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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)

CONTINUING CONNECTED TRANSACTIONS

Supply Agreement

The Board announces that on 19 November 2010, Kanhan Education, an indirect wholly-owned subsidiary of the Company, as supplier, has entered into the Supply Agreement with Kanhan Technologies, as purchaser, pursuant to which Kanhan Education has agreed to sell and provide to Kanhan Technologies and Kanhan Technologies has agreed to purchase the Products and Services subject to and upon the terms and conditions of the Supply Agreement. As Kanhan Technologies is a connected person of the Company and the transactions contemplated under the Supply Agreement are continuing in nature, the entering into of the Supply Agreement constitutes a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios is less than 25% and the Sales Caps under the Supply Agreement does not exceed HK\$10,000,000 per annum, the transactions contemplated under the Supply Agreement are subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but is exempt from the independent Shareholders' approval requirements.

Business Centre Service Agreement

The Board further announces that on 19 November 2010, Kanhan Education, as provider, has entered into the Business Centre Service Agreement with Kanhan Technologies, as customer, pursuant to which Kanhan Education has agreed to provide to Kanhan Technologies the Business Centre Services at the Premises subject to and upon the terms and conditions of the Business Centre Service Agreement. As Kanhan Technologies is a connected person of the Company and the transactions

* *for identification purposes only*

contemplated under the Business Centre Service Agreement are continuing in nature, the transactions contemplated under the Business Centre Service Agreement constitute a continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratios is less than 25% and the annual consideration under the Business Centre Service Agreement does not exceed HK\$10,000,000, the transactions contemplated under the Business Centre Service Agreement are subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but is exempt from the independent Shareholders' approval requirements.

BACKGROUND

The Board announces that on 19 November 2010, Kanhan Education, an indirect wholly-owned subsidiary of the Company, as supplier, has entered into the Supply Agreement with Kanhan Technologies, as purchaser, pursuant to which Kanhan Education has agreed to sell and provide to Kanhan Technologies and Kanhan Technologies has agreed to purchase the Products and Services subject to and upon the terms and conditions of the Supply Agreement.

The Board further announces that on 19 November 2010, Kanhan Education, as provider, has entered into the Business Centre Service Agreement with Kanhan Technologies, as customer, pursuant to which Kanhan Education has agreed to provide to Kanhan Technologies the Business Centre Services at the Premises subject to and upon the terms and conditions of the Business Centre Service Agreement.

THE SUPPLY AGREEMENT

Date : 19 November 2010

Parties : (i) Kanhan Education, an indirect wholly owned subsidiary of the Company; and

(ii) Kanhan Technologies

Term : three(3) years

Kanhan Technologies is a company incorporated in Hong Kong and is principally engaged in Chinese language infrastructure development for internet and telephone applications for government departments and corporations. As disclosed in the announcement of the Company dated 14 July 2010 (the "Announcement"), Kanhan Technologies was previously the shareholder of the entire equity interests of Kanhan Education. As at the date of this announcement, Mr. Mo is the ultimate sole shareholder of Kanhan Technologies and also a common director for both Kanhan Technologies and Kanhan Education. Accordingly, Kanhan Technologies is a connected person of the Company.

Subject matters:

Pursuant to the Supply Agreement, Kanhan Education has agreed to sell and provide the Products and Services, on a non-exclusive basis, to Kanhan Technologies for a term of three years commencing from the Supply Commencement Date. It is also provided that the Supply Price shall be determined through arm's length negotiation with reference to the prices of the Products and Services in the market.

Pursuant to the Supply Agreement, the annual Sales Cap during the term of the Supply Agreement shall not exceed HK\$1,000,000. In determining the Sales Caps, the Board has taken into account: (i) the sales forecast of Kanhan Technologies for the Products and Services in the coming year(s); and (ii) the potential growth of e-learning market in Hong Kong.

THE BUSINESS CENTRE SERVICE AGREEMENT

Date : 19 November 2010

Parties : (i) Kanhan Education; and
(ii) Kanhan Technologies

Term : three(3) years

Kanhan Technologies is a company incorporated in Hong Kong and is principally engaged in Chinese language infrastructure development for internet and telephone applications for government departments and corporations. As disclosed in the Announcement, Kanhan Technologies was previously the shareholder of the entire equity interests of Kanhan Education. As at the date of this announcement, Mr. Mo is the ultimate sole shareholder of Kanhan Technologies and also a common director for both Kanhan Technologies and Kanhan Education. Accordingly, Kanhan Technologies is a connected person of the Company.

Subject matters:

Pursuant to the Business Centre Service Agreement, Kanhan Education has agreed to provide to Kanhan Technologies the Business Centre Services at the Premises for a term of three years commencing from the Service Commencement Date. It is also provided that Kanhan Technologies shall pay the monthly Service Charge to Kanhan Education which is determined based on normal commercial terms through arm's length negotiation.

The Service Charge shall be HK\$20,000 per month, subject to subsequent adjustment as agreed between Kanhan Education and Kanhan Technologies from time to time provided that the maximum annual Service Charge under the Business Centre Service Agreement shall not exceed HK\$300,000. Based on the monthly Service Charges under the Business Centre Service Agreement, the respective annual Service Charge for the transactions contemplated under the Business Centre Service Agreement for each of the three coming years of the term of the Business Centre Service Agreement will be approximately HK\$240,000, but not exceeding HK\$300,000.

REASONS FOR ENTERING INTO THE SUPPLY AGREEMENT AND THE BUSINESS CENTRE SERVICE AGREEMENT

Kanhan Education is an indirect wholly owned subsidiary of the Company and is principally engaged in the provision of e-learning products and services. As at the date of this announcement, the customer base of Kanhan Education mainly consists of government department, corporations and education institutes.

