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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)

VERY SUBSTANTIAL DISPOSAL: DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY AND RESUMPTION OF TRADING

On 4 September 2009, 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 70% of the issued share capital of Elipva, for an aggregate consideration of HK\$300,000. 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 cease to hold any interests in the issued share capital of Elipva and Elipva will cease to be a non-wholly owned subsidiary of the Company.

The Disposal constitutes a very substantial disposal on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the approval of the Shareholders at the EGM.

At the request of the Company, trading of the Shares has been suspended on the Stock Exchange from 9:30 a.m. on 7 September 2009 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 10 September 2009.

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

* *for identification purposes only*

SALE AND PURCHASE AGREEMENT

Date: 4 September 2009

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

(2) Purchaser: Dr. Siu-Man LUI

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an Independent Third Party. The Purchaser is a specialist having extensive experience in the information technology field. She is currently a researcher with expertise in E-commerce and Web-technology in an Australian University.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser has no relationship with any listed company in Hong Kong. The Purchaser is a personal friend to Mr. Yu Shu Kuen, an Executive Director. She was introduced to Mr. Yu by a common friend and they first met on 13 January 2009 in Hong Kong. The Company does not have any business relationship with her previously.

To the best of the Directors' knowledge, there is no transaction with the Purchaser and her 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 70% of the entire issued share capital of Elipva.

Consideration

The aggregate consideration for the Disposal is HK\$300,000, which has been satisfied by the Purchaser in cash upon signing of the Sale and Purchase Agreement.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement after taking in to consideration of various factors, in particular, the financial circumstance of Elipva. According to the latest audited accounts of Elipva for the six months ended 30 June 2009, the net liability of Elipva was approximately S\$28,257 (equivalent to approximately HK\$152,587) as at 30 June 2009 and a net loss of S\$306,884 (equivalent to approximately HK\$1,657,173) for the six months ended 30 June 2009.

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) the passing by the Shareholders at the EGM to be convened and held of the necessary resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
- (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;
- (3) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained;
- (4) the warranties given by the Purchaser under the Sale and Purchase Agreement remaining true and accurate in all respects; and
- (5) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects.

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 31 December 2009, 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.

Completion

Completion is expected to take place on the fifth 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 70% non-wholly owned subsidiary of the Company. Upon Completion, the Company will cease to hold any interests in the issued share capital of Elipva and Elipva will cease to be a non-wholly owned subsidiary of the Company.

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. The business of Elipva is classified under the segment of sales of software and hardware and system solutions service income in the 2009 interim report of the Company.

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

The holder of the remaining 30% equity interests in Elipva is Mr. Lee Boon Kuey, who is also the CEO and a director of Elipva. Mr. Lee Boon Kuey is a connected person (as defined in the GEM Listing Rules) to the Company because of his equity interests in Elipva and being the CEO and a director of Elipva. Save for being the CEO, a director and a substantial shareholder of Elipva, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Lee is independent of and not connected with the Company and its connected persons. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is independent of and not connected with Mr. Lee and his associates.

According to the audited financial statements of Elipva, the revenue, net profit before taxation and net profit after taxation for the financial year ended 31 December 2008 were approximately S\$2,447,000, S\$5,636 and S\$5,636 respectively (equivalent to approximately HK\$13,213,800, HK\$30,434 and HK\$30,434 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 (equivalent to approximately HK\$11,442,600, HK\$1,711,800 and HK\$1,711,800 respectively). According to the latest audited financial statements of Elipva for the six months ended 30 June 2009, the revenue, net loss before taxation and net loss after taxation for the six months ended 30 June 2009 were approximately S\$521,097, S\$306,884 and S\$306,884 respectively (equivalent to approximately HK\$2,813,923, HK\$1,657,173 and HK\$1,657,173 respectively). The audited total assets of Elipva as at 30 June 2009 amounted to approximately S\$418,740 (equivalent to approximately HK\$2,261,196) and the audited net liability of Elipva as at 30 June 2009 was approximately S\$28,257 (equivalent to approximately HK\$152,587).

Based on the audited financial statements of Elipva for the six month ended 30 June 2009, it is estimated that upon Completion, the Group will record a gain of approximately HK\$451,241 on the Disposal based on the consideration of HK\$300,000 plus the negative net asset value of Elipva of approximately HK\$151,241 absorbed by the Group before the Disposal.

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 few years, 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 to avoid further capital injection or commitment to Elipva, which the Board foresees will be required in the near future. In light of the recent performance of Elipva in the last few years, the Board is of the view that it is in the best interests of the Company and the Shareholders as a whole to re-allocate its resources to other businesses of the Group, which the Directors consider to have better future prospects.

As disclosed in the interim report of the Company, the principal remaining business of the Group is sales of display equipment, components and related technology. As shown in the audited financial statements of Elipva for the first six months ended 30 June 2009, the revenue of Elipva for the first six month ended 30 June 2009 was only approximately S\$521,097 (equivalent to approximately HK\$2,813,923) and the remaining business of the Group contributes for approximately half of the revenue of the Company for the first half year of 2009. Furthermore, the amount of those sales contracts on hand of the Company to be recognized after 30 June 2009 for the display business is over HK\$4 million.

In this regard, the Company is of the view that the remaining business of the Group after completion of the Disposal has a sufficient level of operation to warrant the continued listing of the Company on the Stock Exchange under Rule 17.26 of the GEM Listing Rules.

Whilst as shown in its interim report, the Company has sufficient surplus cash or cash equivalence balance, the remaining business of the Group after the Disposal is still under growth and is in active operations. The surplus cash is intended to apply for the future development of the remaining business of the Group and the cash expenditure for the purchases of the display business is proportional to the corresponding sales. The greater the sales, the greater are the purchases. It is necessary for the Group to have sufficient cash flow for its expansion. The Company may also apply the surplus cash to appropriate investment opportunities as well.

“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 to the Purchaser pursuant to the Sale and Purchase Agreement
“EGM”	the extraordinary general meeting of the Company to be held and convened for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder
“Elipva”	Elipva Limited, a company incorporated in Singapore and an indirect non-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
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Purchaser”	Dr. Siu-Man LUI, the purchaser of the Sale Shares

“Sale and Purchase Agreement”	the sale and purchase agreement dated 4 September 2009 and made between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	148,609,832 shares in the share capital of Elipva, representing 70% 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”	Elipva 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
Yu Shu Kuen
Executive Director

Hong Kong, 9 September 2009

As at the date of this announcement, the Board consists of Mr. Yu Shu Kuen, Mr. Rong Hsu and Ms. Li Fang Hong being the Executive Directors, and Mr. Chan Kam Kwan, Jason, Mr. Cho Chun Wai and Ms. Zhao Yang, being the Independent Non-executive Directors.

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.

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\$5.40. 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 will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page and the website of the Company for at least 7 days from the date of its publication