THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in M Dream Inworld Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

VERY SUBSTANTIAL DISPOSAL
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

KINGSTON CORPORATE FINANCE LTD.

A notice convening the extraordinary general meeting of the Company to be held at 2:30 p.m. on 9 October 2013 at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong is set out on page EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof to the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting in person should you so wish.

This circular will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least seven (7) days from the date of publication and on the website of the Company at http://www.mdreaminworld.com.hk.

* *For identification purpose only*

19 September 2013

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GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

In this circular, the following terms and expressions shall have the following meanings unless the context otherwise requires:

"Announcement"	announcement of the Company dated 2 July 2013 in relation to, among other things, the Disposal;
"Apperience"	Apperience Corporation, an indirect 50.5%-owned subsidiary of the Company, is an exempted company incorporated in the Cayman Islands;
"Apperience Group"	Apperience and its subsidiaries;
"associates"	has the same meaning as ascribed thereto under the GEM Listing Rules;
"Board"	the Board of Directors;
"Business Day(s)"	any day(s) (except any Saturday, Sunday or public holiday or any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours;
"BVI"	the British Virgin Islands;
"Combined Group"	Refine Skill and its subsidiaries during the Relevant Period. For the avoidance of doubt, the Disposal Group, the Disposed Subsidiaries and such other subsidiaries of Refine Skill during the Relevant Period shall be included;
"Company"	M Dream Inworld Limited, a company incorporated in the Cayman Islands, the shares of which are listed on GEM;
"Completion"	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement;
"Completion Date"	date of Completion, being the third Business Day after the last outstanding condition precedent of the Disposal Agreement has been fulfilled (or such other date as the Purchaser and the Company shall agree in writing) on which Completion is to take place;
"connected person"	has the meaning ascribed to it in the GEM Listing Rules;

"Consideration"	HK$8 million, being the consideration payable by the Purchaser to the Company for the purchase of the Sale Share;
"Deed of Novation"	the deed of novation in respect of the novation of the Vendor's Debt to be entered into by the Company as original obligor, the Purchaser as new obligor and Refine Skill as creditor on the Completion Date pursuant to the terms of the Disposal Agreement;
"Director(s)"	the director(s) of the Company;
"Disposal"	the proposed disposal of the Sale Share by the Company to the Purchaser pursuant to the terms and conditions of the Disposal Agreement;
"Disposal Agreement"	the conditional sale and purchase agreement dated 20 June 2013 entered into between the Company and the Purchaser in relation to the Disposal;
"Disposal Deposit"	the deposit in the amount of HK$0.8 million payable by the Purchaser to the Company upon signing of the Disposal Agreement;
"Disposal Group"	Refine Skill and its subsidiaries, being KanHan and Guangzhou Kanpu, and for the avoidance of doubt, the Disposed Subsidiaries shall be excluded;
"Disposed Subsidiaries"	Five Stars Development Limited and Elite Ford Limited, details of which are set out in the paragraph headed "Transactions undertaken by Refine Skill" in this circular;
"EGM"	the extraordinary general meeting of the Company to be convened at 2:30 p.m. on 9 October 2013 for the purposes of considering and, if thought fit, approving, among others, the Disposal Agreement and the transactions contemplated thereunder including but not limited to the Disposal;
"Encumbrances"	any mortgage, charge (whether fixed or floating), pledge, lien (otherwise than arising by statute or operation of law), hypothecation, equities, and adverse claims, or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest or any agreement for any of the same or any third party right;
"EPRO Group"	EPRO Limited and its subsidiaries;

"EPRO Limited"	EPRO Limited (to be renamed as DX.com Holdings Limited), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (Stock code: 8086);
"EPRO Shares"	share(s) of HK$0.01 each in the share capital of EPRO Limited;
"EPRO Shares Acquisition"	the acquisition of an aggregate of 248,976,000 EPRO Shares pursuant to the EPRO Shares Acquisition Agreement, the completion of which took place on 27 August 2013;
"EPRO Shares Acquisition Agreement"	the sale and purchase agreement dated 13 June 2013 and entered into by and among Perfect Growth Limited, an indirect wholly-owned subsidiary of the Company, as purchaser and LDL and THHK as vendors in relation to the EPRO Shares Acquisition;
"GEM"	the Growth Enterprise Market of the Stock Exchange;
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM;
"Group"	the Company and its subsidiaries;
"Guangzhou Kanpu"	廣州看普軟件科技有限公司 (for identification purposes, its English translation is "Guangzhou Kanpu Software Technology Co., Ltd."), a company established in the PRC with registered capital of RMB1 million and is wholly-owned by KanHan;
"HK EDU INTL"	Hong Kong Education (Int'l) Investments Limited (formerly known as Modern Education Group Limited), a company incorporated in the Cayman Islands with limited liability, which shares are listed on the Main Board of the Stock Exchange (Stock Code: 1082);
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;
"KanHan"	KanHan Educational Services Limited (看漢教育服務有限公司) (formerly known as "China Rise Investment Limited"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Refine Skill;

