation and issue of convertible notes and (where applicable) partly by the allotment and issue of shares by the Company. The transaction was approved by the shareholders of the Company on 12 March 2013. Details of the transaction are set out in the Company's announcements dated 27 November 2012, 5 December 2012, 23 February 2013, 12 March 2013 and the Company's circular dated 23 February 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the Group is principally engaged in provision of website development, electronic learning products and services.

(i) Provision of website development, electronic learning products and services (the "E-learning business") — Continuing operations

Total revenue of the E-learning business for the Year amounted to approximately HK$4,137,000, an increase of 13.8% compared to approximately HK$3,636,000 in last year. The segment result recorded a loss of approximately HK$18,577,000 (2011: Profit of approximately HK$2,338,000). The reason for the loss was mainly due to impairment loss on goodwill of amount approximately HK$20,831,000 arising from the acquisition of the entire issued share capital of KanHan Educational Services Limited ("KanHan EDU").

Besides, pursuant to the acquisition agreement, the vendor of KanHan EDU (the "Vendor") irrevocably warrants and guarantees to the Group that the audited net profits before tax and any extraordinary or exceptional items (the "Actual Profits") of KanHan EDU will not be less than HK$450,000, HK$2,200,000 and HK$6,500,000 for the years ended 31 December 2010, 2011 and 2012 (the "Guaranteed Profits") respectively. The vendor is required to pay the Group in cash an amount by which the Actual Profits of KanHan EDU are less than the Guaranteed Profits.

The Actual Profits of KanHan EDU for the years ended 31 December 2010 and 2011 were approximately HK$488,000 and HK$2,356,000 respectively which satisfied the criteria of the Guaranteed Profits for the years ended 31 December 2010 and 2011. For the Year, the Group has recognized an income of approximately HK$4,235,000 from the profit guarantee as the unaudited profit before tax of KanHan EDU for the Year was approximately HK$2,265,000.

However, the Board is of the view that the impairment is a non-cash adjustment and working capital sufficiency of the Group will not be affected for the Year. The details of the Acquisition are set out in the Company's announcements dated 14 July 2010, 19 July 2010, 3 July 2012 and 28 December 2012 and the details of the impairment are set out in the notes 4(a) and 15 to the announcement.

In order to develop a platform for E-learning business, the Group entered into a subscription agreement in September 2012 with Wise Action Limited, an indirect wholly-owned subsidiary of Modern Education Group Limited (Stock code: 1082) ("Modern Education Group"), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange in respect of the convertible notes in the principal amount of HK$20,000,000. The convertible notes shall mature in one year and carry an interest of 2% per annum and can be converted at an initial conversion price of HK$0.1. The net proceeds will be applied in funding website development, electronic learning products and services as well as other web-based businesses. The Group believes that leveraging on the solid foundation of Modern

Education Group in the education sector and with the Group's own experience in electronic learning, the market share of the Group's electronic learning platform will be increased.

(ii) Sales of optical display equipment, components and related technology (the "Optical display business") — Discontinued operation

The Optical display business recorded no turnover for the Year, and the loss for the Year from this discontinued operation recorded approximately HK$288,000.

As the performance of the Optical display business so far was not satisfactory, in May 2012, the Board decided to close the business carried out by the indirect wholly-owned subsidiary of the Company, 廣泰益昌（北京）科技有限公司 ("廣泰"). On 26 November 2012, 廣泰 completed the deregistration from the State Administration for Industry and Commerce in the People's Republic of China. Details of the discontinued operation are set out in notes 4(a) and 9 to the announcement.

(iii) Very Substantial Acquisition

On 15 November 2012, Access Magic Limited, Ace Source International Limited, Well Peace Global Limited, Wealthy Hope Limited, IDG-Accel China Growth Fund II L.P., IDG-Accel China Investor II L.P. and THL A1 Limited (which is a subsidiary of Tencent Holdings Limited (stock code: 700), the issued shares of which is listed on the Main Board of the Stock Exchange) as vendors (collectively, the "Vendors"), and Dong Yuguo, Xue Qiushi, Lian Ming and Chen Liang as warrantors and the Company as purchaser entered into an acquisition agreement ("Acquisition Agreement") pursuant to which the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the 10,436,667 shares of US$0.001 each in the issued share capital of Apperience Corporation ("Apperience"), which in aggregate represent 50.5% of the issued share capital of Apperience (the "Acquisition"). On 11 December 2012, a supplemental agreement to the Acquisition Agreement has been entered into by and among the same parties. The maximum aggregate amount of the consideration payable by the Company to the Vendors shall be HK$548,985,500 (subject to adjustment) which would be satisfied partly by the creation and issue of the zero coupon convertible notes in the principal amount of up to HK$392,132,500 (the "Convertible Notes") (and where applicable) partly by the allotment and issue of the performance shares at the issue price of HK$0.108 per performance share, the maximum number of which shall be 1,452,342,588 subject to adjustment (the "Performance Shares").

The Apperience and its subsidiaries ("Apperience Group") are principally engaged in the research and development and distribution of software for personal computer performance and security as well as mobile applications which are available for download by customers through internet worldwide. The Apperience Group focuses on the development and sale of mobile phone applications, downloadable via mobile phones by customers.