Kanhan Technologies is principally engaged in Chinese language infrastructure development for internet and telephone applications for government departments and corporations. The Company considers that the potential of educational business is huge and the entering into of the Supply Agreement will provide a steady contribution to the turnover of the Group and will further broaden the client base of Kanhan Education.

The Directors, including the Independent Non-executive Directors, consider that the transactions contemplated under the Supply Agreement will be conducted in the ordinary course of business of the Group. The Supply Agreement has provided a framework to protect the interests of the Group while enabling the Group with a stable source of revenue from the sales of the Products and Services.

The Directors, including the Independent Non-executive Directors, also consider that the transactions contemplated under the Business Centre Service Agreement have been in the ordinary course of business of the Group. The Directors are of the view that the provision of Business Centre Services to Kanhan Technologies would enable Kanhan Education to work efficiently with the sales and marketing team of Kanhan Technologies in terms of business planning and service delivery to customers, thus the entering into of the Business Centre Service Agreement is in commercial interests of the Group.

Based on the above, the Directors (including the Independent Non-executive Directors), consider that the entering into of the Supply Agreement and the Business Centre Service Agreement is in the ordinary course of business of the Group and that the terms of Supply Agreement (including the Sales Cap) and the Business Centre Service Agreement are fair and reasonable which are reached through arm's length negotiation between the parties and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATION

Given that each of the applicable percentage ratios is less than 25% and the annual Sales Cap under the Supply Agreement does not exceed HK\$10,000,000 per annum, the transactions contemplated under the Supply Agreement are subject to the reporting and announcement requirements and the annual review requirements by the Independent Non-executive Directors and auditors of the Company under Chapter 20 of the GEM Listing Rules but is exempt from the independent Shareholders' approval requirements.

As each of the applicable percentage ratios is less than 25% and the annual consideration under the Business Centre Service Agreement does not exceed HK\$10,000,000, the transactions contemplated under the Business Centre Service Agreement are subject to the reporting and announcement requirements and the annual review requirements by the Independent Non-executive Directors and auditors of the Company under Chapter 20 of the GEM Listing Rules but is exempt from the independent Shareholders' approval requirements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meaning:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Centre Service Agreement”	the service agreement dated 19 November 2010 and entered into between Kanhan Education and Kanhan Technologies in respect of the provision of the Business Centre Services in the Premises
“Business Centre Services”	the provision of business centre services, including inter alia, the provision of work station, meeting room, common use pantry and main door access card, by Kanhan Education to Kanhan Technologies in the Premises pursuant to the terms and conditions of the Business Centre Service Agreement
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands and the issued Shares of which are listed on the GEM board of the Stock Exchange
“connected person”	has the meaning ascribed to this term under the GEM Listing Rules
“Directors”	the directors of the Company

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kanhan Education”	Kanhan Educational Services Limited, a company incorporated in Hong Kong which is an indirectly wholly owned subsidiary of the Company
“Kanhan Technologies”	Kanhan Technologies Limited, a company incorporated in Hong Kong, being a connected person of the Company
“Mr. Mo”	Mr. Mo Wai Ming Lawrence, being a director of both Kanhan Education and Kanhan Technologies
“Premises”	22/F Hua Fu Commercial Building, 111 Queen’s Road West, Hong Kong
“Products and Services”	<p>the products include the e-learning products and the services include the development of educational and training contents as follows:</p> <p>Products:</p> <ol style="list-style-type: none"> 1. E-Putonghua Learning Platform (www.putonghuaonline.com) 2. Kids Putonghua Learning Curriculum for Primary Schools (kids.putonghuaonline.com) 3. Teens Putonghua Learning Curriculum for Secondary Schools (teens.putonghuaonline.com) 4. Chinese Reading Platform (Chinese.kanhan.com) 5. iChinese Learning Curriculum (iChinese.kanhan.com)

Services:

1. Development of web projects and mobile phone applications of educational and training purposes
2. Content creation, copywriting, editing, typesetting for web publishing and printing
3. Voice and Video recording and production
4. Hosting Service for web projects

and such other products and services provided by Kanhan Education pursuant to the terms and conditions of the Supply Agreement

“Sales Cap”	the maximum annual sales amount as set out in the Supply Agreement
“Service Charges”	the service charge in equal monthly payments of HK\$20,000 payable by Kanhan Technologies to Kanhan Education in respect of the Business Centre Services pursuant to the Business Centre Service Agreement
“Service Commencement Date”	the commencement date of the Business Centre Service Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Agreement”	the supply agreement dated 19 November 2010 and entered into between Kanhan Education and Kanhan Technologies in respect of the supply of the Products and Services
“Supply Commencement Date”	the commencement date of the Supply Agreement

“Supply Price”

the price on an order by order basis with reference to the prices of the Products and Services in the market as agreed between Kanhan Education and Kanhan Technologies from time to time, which in any event shall be equal to the tender price or sub-sale price obtainable by Kanhan Technologies, pursuant to the terms of the Supply Agreement

“%”

per cent.

By order of the Board
M Dream Inworld Limited
Chi Chi Hung, Kenneth
Executive Director

Hong Kong, 19 November 2010

As at the date of this announcement, the Board of Directors consists of Mr. Chi Chi Hung, Kenneth and Mr. Ng Kay Kwok being the Executive Directors, Mr. Billy B Ray Tam, Mr. Yu Pak Yan, Peter and Ms. Chan Hoi Ling, being the Independent Non-executive Directors.

This announcement, for which the Directors of the issuer 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 issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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.