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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 TRANSACTION IN RELATION TO ACQUISITION OF 10% OF THE ISSUED SHARE CAPITAL IN THE TARGET COMPANY

The Board is pleased to announce that on 3 June 2011 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company), the Vendor and the Guarantor entered into the S&P Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares, representing 10% of the total issued share capital of the Target Company at the Consideration of HK\$30,000,000 (subject to adjustment(s)).

In consideration of the Purchaser conditionally agreeing to acquire the Sale Shares on the terms and conditions of the S&P Agreement, the Vendor also irrevocably grants to the Purchaser the Option, pursuant to which the Purchaser can further acquire up to 90% equity interest of the Target Company within the period of 24 months after the Completion.

As the applicable percentage ratios (as defined under the GEM Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Chapter 19 of the GEM Listing Rules.

* *for identification purpose only*

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THE S&P AGREEMENT

Date

3 June 2011 (after trading hours)

Parties

- (1) Morning Sky as the Vendor
- (2) Lucky Famous as the Purchaser
- (3) Mr. Wong as the Guarantor

Morning Sky is an investment holding company incorporated in the BVI. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Morning Sky and its beneficial owner, Mr. Wong, are Independent Third Parties.

Assets to be acquired

The Sale Shares, representing 10% of the total issued share capital in the Target Company upon the Completion.

Consideration

The Consideration shall be HK\$30,000,000 in cash (subject to adjustment(s)) payable by the Purchaser in the following manner:

- (A) HK\$10,000,000 shall be paid upon Completion; and
- (B) HK\$20,000,000 (subject to adjustment(s) under the paragraph headed "Adjustment(s) to the Consideration" below, if applicable), being the remaining part of the Consideration (the "Remaining Consideration") shall be payable in the following manners:
 - (i) HK\$10,000,000 (subject to adjustment(s) under the paragraph headed "Adjustment(s) to the Consideration" below, if applicable), shall be payable within 7 Business Days after the date of issue of the Valuation Report; and
 - (ii) HK\$10,000,000 (subject to adjustment(s) under the paragraph headed "Adjustment(s) to the Consideration" below, if applicable), shall be payable within 7 Business Days after the date of issue of the 2010 Audited Accounts.

Adjustment(s) to the Consideration

The Consideration shall be subject to adjustment(s) with reference to (i) the fair value (“Fair Value”) of the Target Group as at 31 May 2011 as indicated in the Valuation Report and/or (ii) the net asset value of the Target Group as at 31 December 2010 (“NAV”) as shown in the 2010 Audited Accounts.

Pursuant to the S&P Agreement, each of the Vendor and the Guarantor irrevocably undertakes to the Purchaser that (i) the Fair Value will not be less than HK\$300,000,000 (the “Guaranteed Valuation Amount”); and (ii) the NAV will not be less than HK\$4,000,000 (the “Guaranteed Net Assets Amount”).

1. In the event that the Fair Value is less than HK\$300,000,000, the Consideration will be adjusted downward on a dollar for dollar basis by an amount calculated in the following manner:

(A) the Vendor will pay to the Purchaser an amount equal to 10% of the shortfall between the Guaranteed Valuation Amount and the Fair Value (the “Valuation Shortfall”), being

$$\text{Valuation Shortfall} = (\text{Guaranteed Valuation Amount} - \text{Fair Value}) \times 10\%$$

(B) the Valuation Shortfall above will be offset against the Remaining Consideration on a dollar for dollar basis. In the event that the Valuation Shortfall exceeds the Remaining Consideration, the Vendor shall forthwith pay the shortfall to the Purchaser within 7 Business Days after the date of issue of the Valuation Report.

