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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: SUBSCRIPTION OF THE CAPITAL VC SALE BONDS

On 21 March 2013, the Subscriber signed the Placing Letter with the Sub-placing Agent pursuant to which the Subscriber has agreed to subscribe for, and the Sub-placing Agent as sub-placing agent of Capital VC has agreed to arrange for the Capital VC Sale Bonds in the principal amount of HK\$3,500,000 to be placed to the Subscriber.

As the applicable percentage ratios as defined under the GEM Listing Rules in respect of each of the Subscription and the conversion of the Capital VC Sale Bonds are more than 5% but less than 25%, each of the Subscription and the conversion of the Capital VC Sale Bonds constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

SUBSCRIPTION OF THE CAPITAL VC SALE BONDS

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Date : 21 March 2013

Subscriber : The Subscriber, an indirect wholly-owned subsidiary of the Company

* For identification purposes only

Sub-placing agent : Trinity Finance Investment Limited (as the sub-placing agent of Capital VC)

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiries, Capital VC and the Sub-placing Agent and their respective ultimate beneficial owners are Independent Third Parties. The Board confirmed that the Subscriber is an independent professional investor as defined under the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong).

Subject matter:

The Subscriber has agreed to subscribe for, and the Sub-placing Agent as sub-placing agent of Capital VC has agreed to arrange for the Capital VC Sale Bonds to be placed to the Subscriber.

The Subscriber will pay 0.5% of the principal amount of the Capital VC Sale Bonds as broker's commission to the Sub-placing Agent.

Principal terms of the Capital VC Sale Bonds are summarised below:

Issuer : Capital VC

Principal amount : HK\$3,500,000

Issue price : HK\$3,500,000

Interest : The Capital VC Sale Bonds bear interest on the principal amount thereof from, and including, the issue date of the Capital VC Sale Bonds at 10% per annum.

Maturity Date : The date falling on the day immediately before the first anniversary of the date of issue of the Capital VC Sale Bonds, or, if that is not a business day, the first business day thereafter.

Conversion rights : The holder(s) of the Capital VC Sale Bonds will have the right to convert the principal amount of the Capital VC Sale Bonds into the Conversion Shares at the Conversion Price at any time during the Conversion Period.

- Conversion Shares : Assuming the conversion rights attaching to the Capital VC Sale Bonds are exercised in full at the Conversion Price of HK\$0.10 (before the Capital Reorganisation becoming effective) or HK\$1.00 (after the Capital Reorganisation becoming effective) per Conversion Share, a maximum of 35,000,000 Capital VC Shares (before the Capital Reorganisation becoming effective) (or 3,500,000 Capital VC Adjusted Shares after the Capital Reorganisation becoming effective) will be allotted and issued, representing (1) approximately 3.47% of the entire issued share capital of Capital VC as at the date of this announcement; (2) approximately 3.35% of the entire issued share capital of Capital VC as enlarged by the issue of the Conversion Shares upon conversion of the Capital VC Sale Bonds; and (3) approximately 2.89% of the entire issued share capital of Capital VC as enlarged by the issue of the Conversion Shares upon conversion of the Capital VC Bonds.
- Conversion Price : HK\$0.10 (before the Capital Reorganisation becoming effective) or HK\$1.00 (after the Capital Reorganisation becoming effective) per Conversion Share, subject to adjustments for, inter alia, the anti-dilution provisions summarised below.
- Redemption : Unless previously converted, Capital VC shall repay the outstanding Capital VC Sale Bonds in full on the Maturity Date.
- Anti-dilution adjustments : The Conversion Price shall from time to time be adjusted upon the occurrence of any of the following events (“**Adjustment Events**”):
- (i) consolidation, sub-division or reclassification of the Capital VC Shares;
 - (ii) capitalisation of profits or reserves of Capital VC;
 - (iii) capital distribution to the shareholders of Capital VC;
 - (iv) rights issue of Capital VC Shares or options, etc. over Capital VC Shares; and
 - (v) rights issue of other securities of Capital VC.
- Notwithstanding the above, the Rights Issue as announced by Capital VC on 3 January 2013 will not be an adjustment event under the conditions of the Capital VC Sale Bonds.
- Lock-up period for Conversion Shares and the Capital VC Sale Bonds : Not applicable