"KanHan Agreement"	the sale and purchase agreement dated 14 July 2010 entered into between Refine Skill as purchaser and KanHan Technologies Limited as vendor for the acquisition of the KanHan Group. Details of which are set out in the announcement of the Company dated 14 July 2010;
"KanHan Group"	KanHan and its subsidiaries;
"Latest Practicable Date"	16 September 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"LDL"	Lime Development Limited, a company incorporated in the BVI with limited liability, being one of the vendors named in the EPRO Shares Acquisition Agreement;
"Long Stop Date"	30 January 2014 (or such other date as the Purchaser and the Company may agree in writing);
"PRC"	the People's Republic of China which, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administration Region and Taiwan;
"Purchaser"	Brilliant Path Limited, which is wholly owned by Mr. Wong Tai Wai David, is a company incorporated in the BVI with limited liability and the purchaser named under the Disposal Agreement;
"Refine Skill"	Refine Skill Limited, a company incorporated in the BVI, being a direct wholly-owned subsidiary of the Company and the holding company of KanHan;
"Relevant Period"	for each of the three years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013 respectively;
"Remaining Group"	the Company and its subsidiaries from time to time but shall exclude the companies comprising the Disposal Group;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Share"	one ordinary share of par value US$1 in the share capital of Refine Skill, representing the entire issued share capital of Refine Skill as at the date of the Disposal Agreement;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

"Shareholder(s)"	shareholder(s) of the Company;
"Shares"	the shares of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"THHK"	Town Health Corporate Advisory and Investments Limited, a company incorporated in Hong Kong with limited liability, being one of the vendors named in the EPRO Shares Acquisition Agreement;
"US$"	United States dollars, the lawful currency of the United States of America;
"Vendor's Debt"	(where applicable) the entire amount owing by the Company to Refine Skill as at Completion; and
"%"	per cent.

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)

Executive Directors:
Mr. Chi Chi Hung, Kenneth
Mr. Xue Qiushi

Independent non-executive Directors:
Mr. Billy B Ray Tam
Mr. Yu Pak Yan, Peter
Ms. Chan Hoi Ling

Registered office:
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Siu Lek Yuen
Shatin
New Territories
Hong Kong

19 September 2013

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

Reference is made to the Announcement. The Company and the Purchaser entered into the Disposal Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Share at the Consideration of HK$8 million. The Disposal Group comprises Refine Skill and its direct and indirect wholly-owned subsidiaries, namely KanHan and Guangzhou Kanpu. Refine Skill is an investment holding company, whereas KanHan is principally engaged in the provision of website development, electronic learning products and services and Guangzhou Kanpu is principally engaged in the

* *For identification purpose only*

provision of support services for KanHan in launching the development products. For the purpose of the transactions under the Disposal Agreement, the Disposed Subsidiaries are excluded from the Disposal Group.

In the event that there remains any Vendor's Debt immediately prior to the Completion, the Purchaser shall assume the Company's obligation to repay and discharge such debt in accordance with the Deed of Novation to be entered into at Completion and thereafter the Company will be released from all liabilities in connection with the Vendor's Debt.

The purpose of this circular is to provide the Shareholders with, among other things, further details of the Disposal, a notice of the EGM and other information as required under the GEM Listing Rules.

THE DISPOSAL AGREEMENT

The principal terms of the Disposal Agreement are set out below:

Date

20 June 2013

Parties

Vendor	:	The Company
Purchaser	:	Brilliant Path Limited
		The Purchaser is principally engaged in investment holding. The ultimate beneficial owner of the Purchaser was introduced to Mr. Chi Chi Hung, Kenneth, the executive Director and chairman of the Company by Mr. Yu Shu Kuen ("**Mr. Yu**"), a third party independent of the Company and its connected persons, on a business occasion in mid-May 2013. Mr. Yu was a former executive director of the Company from 30 January 2007 to 30 September 2009 and the ultimate beneficial owner of a former substantial shareholder of the Company from 30 January 2007 to 3 January 2011. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) other than the Disposal, there was no previous business or other relationship between the Purchaser and the Company or its connected persons nor was there any relationship between the Purchaser and the counterparties to the Company's previous acquisitions or disposals conducted in recent years; and (ii) the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Company agreed to sell the Sale Share to the Purchaser free from all Encumbrances together with all rights of any nature now or hereafter attaching thereto including but not limited to all dividends or distributions which may be paid, declared or made at any time on or after the Completion Date.

