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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)**

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the loss attributable to the equity shareholders of the Company for the year ending 31 December 2012 may increase significantly as compared with the loss recorded for the corresponding year of 2011.

The loss was mainly attributable to the impairment loss of goodwill in relation to the acquisition of KanHan EDU. The Impairments are non-cash adjustment and working capital sufficiency of the Group will not be affected for the year ending 31 December 2012.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by M Dream Inworld Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that the consolidated results of the Group for the year ending 31 December 2012 (“**Annual Results**”) may incur a significant increase in loss attributable to the equity shareholders of the Company as compared to the last corresponding year ended 31 December 2011. The loss was mainly attributable to the impairment loss of goodwill in relation to the acquisition (the “**Acquisition**”) of the entire issued share capital

\* For identification purposes only

of KanHan Educational Services Limited (“**KanHan EDU**”). The details of the Acquisition are set out in the Company’s announcements dated 14 July 2010, 19 July 2010 and 3 July 2012 respectively.

Reference is made to the announcement of the Company dated 14 July 2010 (the “**Announcement**”) in relation to the Acquisition. Unless defined otherwise, all capitalized terms used herein shall have the same meanings as defined in the Announcement.

Pursuant to the Agreement, the Vendor (the “**Vendor**”) of KanHan EDU has irrevocably warranted and guaranteed to the Group that the audited net profits before tax and any extraordinary or exceptional items (the “**Actual Profit**”) of KanHan EDU would not be less than HK\$450,000, HK\$2,200,000 and HK\$6,500,000 for the years ended 31 December 2010, 2011 and 2012 (the “**Guaranteed Profits**”) respectively.

The Company wishes to inform the shareholders that the Actual Profits of KanHan EDU for the year ended 31 December 2010 and 2011 were HK\$487,991 and HK\$2,356,486 respectively and satisfied the criteria of the Guaranteed Profits for the year ended 31 December 2010 and 2011.

However, the Board is of the view that the probability of satisfaction of the Guaranteed Profits for the year ending 31 December 2012 (the “**2012 Guaranteed Profit**”) is remote.

Pursuant to the Agreement, if the Actual Profit for the year ending 31 December 2012 (the “**2012 Actual Profit**”) is less than the 2012 Guaranteed Profit, then the Vendor shall compensate the Company in cash within ten business days after the delivery of the audited accounts of the Company for the financial year ending 31 December 2012 in an amount calculated as follows:

$A = (2012 \text{ Guaranteed Profit} - 2012 \text{ Actual Profit})$

where A is the amount payable by the Vendor to the Company, which will be classified as other income in the Annual Results.

Should KanHan EDU record a loss in its audited financial statements for the year ending 31 December 2012, the 2012 Actual Profit shall be deemed as zero.

Based on the existing performance and prospect of KanHan EDU, the Company considered that there are impairments of goodwill (the “**Impairments**”) in relation to the Acquisition. The Impairments are non-cash adjustment and working capital sufficiency of the Group will not be affected for the year ending 31 December 2012.

The Group is still in the course of preparing and finalizing the consolidated financial results for the year ending 31 December 2012. The information contained in this announcement is only a preliminary assessment based on the information currently available to the Company and such information has not been confirmed or audited by the Company’s auditor.

Further details of the Group’s performance will be disclosed as and when the annual results for the year ending 31 December 2012 is announced.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 December 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 of the Company 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.*