2. In the event that the NAV is less than HK\$4,000,000, the Consideration will be adjusted downward on a dollar for dollar basis by an amount calculated in the following manner:

(A) the Vendor will pay to the Purchaser an amount equal to 10% of the shortfall between the Guaranteed Net Assets Amount and the NAV (the “Net Assets Shortfall”), being

$$\text{Net Assets Shortfall} = (\text{Guaranteed Net Assets Amount} - \text{NAV}) \times 10\%$$

(B) the Net Assets Shortfall above will be offset against the Remaining Consideration (after adjustment, if applicable) on a dollar for dollar basis. In the event that the Net Assets Shortfall above exceeds the balance of the Remaining Consideration, the Vendor will forthwith pay the shortfall to the Purchaser within 7 Business Days after the date of issue of the 2010 Audited Accounts.

Pursuant to the S&P Agreement, the maximum liability of the Vendor under the adjustment clauses above shall not exceed the amount of the Consideration, being HK\$30,000,000.

Option

In consideration of the Purchaser conditionally agreeing to acquire the Sale Shares on the terms and conditions of the S&P Agreement, the Vendor also irrevocably grants to the Purchaser the Option, pursuant to which the Purchaser can further acquire the Option Shares, being up to 90% equity interest of the Target Company, for the period of 24 months after the Completion.

The total consideration payable by the Purchaser to the Vendor for the Option Shares shall be the fair value of the Group calculated on the basis of the then valuation report (in form and substance satisfactory to the Purchaser) issued by a firm of independent valuer appointed by the Purchaser, which shall be settled by cash or such other manner as the Vendor and the Purchaser may agree.

Further announcement will be made by the Company upon the exercise of the Option and the Company will comply with the applicable GEM Listing Rules.

Basis of the Consideration

The Consideration (subject to adjustment(s)) was agreed between the Purchaser and the Vendor after arm's length negotiations and on normal commercial terms by reference to (i) the existing plantation results of the Eucalyptus project owned by the Target Group; (ii) the scale of proposed operation of the Target Group and its proposed size of the plantation area; (iii) the sustained global demand on paper and the future prospects of the Target Group; and (iv) preliminary discussion and consultation with an independent firm of professional valuers.

As the Company will appoint an independent firm of professional valuers to assess the fair value of the Target Group and the Consideration is subject to the adjustment as set out in the paragraphs headed "Consideration" and "Adjustment(s) to the Consideration" above, the Directors considered that the Consideration, which is subject to adjustment(s), is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The S&P Agreement is conditional upon the fulfilment of the following conditions:

- (a) if necessary, all approvals by government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the transaction contemplated under the S&P Agreement being obtained; and
- (b) in relation to the transactions contemplated under the S&P Agreement, all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules) having been complied with and satisfied.

