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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)

HOLDING ANNOUNCEMENT

Reference is made to the announcement of M Dream Inworld Limited (“**Company**”) dated 16 November 2012 in respect of the suspension of trading in the shares of the Company with effect from 9:00 a.m. on 16 November 2012.

This announcement is made to inform the shareholders of the Company that on 15 November 2012 (after trading hours), the Company as purchaser entered into an agreement (“**Acquisition Agreement**”) with, among others, seven independent third parties as vendors (collectively, the “**Vendors**”) in relation to the proposed acquisition of 50.5% of the issued share capital of a private company incorporated in the Cayman Islands (“**Target**”) (“**Acquisition**”). The Target and its subsidiaries (collectively, the “**Target 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 maximum aggregate amount of the consideration (“**Consideration**”) payable by the Company to the Vendors shall be HK\$548,985,500, subject to adjustment in the manner as provided for in the Acquisition Agreement. The Consideration would be satisfied (i) partly by the creation and issue of the zero coupon convertible notes (“**Convertible Notes**”) in the maximum principal amount of HK\$392,132,500 (subject to adjustment) due on, subject to the conditions attached to the Convertible Notes, the 4th anniversary of the date of first issue of the Convertible Notes upon completion of the Acquisition; and (ii) partly by the issue of new shares (“**Performance Shares**”) which shall be allotted and issued in two tranches at an issue price of HK\$0.108 per share by the Company to the Vendors, the maximum number of which shall be 1,452,342,588, subject to adjustment. The conversion price for the subscription of one share to be allotted and issued upon the exercise of the conversion right (“**Conversion Right(s)**”) attaching to the Convertible Notes (“**Conversion Share(s)**”) is HK\$0.108.

* *For identification purpose only*

No application will be made for the listing of, or permission to deal in, the Convertible Notes on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) or any other stock exchange. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Performance Shares and the Conversion Shares which may fall to be allotted and issued upon the exercise of the Conversion Rights.

Completion of the Acquisition Agreement (“**Completion**”) is conditional upon and subject to a number of conditions precedent, including but not limited to, the completion of the due diligence review of the Target Group and satisfaction of the Company with the results of such due diligence review and the passing of the ordinary resolution(s) by the shareholders of the Company (“**Shareholders**”) at an extraordinary general meeting of the Company approving the terms of the Acquisition Agreement and the transactions contemplated thereunder including the Acquisition, the allotment and issue of the Performance Shares and the terms of the instrument constituting the Convertible Notes and the creation and issue of the Conversion Shares. If the conditions precedent shall not have been fulfilled (or waived, as the case may be) in full on or before 5:00 p.m. on 30 April 2013 (or such later date as the Company and the Vendors may agree in writing) and subject to the terms and conditions of the Acquisition Agreement, all rights and obligations of the parties under the Acquisition Agreement shall cease and terminate, and no party shall have any claim against the others save for claim (if any) in respect of such continuing provisions or any antecedent breach thereof.

Immediately after Completion, the Company will hold 50.5% of the entire issued share capital of the Target and take management control of the Target Group. The results of the Target Group will be consolidated into the financial statements of the Group upon Completion.

The Acquisition may constitute a very substantial acquisition for the Company and may be subject to approval by the Shareholders by way of poll pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market on the Stock Exchange. Relevant announcement in connection with the Acquisition has been submitted to the Stock Exchange which is subject to its review. Hence, the trading in the shares of the Company will be suspended pending the release of such announcement.

During the suspension, the Company will closely monitor the progress of the matters and will perform its disclosure obligations in a timely manner. The Company will make an announcement and resume trading of its shares as soon as practicable.

As Completion is subject to the fulfilment of a number of conditions precedent, the Acquisition may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

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

Hong Kong, 27 November 2012

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, 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 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.