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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: ACQUISITION OF 100% EQUITY INTEREST IN THE TARGET

ACQUISITION

The Board is pleased to announce that on 15 May 2013, after trading hours, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the SP Agreement pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Shares free from all encumbrances, and together with all rights and benefits attaching thereto at the Consideration of HK\$42 million.

The principal asset of the Target is the Property.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements set out in Rule 19.34 of the GEM Listing Rules.

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* For identification purposes only

THE SP AGREEMENT

Major terms of the SP Agreement are set out below.

Date: 15 May 2013

Parties: (1) the Purchaser, Lucky Famous Limited, a wholly-owned subsidiary of the Company as at the date of this announcement; and

(2) the Vendor, Town Health Asset Management Limited, a company incorporated in the BVI with limited liability and a non-wholly owned subsidiary of Town Health International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 3886). The Vendor is principally engaged in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

The Purchaser has agreed to acquire, and the Vendor has agreed to sell the Sale Shares, representing 100% equity interest in the Target, free from all encumbrances, and together with all rights and benefits attaching thereto.

The principal asset of the Target is the Property.

Consideration

The Consideration payable by the Purchaser to the Vendor is HK\$42 million and shall be settled by the Purchaser in cash on Completion.

The Consideration will be funded by the Group's internal resources.

Basis of Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to a valuation on the Property, being the principal asset of the Target, conducted by a property valuer independent of the Vendor and the Purchaser as at 15 May 2013. The value of the Property as indicated by the valuer in the valuation report is HK\$42,000,000.

Completion

Pursuant to the terms and conditions of the SP Agreement, Completion shall take place immediately after the signing of the SP Agreement.

Immediately after Completion, the Company will own 100% equity interest in the Target through the Purchaser, and the financial results of the Target will be consolidated with the results of the Group.

Vendor's Undertaking

The Property is currently mortgaged to a commercial bank to secure certain banking facilities granted to an Independent Third Party. The Vendor has undertaken that (i) such mortgage will be released in full on or before 30 June 2013 (“**Mortgage Release**”); (ii) the related banking facilities have not been utilised as at the date of the SP Agreement and shall remain unutilised until the release of the said mortgage; and (iii) all the title documents (including but not limited to the document(s) evidencing the release referred to in item (i) above) in relation to the Property shall be delivered to the Purchaser on or before 30 June 2013.

To the best of the Directors' knowledge, steps have been taken to arrange for the Mortgage Release prior to the signing of the SP Agreement.

Put Option

To further protect the Purchaser's interest, the Vendor has granted to the Purchaser an option (“**Put Option**”), which may be exercised by the Purchaser during the period from 1 July 2013 to 31 July 2013, to require the Vendor to purchase from the Purchaser the Sale Shares at a purchase price equal to the Consideration together with the expenses incurred by the Purchaser in connection with the Acquisition (provided that the reimbursement of expenses shall be capped at HK\$100,000), in the event that:

- (i) by 30 June 2013, the Vendor fails to arrange for the Mortgage Release or fails to deliver all the title documents relating to the Property to the Purchaser as mentioned above; and/or
- (ii) by 30 June 2013, it has come to the knowledge of the Purchaser that the Vendor's warranty as set out in the SP Agreement relating to the Target's title to the Property has been breached.

INFORMATION ABOUT THE TARGET GROUP

The Target is a company incorporated in the BVI with limited liability and is principally engaged in property investment holding. The principal asset of the Target is the Property, which is currently leased to and occupied as a clinic by a fellow subsidiary of the Vendor at a monthly rental (exclusive of rates, management fees, air-conditioning charges and other outgoings and expenses) of HK\$75,000.

Set out below is a summary of certain financial information of the Target for the two years ended 31 December 2011 and 31 December 2012:

	For the year ended 31 December 2011 <i>HK\$'000</i> (audited)	For the year ended 31 December 2012 <i>HK\$'000</i> (unaudited)
Net profit (before taxation and extraordinary items)	2,606	6,237
Net profit (after taxation and extraordinary items)	2,572	6,271

The unaudited total assets value and net assets value of the Target Company as at 30 April 2013 were approximately HK\$42,250,000 and HK\$42,070,000 respectively.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in (i) research, development and distribution of software for personal computers performance and security as well as mobile applications; and (ii) the provision of website development, electronic learning products and services.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE SP AGREEMENT

After Completion, the Group can continue to lease the Property out under the existing tenancy agreement to receive steady rental income and the Acquisition would therefore generate steady revenue to the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement 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 relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the GEM Listing Rules and is subject to the notification and announcement requirements set out in Rule 19.34 of the GEM Listing Rules.

The Put Option, if exercised by the Purchaser, may constitute a discloseable transaction for the Company under the GEM Listing Rules. The Company will make further announcement in compliance with the GEM Listing Rules as and when appropriate should the Purchaser exercise the Put Option.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of the Sale Shares
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“Completion”	completion of the sale and purchase of the Sale Shares
“Completion Date”	15 May 2013, being the date on which Completion took place
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the sum of HK\$42 million, being the consideration for the sale and purchase of the Sale Shares
“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
“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 connected persons of the Company and “Independent Third Party” shall be construed accordingly
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	the property located at Shop F, Ground Floor, Yenfu Mansion, Nos. 121–125, 129–135, 139 and 141, Hip Wo Street and Nos. 92–112 Shui Wo Street, Kowloon, Hong Kong

“Purchaser”	Lucky Famous Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	two ordinary shares of the Target of US\$1.00 each, representing the entire issued share capital of the Target
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SP Agreement”	the agreement dated 15 May 2013 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Dragon Oriental Investment Limited, a company incorporated in the BVI with limited liability
“Vendor”	Town Health Asset Management Limited, a company incorporated in the BVI with limited liability and a non-wholly-owned subsidiary of Town Health International Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 3886)
“%”	per cent.

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

Hong Kong, 15 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 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.