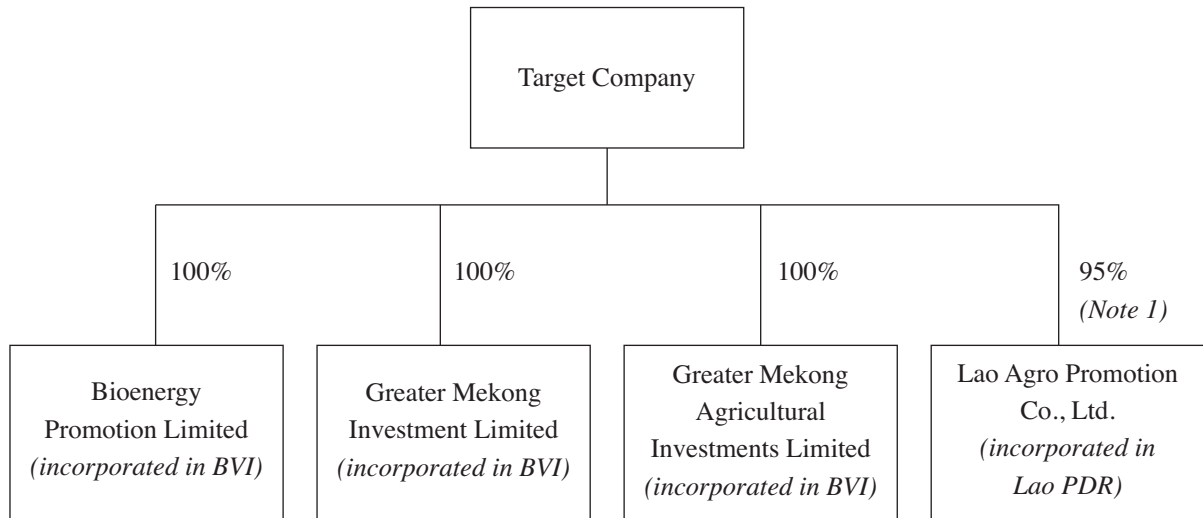
Completion

Subject to satisfaction of the conditions ("Conditions") as set out in the paragraph headed "Conditions Precedent" above, Completion shall take place on the Business Day on which the Conditions are fulfilled (or at such later date as the parties to the S&P Agreement may

agree in writing). Upon Completion, the Company will hold 10% interest in the Target Group, the Target Company will become an investment of the Company and its financial results will not be consolidated into the financial statement of the Company.

INFORMATION OF THE TARGET GROUP

Existing structure of the Target Group



Note:

- (1) The remaining 5% of equity interest of Lao Agro Promotion Co., Ltd. is held by an Independent Third Party.

Information of the Target Group

The Target Company is an investment holding company incorporated in the BVI on 22 November 2007 with limited liability and is currently wholly owned by Morning Sky.

The Target Group is principally engaged in developing plantation of Eucalyptus in Lao PDR. As at the date of this announcement, the Target Group's Eucalyptus plantation sites in the Xieng Khouang Province of Lao PDR cover 423 hectares. The principal assets of the Target Group are the abovementioned Eucalyptus project and the contractual arrangement with the Authorised Plantation Company was to plant at least 16,500 hectares but not more than 20,000 hectares of Eucalyptus in the Xieng Khouang Province of Lao PDR in five years starting from 2011. The Authorised Plantation Company is owned by an Independent Third Party and is authorised by the local governmental authority to manage the Eucalyptus plantation in the Xieng Khouang Province of Lao PDR. The Authorised Plantation Company will (i) provide its expertise in local planting service; and (ii) coordinate with the local government in obtaining necessary approvals and with the local village representatives to obtain labours and identify suitable planting sites. The Target Company is responsible for providing technical supports and overall project management to ensure success of the project. The planted Eucalyptus trees belong to the Target Group and the Target Group will

manage the sale of the Eucalyptus trees. As the proposed plantation locations are owned by the local farmers or villages, there will be a profit sharing arrangement between the Target Group and the local farmers or villages.

The unaudited consolidated financial information of the Target Group is set out below:

	For the year ended	
	31 December	
	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Combined statement of comprehensive income		
Revenue	—	—
Net profit/(loss) before taxation and extraordinary items	(24,515)	31,454
		<i>(Note)</i>
Net profit/(loss) after taxation and extraordinary items	(24,025)	31,040
		<i>(Note)</i>
	As at	
	31 December	
	2009	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Combined statement of financial position		
Total assets	76,149	12,082
Total liabilities	(100,179)	(7,992)
Net assets/(deficit)	(24,030)	4,090

Note: The net profit generated by the Target Group was mainly due to the waiver of the shareholder's loan amounting to approximately HK\$88.6 million by Mr. Wong in 2010. Without taking into account of such one-off gain from the waiver, the Target Group will have net loss before and after taxation and extraordinary items amounting to approximately HK\$57.1 million and HK\$57.6 million, respectively.

The financial results and financial position of the two disposed subsidiaries up to October 2010 of the Target Group have been included in the above unaudited financial information.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) sale of display equipment, components and related technology, the entertainment and media business; and (ii) website development, electronic learning products and services.

In view of the increasing environmental awareness around the world, the Directors considered that the Acquisition will enable the Group to diversify and venture into the plantation business which will benefit the Company and its Shareholders as a whole. Lao PDR has abundant land available and its climatic condition is very suitable for the plantation. As Eucalyptus is considered the world's top quality pulping species due to its

high fibre yields, it is a desirable raw material for making paper and the production of plywood. Planting Eucalyptus thus not only has great business potential but also can contribute to the reduction of reliance on harvesting natural forests.