- Transferability : The Capital VC Sale Bonds may be transferred to any person provided that any transfer to any connected person (as defined in the Listing Rules) of Capital VC shall be subject to the requirements (if any) that the Stock Exchange may impose from time to time.
- Voting : The holder(s) of the Capital VC Sale Bonds will not be entitled to attend or vote at any meetings of Capital VC by reason only of it being holder(s) of the Capital VC Sale Bonds.
- Listing : No application will be made by Capital VC for the listing of the Capital VC Sale Bonds. An application will be made by Capital VC to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Capital VC Sale Bonds.
- Ranking of Conversion Shares : The Conversion Shares will rank pari passu in all respects among themselves and with other Capital VC Shares in issue on the date on which the Conversion Shares are issued and registered on Capital VC's register of shareholders.

Mandate to issue the Conversion Shares:

The Conversion Shares will be issued pursuant to the General Mandate. The Capital VC Directors were authorised to allot and issue up to 201,857,366 Capital VC Shares (before the Capital Reorganisation becoming effective) or 20,185,736 Capital VC Adjusted Shares (after the Capital Reorganisation becoming effective) pursuant to the General Mandate.

Given that the Conversion Price may in the future be adjusted as a result of the happening of any of the Adjustment Events, the number of Conversion Shares which may fall to be issued upon exercise of the conversion rights of the Capital VC Bonds may exceed 200,000,000 (before the Capital Reorganisation becoming effective) or 20,000,000 (after the Capital Reorganisation becoming effective). In the event that the number of the Conversion Shares fall to be issued upon the exercise of the conversion rights attaching to the Capital VC Bonds based on the Conversion Price as adjusted in accordance with the terms and conditions of the Capital VC Bonds exceeds 200,000,000 Capital VC Shares (before the Capital Reorganisation becoming effective) or 20,000,000 Capital VC Adjusted Shares (after the Capital Reorganisation becoming effective) that are issuable under the General Mandate (the shortfall Conversion Shares shall be referred to as "**Exceeded Conversion Shares**"), the conversion rights attached to the principal amount of the Capital VC Bonds attributable to the Exceeded Conversion Shares (which shall be calculated by multiplying the number of Exceeded Conversion Shares with the then Conversion Price) shall cease. Capital VC shall redeem such part of principal amount of the Capital VC Bonds together with interest accrued on the Maturity Date.

Conditions precedent to the completion of the issue of the Capital VC Sale Bonds:

The completion of the issue of the Capital VC Sale Bonds is subject to the completion of the Placing Agreement, details of which are set out in the announcements of Capital VC dated 11 March 2013 and 14 March 2013.

Completion of the issue of the Capital VC Sale Bonds:

On the completion date, Capital VC shall issue to the Subscriber the Capital VC Sale Bonds. The Subscriber shall make payment for the principal amount of the Capital VC Sale Bonds of HK\$3,500,000 together with the broker's commission (which will be funded by the Group's internal resources) in cash to the Sub-placing Agent by no later than 4:00 p.m. on 21 March 2013.

INFORMATION OF THE CAPITAL VC GROUP

Capital VC is a company incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as CNI VC Limited with all issued Capital VC Shares listed on the Main Board of the Stock Exchange (stock code: 2324). The principal activities of the Capital VC Group are engaged in investing in listed and unlisted companies mainly in Hong Kong and the PRC.

Set out below is a summary of certain audited consolidated financial information of the Capital VC Group for the two years ended 30 June 2012 (as extracted from the annual reports of Capital VC):

	For the year ended 30 June 2012 (HK\$)	For the year ended 30 June 2011 (HK\$)
Turnover	(148,462,292)	(984,164)
(Loss)/Profit before taxation and extraordinary items	(100,793,697)	23,371,420
(Loss)/Profit after taxation and extraordinary items	(100,793,697)	23,371,420

The unaudited consolidated total asset value and net asset value of the Capital VC Group as at 31 December 2012 were approximately HK\$416,971,964 and approximately HK\$381,802,503 respectively.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the provision of website development, electronic learning products and services.