The Apperience Group's major product, Advanced SystemCare, has been undergoing updates and upgrades periodically. The latest version no. 6 has been formally launched in November 2012. Based on the internal sales database of the Apperience Group, Advanced SystemCare has accumulated over 800,000 paid subscribers. According to the internal sales database of the Apperience Group, there are over 5,000,000 free and paid active users (which refer to users who have used the product at least one time in that month) in October 2012. The Apperience Group also derives income from toolbar advertisement. During the installation of the Apperience Group's software products, internet users can select whether to install toolbar developed by customers of the Apperience Group into their computers. The Apperience Group would receive advertising income based on the number of users who installed the toolbar and kept for a required timeframe. The principal market of the Apperience Group is the United States, which contributed to approximately 56% of its total revenue for the year ended 30 September 2012 based on the audited financial statements of the Apperience Group. The target customers of the Apperience Group are principally individual consumers.

Immediately after completion of the Acquisition ("Completion"), the Company will hold 50.5% of the entire issued share capital of Apperience and take management control of the Apperience Group. The results of the Apperience Group will be consolidated into the financial statements of the Group upon Completion. The Acquisition constitutes a very substantial acquisition for the Company, and the Acquisition was approved by the shareholders at the extraordinary general meeting ("EGM") of the Company held on 12 March 2013. The result of EGM is set out in the Company's announcement dated 12 March 2013.

As at the date of this announcement, the Completion has not yet taken place.

The Group believes that synergies can be achieved by acquiring the Apperience Group. Multi-angle development in products and technology will be implemented to better-equip the Group for further development and become a driving force behind the Group's income growth.

Details of the Acquisition, Convertible Notes and Performance Shares are set out in the announcements dated 27 November 2012, 5 December 2012, 23 February 2013 and 12 March 2013 respectively and the Company's circular dated 23 February 2013.

FINANCIAL REVIEW

Turnover

For the Year under review, the turnover of the Group from its continuing operations was approximately HK$4,137,000, representing an increase of approximately 13.8% compared to the turnover for the year ended 31 December 2011 of approximately HK$3,636,000. The turnover for the Year was mainly contributed by the E-learning business.

Gross profit

The gross profit of the Group for the Year from its continuing operations increased by 15.9% to approximately HK$3,909,000 from approximately HK$3,372,000 for the last year.

Loss for the Year

The Group's loss attributable to shareholders was approximately HK$26,626,000 (2011: HK$6,146,000), representing a basic loss per share of HK2.13 cents (2011: HK0.55 cents). The reason for the increase in loss was mainly due to the impairment loss on goodwill of approximately HK$20,831,000.

Liquidity, financial resources and capital structure

As at 31 December 2012, the Group's cash and cash equivalents amounted to approximately HK$140,737,000 (2011: HK$118,105,000), which were principally denominated in Renminbi and Hong Kong dollar.

The Group generally finances its operation using internally generated resources and proceeds raised from issue of new shares in previous years.

As at 31 December 2012, the share capital of the Company consisted of 1,248,894,324 ordinary shares of HK$0.10 each. During the Year, the Company issued convertible notes with principal amount of HK$20,000,000 as alternative financing instruments. The notes bear interest at 2% per annum, are unsecured and have a maturity date on 13 November 2013. The noteholder has the right to convert the notes into ordinary shares of the Company at conversion price of HK$0.1 per ordinary share up to 9 November 2013. The details of the issued convertible notes are set out in note 21 to this announcement and the Company's announcements dated 28 September 2012 and 14 November 2012.

On 12 March 2013, an ordinary resolution relating to the authorised share capital of the Company be increased from HK$400,000,000 divided into 4,000,000,000 shares of HK$0.10 each to HK$800,000,000 divided into 8,000,000,000 shares of HK$0.10 each by the creation of an additional 4,000,000,000 shares of the Company and such shares shall rank pari passu with all existing shares of the Company was approved by the shareholders of the Company in an extraordinary general meeting. As at the date of this announcement, the authorised share capital of the Company is HK$800,000,000 divided into 8,000,000,000 shares of HK$0.10 each.

Pledge of assets

On 13 February 2012, the Company's indirect wholly-owned subsidiary, Elipva (Greater China) Holdings Limited, purchased a property in Hong Kong at a consideration of HK$6,500,000 and took out a bank loan in the principal amount of HK$3,250,000, denominated in Hong Kong dollar, at the interest rate of 2% below prime rate per annum, and payable in 180 monthly instalments each inclusive of interest, commencing one month after drawdown and due in February 2027. The bank loan plus interests and other charges are guaranteed by the Company. As at 31 December 2012, the carrying value of the property was approximately HK$6,585,000.