The Target Group proposes to apply for the funds for emission-reduction projects through the Clean Development Mechanism (“**CDM**”) introduced by the United Nations as Eucalyptus has huge CDM potential. The CDM stimulates sustainable development and emission reductions, while giving industrialised countries some flexibility in how they meet their emission reduction limitation targets. The CDM allows emission-reduction projects in developing countries to earn certified emission reduction credits (“**CER**”), each equivalent to one tonne of carbon dioxide. These CERs can be traded and sold, and used by industrialised countries to a meet part of their emission reduction targets under the Kyoto Protocol. Kyoto Protocol is an amendment to the United Nations Framework Convention on Climate Change, an international treaty intended to bring countries together to reduce global warming and to cope with the effects of temperature increase. As first step, the Project Idea Note (“**PIN**”) was already submitted by the Target Group in September 2009 in relation to the Eucalyptus project in 5,000 hectares of land in the Xieng Khouang Province of Lao PDR, and the Environmental Department of Lao PDR had acknowledged the application and the Target Group received a non-objection letter regarding the proposed CDM project activity as presented in the PIN from such governmental authority in September 2009. The CER will be issued with the completion of the other procedures including national approval, validation, registration, monitoring and verification. If the implementation of additional Eucalyptus plantations becomes successful in the coming years, verification process at the United Nations level can commence by the mid of 2012 or early of 2013, and the whole application can be completed by the end of 2013.

The Directors considered that the terms of the S&P Agreement are negotiated on an arm’s length basis, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the GEM Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company under the Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“2010 Audited Accounts”	the audited financial statements of the Target Group as at 31 December 2010
“Acquisition”	the acquisition of the Sale Shares by the Purchaser
“associate(s)”	has the meaning set out in the GEM Listing Rules
“Board”	the board of Directors

“Business Day”	a day (other than Saturday and Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Completion”	the completion of the Acquisition
“connected person(s)”	has the meaning set out in the GEM Listing Rules
“Consideration”	HK\$30,000,000, being the consideration of the Acquisition, which is subject to adjustment
“Directors”	director(s) of the Company
“GEM”	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
“Guarantor”	Mr. Wong, being the Vendor’s guarantor under the S&P Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons
“Lao PDR”	the Lao People’s Democratic Republic
“Lucky Famous” or “Purchaser”	Lucky Famous Limited, a company incorporated in the BVI and a wholly-owned subsidiary of the Company
“Morning Sky” or “Vendor”	Morning Sky International Ltd., a company incorporated in the BVI and is wholly owned by Mr. Wong
“Mr. Wong”	Mr. Wong Kui Shing, Danny
“Option”	the call option exercisable by the Purchaser to require the Vendor to sell the Option Shares to the Purchaser upon and subject to the terms and conditions of the S&P Agreement
“Option Shares”	up to 90 shares or such other number of shares in the Target Company representing 90% of the then issued shares of the Target Company beneficially owned by and registered in the name of the Vendor

“S&P Agreement”	the sale and purchase agreement dated 3 June 2011 entered into between the Vendor, the Purchaser and the Guarantor in relation to the Acquisition
“Sale Shares”	the 10 shares in the Target Company, being 10% of the total issued share capital of the Target Company
“Share(s)”	the ordinary share(s) of HK\$0.05 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
“Target Company”	Green Global Bioenergy Limited, a company incorporated in the BVI with limited liability and is wholly owned by Morning Sky
“Target Group”	the Target Company and its subsidiaries
“Valuation Report”	the valuation report to be conducted by the independent firm of valuer to be appointed by the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 3 June 2011

As at the date of this announcement, the Board consists of Mr. Chi Chi Hung, Kenneth and Mr. Takashi Togo being the Executive Directors, and Mr. B Ray Tam, Billy, 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.