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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION:
DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY**

On 20 March 2008, the Vendor, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, representing 30% of the issued share capital of Elipva, for an aggregate consideration of S\$100,000. The Disposal is subject to the satisfaction of the conditions as set out in the paragraph headed “Conditions” below. Immediately after completion of the Disposal, the Vendor will continue to hold an aggregate 70% of the issued share capital of Elipva and Elipva will continue to be a non-wholly owned subsidiary of the Company.

The Purchaser is the chief executive officer of Elipva. The Disposal constitutes a discloseable and connected transaction on the part of the Company under Chapters 19 and 20 of the GEM Listing Rules. As the relevant percentage ratios exceeds 2.5% and are below 25% and the aggregate consideration for the Disposal is less than HK\$10,000,000, the transaction is only subject to the reporting and announcement requirement and is exempt from the independent Shareholders’ approval requirement pursuant to Rule 20.32 of the GEM Listing Rules.

A circular containing, among other matters, further details of the Disposal, will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

SALE AND PURCHASE AGREEMENT

Date : 20 March 2008

Parties : (1) Vendor: Inworld International Limited, a wholly owned subsidiary of the Company

(2) Purchaser: Mr. Lee Boon Kuey, the chief executive officer of Elipva

The Purchaser is the chief executive officer of Elipva, a subsidiary of the Company. Accordingly, the Purchaser is a connected person to the Company as defined under the GEM Listing Rules and the Disposal constitutes a connected transaction on the part of the Company.

To the best of the Directors' knowledge, there is no transaction with the Purchaser and his associates in the past 12 months immediately prior to the entering into of the Sale and Purchase Agreement which will require aggregation under Rule 19.22 of the GEM Listing Rules.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to acquire the Sale Shares, which represents 30% of the entire issued share capital of Elipva.

Consideration

The aggregate consideration for the Disposal is S\$100,000 (equivalent to approximately HK\$560,000), of which shall be satisfied by the Purchaser in cash upon Completion.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking into consideration of various factors. According to the audited financial statements of Elipva for the year ended 31 December 2007, the total net asset value of Elipva was approximately S\$273,000 (equivalent to approximately HK\$1,528,800) as at 31 December 2007 and Elipva made a net loss of S\$317,000 (equivalent to approximately HK\$1,775,200) for the year ended 31 December 2007.

The Directors (including the independent non-executive Directors) consider the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions

The Disposal is conditional upon the satisfaction of the following conditions:

- (1) if necessary, the passing by the Shareholders other than the Purchaser and his associates at an extraordinary general meeting of Company to be convened and held of the necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder; and
- (2) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained.

Each party shall use its best endeavours to satisfy and fulfill the conditions. If the conditions set out above have not been satisfied on or before 4:00 p.m. on 30 April 2008, or such other date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other, save for any antecedent breaches of the terms of the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief, no consents and/or approvals are required to be obtained on the part of the Purchaser in respect of the Sale and Purchase Agreement.

Completion

Completion is expected to take place on the second Business Days after the fulfillment (or waiver) of the conditions (or such later date as the parties may agree) mentioned above.

Immediately prior to Completion, Elipva is a wholly owned subsidiary of the Company. Upon Completion, Elipva will continue to be a 70% non-wholly owned subsidiary of the Company. The Purchaser will be appointed as a director of Elipva upon Completion.

INFORMATION ON ELIPVA

Elipva is a limited public company incorporated in Singapore and the principal activities of Elipva are those relating to the provision of e-commerce solutions services and the development of portals.

As at the date of this announcement, Elipva is an indirect wholly owned subsidiary of the Company.

According to the audited financial statements of Elipva, the revenue, net loss before taxation and net loss after taxation for the financial year ended 31 December 2006 were approximately S\$2,786,000, S\$608,000 and S\$608,000 respectively. According to the audited financial statements of Elipva, the revenue, net loss before taxation and net loss after taxation for the financial year ended 31 December 2007 were approximately S\$2,119,000, S\$317,000 and S\$317,000 respectively. The audited total assets of Elipva as at 31 December 2007 amounted to approximately S\$2,108,000 and the audited net asset value of Elipva as at 31 December 2007 was approximately S\$273,000.