Foreign exchange exposure

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

Significant event

Issue of convertible notes

On 28 September 2012, the Company and Wise Action Limited, an indirect wholly-owned subsidiary of Modern Education Group entered into a subscription agreement in respect of the issue of 2% coupon unsecured convertible notes due on 13 November 2013 in an aggregate principal amount of HK$20,000,000. The noteholder has the right to convert the notes into ordinary shares of the Company at a conversion price of HK$0.1 per ordinary share up to 9 November 2013. The Company has the right to redeem any portion of the convertible notes at any time before the maturity date at the principal amount. The net proceeds from the convertible notes of approximately HK$19,500,000 will be used (i) as to approximately HK$5,000,000 for financing the business of website development, electronic learning products and services; and (ii) as to approximately HK$14,500,000 for future investments in e-commerce and/or other information technology related business as and when opportunities arise. Details of the transactions are set out in the Company's announcement dated 28 September 2012 and 14 November 2012 respectively and the note 21 to the announcement.

Service agreement

On 28 September 2012, Lucky Famous Limited ("Lucky Famous"), a direct wholly-owned subsidiary of the Company, and Modern Education Hong Kong Limited ("Modern Education HK"), an indirect wholly-owned subsidiary of Modern Education Group, entered into a service agreement (the "Service Agreement") pursuant to which Lucky Famous agreed to engage and Modern Education HK agreed to provide the services, being the services in respect of (i) advising in building up a website for the Group as the platform for internet education business; (ii) sourcing a suitable information technology company for building up the website and supervising the whole process; and (iii) providing electronic text books and/or teaching materials for the internet education business of the Group at a consideration of HK$600,000 for a term of eight months, subject to and upon the terms and conditions of the Service Agreement. Details of the transactions are set out in the Company's announcement dated 28 September 2012.

Material acquisitions and disposals

Apart from the Very Substantial Acquisition disclosed above, the Group had no other material acquisition or disposal during the Year.

Ageing of trade receivables and payables

The ageing of the Group's trade receivables and payables as at 31 December 2012 are set out in notes 16(a) and 18 to the announcement respectively.

Gearing ratio

As at 31 December 2012, total assets of the Group were approximately HK$160,974,000 (2011: HK$161,647,000), whereas the total liabilities were approximately HK$22,894,000 (2011: HK$3,257,000). The gearing ratio of the Group, calculated as total liabilities over total asset, was 14.2% (2011: 2%).

Employee and remuneration policies

As at 31 December 2012, the Group had approximately 43 employees (2011: 31 employees) in Hong Kong and the PRC. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdiction where the employees are engaged. On 24 December 2007, the share option scheme ("Share Option Scheme") was approved by shareholders of the Company in an extraordinary general meeting. The Share Option Scheme is to enable the Company to grant option to either Directors or employees of the Group in order to recognise and motivate their contribution, to provide incentives and to help the Group in retaining its existing employees and recruiting additional quality employees so as to provide them with a direct economic interest in attaining the long term business objectives of the Group. No options were granted under the Share Option Scheme during the Year. As at 31 December 2012, there were options to subscribe for 6,200,000 shares of the Company outstanding under the Share Option Scheme.

Contingent liabilities

As at 31 December 2012 the Directors did not consider the Group had any contingent liabilities (2011: HK$nil).

OUTLOOK

Looking forward, upon completion of the acquisition of the Apperience, the Group will focus its business development and sales on four main areas, namely antivirus software, mobile applications, on-line games and web-based electronic learning products, thus to enhance the Group's overall competitiveness.

With the economic fundamentals across the globe turning positive, there is an increasing demand for software products from enterprises. As the application of cloud technology become popular. Apperience will have ample room to maneuver in Europe, the USA and Asia markets. The Group will actively conduct marketing schemes on a timely and efficient fashion in order to promote its products to across every continent.

Meanwhile, in light of the gradual recovery of the financial markets and based on solid financial position, the Board will also take a positive but prudent approach to perform treasury management and this function will be overseen by a professional investment committee. Apart from potential investment projects, the following ways of increasing returns will be also considered, including (a) term deposit in bank; (b) lending money to independent third parties on a short to medium-term basis; and (c) investment in local or global securities.

CORPORATE GOVERNANCE

The Company is committed to maintaining corporate governance of high standards and quality procedures. The Company has put in place governance practices with emphasis on the integrity to shareholders and quality of disclosure, transparency and accountability to shareholders for the sake of maximizing returns to shareholders.

In the opinion of the Directors, the Company has applied and on best effort basis complied with the code provisions set out in the former Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 (the "CG Code") and the revised Corporate Governance Code during the period from 1 April 2012 to 31 December 2012 as contained in Appendix 15 of the GEM Listing Rules (the "Revised CG Code"), except for CG Codes and Revised CG Codes A.2.1, A.4.1 and A.6.7.

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, Mr. Yu Pak Yan, Peter and Ms. Chan Hoi Ling. 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 Audit committee met on a quarterly basis during the Year.

The Company's financial statements for the Year have been reviewed and discussed by the Audit Committee before any disclosure and release of information.

PURCHASE, SALE OR REDEMPTION OF SHARES

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

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

Hong Kong, 15 March 2013

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, and Mr. Billy B Ray Tam, Mr. Yu Pak Yan, Peter and Ms. Chan Hoi Ling being the Independent Non-executive Directors.

This announcement will remain on the GEM website at http://www.hkgem.com on the ''Latest Company Announcements'' page for at least 7 days from the date of its publication and on the website of the Company.