As stated in the Company's 2012 annual report, in light of the gradual recovery of the financial markets and based on solid financial position, the Board will take a positive but prudent approach to perform treasury management and this function will be overseen by a professional investment committee. Apart from potential investment projects, the following ways of increasing returns will be also considered, including (a) term deposit in bank; (b) lending money to independent third parties on a short to medium-term basis; and (c) investment in local or global securities.

The Directors (including the independent non-executive Directors) consider the Subscription as a good opportunity for the Group to develop its financial investment portfolio.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the Subscription and the terms thereof are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios as defined under the GEM Listing Rules in respect of each of the Subscription and the conversion of the Capital VC Sale Bonds are more than 5% but less than 25%, each of the Subscription and the conversion of the Capital VC Sale Bonds constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Capital Reorganisation”	collectively (i) the proposed consolidation of every ten (10) issued Capital VC Shares of HK\$0.10 each into one (1) consolidated share of HK\$1.00; (ii) the proposed reduction of the nominal value of issued share capital of Capital VC and the application of the credit arising from such reduction in capital; and (iii) the subdivision of authorised but unissued Capital VC Shares, all as described in Capital VC’s announcement dated 3 January 2013
“Capital VC”	Capital VC Limited, a company incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as CNI VC Limited, whose shares are listed on the Main Board of the Stock Exchange
“Capital VC Adjusted Shares”	the ordinary share(s) of HK\$0.001 each in the share capital of Capital VC upon the Capital Reorganisation becoming effective
“Capital VC Bonds”	the 2014 due 10% coupon convertible bonds in the principal amount of HK\$20,000,000 to be issued by Capital VC pursuant to the Placing Agreement. For the avoidance of doubt, the Capital VC Sale Bonds is part of the Capital VC Bonds
“Capital VC Sale Bonds”	the 2014 due 10% coupon convertible bonds in the principal amount of HK\$3,500,000 to be issued by Capital VC and placed by the Sub-placing Agent and to be subscribed by the Subscriber
“Capital VC Directors”	directors of Capital VC
“Capital VC Group”	Capital VC and its subsidiaries

“Capital VC Shares”	the ordinary share(s) of HK\$0.10 each in the share capital of Capital VC or the Capital VC Adjusted Shares after the Capital Reorganisation becoming effective
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“Conversion Period”	the period commencing from the business day immediately after the record date for determining the entitlement under the Rights Issue up to 4:00 p.m. on the Maturity Date
“Conversion Price”	HK\$0.10 (before the Capital Reorganisation becoming effective) or HK\$1.00 (after the Capital Reorganisation becoming effective) per Conversion Share, subject to adjustments, pursuant to the terms and conditions of the Capital VC Bonds
“Conversion Shares”	the Capital VC Shares to be allotted and issued upon exercise of the conversion rights attached to the Capital VC Bonds
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Capital VC Directors at the annual general meeting of Capital VC held on 31 December 2012 to allot or otherwise deal with the unissued Capital VC Shares
“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
“Independent Third Parties”	third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“Instrument”	the instrument to be executed by Capital VC on the date of completion of the placing of the Capital VC Bonds pursuant to the Placing Agreement constituting the Capital VC Bonds
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Maturity Date”	the date falling on the day immediately before the first anniversary of the date of issue of the Capital VC Bonds, or, if that is not a business day, the first business day thereafter
“Placing Agreement”	the placing agreement dated 11 March 2013 entered into between Capital VC and Fordjoy Securities and Futures Limited in relation to the placing of the Capital VC Bonds (as supplemented by an agreement dated 14 March 2013 entered into between the same parties), the details of which are announced in the announcements of Capital VC dated 11 March 2013 and 14 March 2013
“Placing Letter”	the placing letter dated 21 March 2013 and signed between the Company and the Sub-placing Agent in relation to the Subscription
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Rights Issue”	the proposed issue by Capital VC by way of rights of one rights share for every two Capital VC Adjusted Shares in issue on the terms and conditions as set out in the announcement of Capital VC dated 3 January 2013
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Perfect Growth Limited, an indirect wholly-owned subsidiary of the Company
“Sub-placing Agent”	Trinity Finance Investment Limited, a company incorporated in Hong Kong licensed to carry on Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance
“%”	per cent.

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

Hong Kong, 21 March 2013

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.