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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: DISPOSAL OF 100% INTEREST IN THE TARGET

THE DISPOSAL

The Board is pleased to announce that on 6 June 2013, after trading hours, the Vendor and the Purchaser entered into the SP Agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, (a) the Sale Share, representing 100% of the issued share capital of the Target, free from all Encumbrances together with all rights and benefits accruing thereto; and (b) the Sale Loan, being the entire amount of the shareholder's loan owing by the Target to the Vendor on the Completion Date free from all Encumbrances. The aggregate Consideration for the Share Consideration and the Loan Consideration shall be the sum of HK\$13,000,000.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the relevant percentage ratios (as defined under the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to notification and announcement requirements under Chapter 19 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

6 June 2013

Parties

- (a) Vendor: Refine Skill Limited, a wholly-owned subsidiary of the Company.
- (b) Purchaser: Mason Capital Limited (民信融資有限公司), a company incorporated in Hong Kong with limited liability, the principal business of which is property investment.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Assets to be disposed of

- (1) the Sale Share, representing 100% of the issued share capital of the Target; and
- (2) the Sale Loan, being the entire amount of the shareholder's loan owing by the Target to the Vendor on the Completion Date. For information purpose only, such amount amounted to approximately HK\$2,850,000 as at the date of the SP Agreement.

Under the SP Agreement, there is no restriction on the subsequent transfer of the Sale Share after Completion.

Consideration

The aggregate Consideration for the Share Consideration and the Loan Consideration shall be the sum of HK\$13,000,000 which shall be calculated on the following basis:

- (a) Share Consideration: the consideration for the Sale Share shall be HK\$13,000,000 less the Loan Consideration; and
- (b) Loan Consideration: the consideration for the Sale Loan shall be the face value of the Sale Loan as appearing in the Completion Accounts on a dollar-for-dollar basis.

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

- (1) as to HK\$2,850,000 ("**Deposit**") upon signing of the SP Agreement as refundable deposit; and
- (2) as to the remaining balance of HK\$10,150,000 upon Completion.

The payment of the Consideration shall be made by cheque(s) or cashier order(s) drawn on a licensed bank in Hong Kong by the Purchaser in favour of the Vendor or by telegraphic transfer to a bank account designated by the Vendor or in such other manner as the parties may agree.

Under the SP Agreement, the Deposit shall not be used by the Vendor other than settling the liabilities under the Mortgage.

If (i) the Vendor shall fail to complete the sale and purchase of the Sale Share and the assignment of the Sale Loan in accordance with the SP Agreement notwithstanding fulfillment (or waiver, as the case may be) of the Conditions Precedent; or (ii) (in the case of the default by the Vendor under the SP Agreement, or the Property is affected by notice under the Lands Resumption Ordinance or land resumption related laws, or the Property is affected by notice, order or resolution from the Government of Hong Kong requiring the demolition or reinstatement of any part of the Property, in each case, on or before the Completion Date) the Purchaser exercises its right to rescind or terminate the SP Agreement, the Deposit shall be returned to the Purchaser without any interest, costs or compensation within seven Business Days from the date of such rescission or termination.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to, among others, the valuation of the Property of approximately HK\$12,100,000 as at 5 June 2013 conducted by an independent professional valuer, the net asset value of the Target Group as at 30 April 2013 and the amount of the Sale Loan.

Conditions Precedent

Completion shall be conditional upon:

- (a) the Purchaser being reasonably satisfied with the results of the due diligence review and investigation on the assets, liabilities, business, financial, legal and taxation aspects of the Target Group;
- (b) the representations, warranties and undertakings made or given by the Vendor in the SP Agreement remaining true and accurate, and not misleading, in all material respects as at Completion;
- (c) the Vendor having shown and given a good title of the Target to the Property;
- (d) the Vendor having shown that the Mortgage has been fully discharged and released and the relevant receipt and/or release(s) of the Mortgage has been duly registered against the Property with the Land Registry and filed with the Hong Kong Companies Registry; and

(e) (where applicable) all the notification, publication and/or shareholders' approval requirements under Chapter 19 of the GEM Listing Rules for the entry into and implementation of the SP Agreement and the transactions contemplated thereunder having been fulfilled, obtained and/or complied with by the Vendor and/or the Company.

The Purchaser may at its absolute discretion at any time waive any of the Conditions Precedent (other than the Condition Precedent (e) above) by notice in writing to the Vendor. Neither the Vendor nor the Purchaser may waive the Condition Precedent (e).

If (i) any of the Conditions Precedent (other than the Condition Precedent (b)) has not been fulfilled or waived (as the case may be) on or before 29 November 2013, or such other date as the Vendor and the Purchaser may agree; or (ii) the Conditions Precedent (a), (c), (d) and (e) have been fulfilled or waived (as the case may be) but Condition Precedent (b) is not fulfilled (and is not waived by the Purchaser) on the Completion Date, the rights and obligations of the parties under the SP Agreement shall forthwith lapse and be of no further effect save for any antecedent breaches (if any).

Completion

Completion of the SP Agreement shall take place on the Completion Date.

Immediately after Completion, each member of the Target Group will cease to be a wholly-owned subsidiary of the Company and the Company will cease to have any interest in the Target Group.

INFORMATION ABOUT THE TARGET GROUP

The Target is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding.