The audited financial statements of Elipva had been prepared in accordance with Singapore Financial Reporting Standards and had been reviewed by the auditors of the Company who considered the audited financial statements of Elipva conform with Hong Kong Financial Reporting Standards.

The Company considers that there were various reasons for the losses of Elipva during the last two years. One of the reasons is that the trading in Shares of the Company was not resumed until 15 October 2007 and the prolonged suspension in trading of Shares has affected Elipva in securing contracts. For further details of the prolonged suspension, please refer to the announcement of the Company dated 5 October 2007.

Based on the audited financial statements of Elipva for the year ended 31 December 2007, it is estimated that upon Completion, the Group will record a gain of approximately HK\$9 million on the Disposal. As at the date of this announcement, the aggregate loss absorbed by the Group from Elipva amounted to approximately HK\$28 million. The gain on Disposal is calculated based on 30% of the loss absorbed (i.e. approximately HK\$8.4 million) together with the consideration receivable from the Disposal of approximately HK\$0.6 million.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the business as a system solutions provider.

After having considered the audited net asset value of Elipva and the loss made by Elipva last year, the Directors consider that it is in the interest of the Group to dispose the Sale Shares to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement. The Purchaser, being the chief executive officer of Elipva, is responsible for the business operation of Elipva. Immediately after Completion, the Purchaser will become a 30% shareholder of Elipva and will be appointed as a director of Elipva. The Board believes that being interested in the share capital of Elipva, the Purchaser will act more proactively for the performance of Elipva.

Taking into consideration of the aforesaid, the Directors, including the independent non-executive Directors, consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and are in interests of the Company and the Shareholders as a whole.

After deducting expenses relating to the Disposal, it is expected that the net proceeds from the Disposal will amount to approximately HK\$ 400,000 which will be applied towards the general working capital of the Group.

LISTING RULES IMPLICATION

The Disposal constitutes a discloseable and connected transaction on the part of the Company under Chapters 19 and 20 of the GEM Listing Rules.

As the relevant percentage ratios exceeds 2.5% and are below 25% and the aggregate consideration for the Disposal is less than HK\$10,000,000, the transaction is only subject to the reporting and announcement requirement and is exempt from the independent Shareholders' approval requirement pursuant to Rule 20.32 of the GEM Listing Rules.

GENERAL INFORMATION

A circular containing, among other matters, details of the Disposal and the Sale and Purchase Agreement will be despatched to the Shareholders as soon as possible in compliance with the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Shares pursuant to the terms of the Sale and Purchase Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor pursuant to the Sale and Purchase Agreement
“Elipva”	Elipva Limited, a company incorporated in Singapore and an indirect wholly-owned subsidiary of the Company

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Purchaser”	Mr. Lee Boon Kuey, the chief executive officer of Elipva and the purchaser of the Sale Shares
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 March 2008 and made between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	63,689,928 shares in the share capital of Elipva, representing 30% of the issued share capital of Elipva
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Inworld International Limited, a company incorporated in the British Virgin Islands, a wholly owned subsidiary of the Company and the vendor of the Sale Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“S\$”	Singapore dollars, the lawful currency of Singapore

“%”

per cent.

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

Hong Kong, 28 March 2008

As at the date of this announcement, the Board of Directors consists of Mr. Ha Shu Tong, Mr. Yu Shu Kuen and Mr. Tham Ming Yong being the executive Directors, Mr. Cheung Wai Shing, Mr. Tsang Kwok Wai, Mr. Rong Hsu and Ms. Zhao Yang, being the independent non-executive Directors.

For the purpose of this announcement, unless otherwise specified, conversion of Singapore dollars into Hong Kong dollars is based on the approximate exchange rate of S\$1.00 to HK\$5.60. This exchange rate is for the purpose of illustration only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rates at all.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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; 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.

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

** for identification purposes only*