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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 and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

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 three months ended 31 March 2013 may increase significantly as compared with the loss recorded for the corresponding period in 2012.

The loss was mainly attributable to the impairment loss of goodwill in relation to the acquisition of 50.5% of the issued share capital of Apperience. The Impairments are non-cash adjustment and will not affect working capital sufficiency of the Group.

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 (“**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (“**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that the unaudited consolidated results of the Group for the three months ended 31 March 2013 (“**First Quarterly Result**”) may incur a significant increase in loss attributable to the equity shareholders of the Company as compared to the corresponding period in 2012. The increase in loss was mainly attributable to the impairment

* For identification purposes only

loss of goodwill in relation to the acquisition (“**Acquisition**”) of 50.5% of the issued share capital of Apperience Corporation (“**Apperience**”). The details of the Acquisition are set out in the Company’s announcements dated 5 December 2012 (“**First Announcement**”), 12 March 2013 and 1 April 2013 and Company’s circular dated 23 February 2013 (“**Circular**”).

The maximum aggregate amount of the consideration (“**Consideration**”) paid and payable by the Company to the Vendors (“**Vendors**”) of the Acquisition shall be HK\$548,985,500 (subject to adjustment). The payment of the Consideration of HK\$548,985,500 (subject to adjustment) had been satisfied partly by the creation and issue of convertible notes in the principal amount of HK\$392,132,500 and shall be satisfied partly by the allotment and issue of additional shares of the Company (“**Performance Shares**”) at the issue price of HK\$0.108 per Performance Share to the Vendors, the maximum number of which shall be 1,452,342,588 subject to adjustment.

As disclosed in the Circular, the fair value of the Consideration (which will be settled by securities and convertible securities of the Company) as at the reference date of 30 June 2012 is HK\$595,380,000. The market price of shares of the Company has increased since the First Announcement and up to 31 March 2013 (being the date of completion of the Acquisition (“**Completion Date**”). Based on a draft of the valuation report, the estimated fair value of Consideration as at the Completion Date has increased as a result of such increase in the market price of Shares of the Company, which in turn has resulted in a substantial amount of goodwill in connection with the Acquisition.

The Company considered that there are impairments of goodwill (the “**Impairments**”) in relation to the Acquisition largely due to the increase in the fair value of the Consideration mentioned above. The Impairments are non-cash adjustment and will not affect working capital sufficiency of the Group.

The Group is still in the course of preparing and finalising the unaudited consolidated financial results for the three months ended 31 March 2013. The information contained in this announcement is only a preliminary estimate 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 First Quarterly Results for the three months ended 31 March 2013 is announced.

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

On behalf of the Board
M Dream Inworld Limited
Chi Chi Hung, Kenneth
Chairman

Hong Kong, 8 May 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 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.