The principal asset of the Target is the Property, which is currently occupied as office by the Target. The Target also owns the entire issued share capital of Elite Ford Limited (科達行有限公司), a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Property is subject to the Mortgage. The outstanding principal amount under the Mortgage to be repayable by the Target amounted to approximately HK\$3,035,000 as at 31 May 2013.

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

	Year ended 31 December 2012 HK\$	Year ended 31 December 2011 HK\$
Turnover	–	–
Net profit before taxation	6,290,472 (<i>Note</i>)	93,210
Net profit after taxation	6,290,472 (<i>Note</i>)	93,210

Note: For the year ended 31 December 2012, the Target recorded other revenue and net gains of approximately HK\$6,929,263, out of which HK\$6,876,802 was a waiver of amount due to a fellow subsidiary of the Target. No actual cash inflow or actual cash gain has been recorded by the Target as a result of such waiver of amount due to a fellow subsidiary of the Target.

Set out below is a summary of certain audited financial information of Elite Ford Limited (科達行有限公司) for the two years ended 31 December 2012 and 2011:

	Year ended 31 December 2012 HK\$	Year ended 31 December 2011 HK\$
Turnover	–	–
Net loss before taxation	703,284	1,933,149
Net loss after taxation	703,284	1,933,149

The unaudited consolidated total asset value and net asset value of the Target as at 30 April 2013 were approximately HK\$7,404,000 and HK\$4,355,000 respectively. The unaudited carrying value of the Property as at 30 April 2013 was approximately HK\$6,521,000.

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 DISPOSAL

The Group expects to recognise an unaudited accounting gain of approximately HK\$5,642,000 from the Disposal, being the difference between the Consideration and the aggregate of the estimated unaudited consolidated net asset value of the Target Group, the Sale Loan and the estimated expenses in connection with the Disposal recorded in the Group's accounts at the Completion Date. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto and the release of the Mortgage, will be approximately HK\$9,897,000 which will be used as general working capital of the Group.

The Directors consider that the Disposal represents an opportunity for the Group to realise its investment in the Target Group, which holds the Property. 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 Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under the GEM Listing Rules and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM
“Completion”	completion of the Disposal

“Completion Accounts”	the unaudited consolidated proforma statement of income of the Target for the period from 1 January 2013 and up to the Completion Date and the unaudited consolidated proforma balance sheet of the Target as at the Completion Date
“Completion Date”	the third Business Day after fulfilment or waiver (as the case may be) of the last of the Conditions Precedent (except for Condition Precedent (b) in the paragraph headed “Conditions Precedent” under the section headed “The SP Agreement” above which shall be fulfilled on Completion) (or such other date as the Vendor and the Purchaser may agree in writing) on which Completion is to take place
“Conditions Precedent”	the conditions precedent to which the Completion is subject as set out in the paragraph headed “Conditions Precedent” under the section headed “The SP Agreement” above
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$13,000,000, being the aggregate Consideration for the Share Consideration and the Loan Consideration payable by the Purchaser to the Vendor for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor
“Encumbrances”	(i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person or entity, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable laws, (ii) any proxy, power of attorney, voting trust agreement, trust interest, option, right of first offer, transfer restriction in favour of any person and (iii) any adverse claim or third party rights as to title, votes, dividends, ownership, possession or use
“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 People’s Republic of China
“Independent Third Parties”	third parties independent of the Company and connected person of the Company
“Loan Consideration”	the consideration to be paid by the Purchaser to the Vendor for the assignment of the Sale Loan pursuant to the SP Agreement
“Mortgage”	security documents in favour of China CITIC Bank International Limited (formerly known as CITIC Bank International Limited) including the existing Legal Charge/ Mortgage registered in the Land Registry by Memorial No.12031200870096 and the existing Rental Assignment registered in the Land Registry by Memorial No.12031200870102
“Property”	the property situated at seventh Floor, Fu Yuen Industrial Building, Nos. 18/22 Fui Yiu Kok Street, Tsuen Wan, New Territories, Hong Kong
“Purchaser”	Mason Capital Limited (民信融資有限公司), a company incorporated in Hong Kong with limited liability
“Sale Loan”	the entire amount of the shareholder’s loan owing by the Target to the Vendor on the Completion Date. For information purpose only, such amount amounted to approximately HK\$2,850,000 as at the date of the SP Agreement
“Sale Share”	one ordinary share of par value HK\$1.00 in the capital of the Target, being all the issued share in the share capital of the Target
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“Share Consideration”	the consideration to be paid by the Purchaser to the Vendor for the Sale Share pursuant to the SP Agreement
“SP Agreement”	the agreement dated 6 June 2013 entered into between the Purchaser and the Vendor in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target”	Five Stars Development Limited (formerly known as Elipva (Greater China) Holdings Limited (艾華(大中華)股份有限公司), iBar (Greater China) Holdings Limited (友興(中國)有限公司) and Loyal Mark (China) Limited (友興(中國)有限公司)), a company incorporated in Hong Kong with limited liability
“Target Group”	the Target together with its subsidiary, namely Elite Ford Limited (科達行有限公司)
“Vendor”	Refine Skill Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 6 June 2013

As at the date of this announcement, the Board consists of Mr. Chi Chi Hung, Kenneth being the Executive Director, 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 issuer 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 issuer. 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.