The Sale Share represents the entire issued share capital of Refine Skill, which is a wholly-owned subsidiary of the Company. KanHan, a wholly-owned subsidiary of Refine Skill, in turn owns all the equity interests in Guangzhou Kanpu. Further details of the Disposal Group are set out under the paragraph headed "Information of the Disposal Group" below.

In the event that there remains any Vendor's Debt immediately prior to the Completion, the Purchaser shall assume the Company's obligation to repay and discharge such debt in accordance with the Deed of Novation to be entered into at Completion and thereafter the Company will be released from all liabilities in connection with the Vendor's Debt.

Consideration

The Consideration in the sum of HK$8 million shall be satisfied by the Purchaser in cash in the following manner:

(a) as to HK$0.8 million as Disposal Deposit payable by the Purchaser upon signing of the Disposal Agreement; and

(b) as to HK$7.2 million payable by the Purchaser upon Completion.

As at the Latest Practicable Date, the Disposal Deposit has been paid by the Purchaser to the Group.

The Consideration has been determined based on normal commercial terms and after arm's length negotiations between the Company and the Purchaser having taken into account: (i) the unaudited consolidated net asset value of the Disposal Group as at 31 May 2013 of approximately HK$12.52 million and adjusted by excluding the Vendor's Debt, which amounted to approximately HK$5.93 million as at the date of the Disposal Agreement which (if still subsisting immediately prior to Completion) shall be assumed by the Purchaser in accordance with the Deed of Novation at Completion; (ii) the financial position of the Disposal Group; and (iii) the factors set out in the paragraph headed "Reasons for and benefits of the Disposal" below.

Conditions Precedent

Completion shall be conditional upon the satisfaction of the following conditions precedent:

(a) the passing of ordinary resolution(s) by the Shareholders by poll at the EGM approving the terms of the Disposal Agreement and the transactions contemplated thereunder;

(b) all requisite consents, clearances, authorisations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and the performance of the Disposal Agreement having been obtained by the parties to the Disposal Agreement; and

(c) the consummation of the transactions contemplated pursuant to the Disposal Agreement shall not have been restrained, enjoined or otherwise prohibited by any applicable laws and regulations, including any order, injunction, decree or judgment of any court or other governmental authority.

None of the above conditions precedent is capable of being waived.

In the event that any of the above conditions is not fulfilled on or before 5:00 p.m. on the Long Stop Date, all rights and obligations of the parties under the Disposal Agreement shall cease and terminate, and no party shall have any claim against the others save for claim (if any) in respect of such continuing provisions in the Disposal Agreement or any antecedent breach thereof. In case of such termination, the Company shall refund the Disposal Deposit received by it to the Purchaser within 3 Business Days from the date of such termination without interests.

Completion

Subject to the fulfillment of the above conditions precedent, Completion shall take place on the third Business Day after the date on which the last outstanding condition precedent set out above has been fulfilled (or such other date as the Company and the Purchaser shall agree in writing). In the event that there remains any Vendor's Debt immediately prior to the Completion, the novation of the Vendor's Debt from the Company to the Purchaser shall take place on the Completion Date.

INFORMATION OF THE DISPOSAL GROUP

Refine Skill is incorporated in the BVI with limited liability, being a direct wholly-owned subsidiary of the Company. As at the Latest Practicable Date, Refine Skill was an investment holding company.

KanHan is incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Refine Skill. As at the Latest Practicable Date, KanHan had an issued share capital of HK$5.01 million divided into 5,010,000 ordinary shares of HK$1 each, which have been fully paid up or credited as fully paid. Principal business of KanHan is the provision of website development, electronic learning products and services.

Guangzhou Kanpu is established in the PRC with limited liability with a registered capital of RMB1 million and is a direct wholly-owned subsidiary of KanHan. It is principally engaged in the provision of support services for KanHan in launching the development products.

The unaudited consolidated financial results of the Disposal Group for the years ended 31 December 2011 and 2012 and the six months ended 30 June 2013 are respectively summarised as follows:

	For the six months ended 30 June	For the year ended 31 December	
	2013	**2012**	**2011**
	HK$ million (approximately)	*HK$ million (approximately)*	*HK$ million (approximately)*
Turnover	1.50	4.14	3.64
Net (loss)/profit before tax	(1.17)	(14.34) *(Note 1)*	28.16 *(Note 2)*
Net (loss)/profit after tax	(1.17)	(14.70) *(Note 1)*	27.94 *(Note 2)*

Notes:

1. The unaudited consolidated net loss before and after tax for the year ended 31 December 2012 was mainly due to the impairment loss on goodwill of approximately HK$20.8 million arising from the acquisition of the entire issued share capital of KanHan by the Group in 2010.

2. The unaudited consolidated net profit before and after tax for the year ended 31 December 2011 included the gain on a waiver of an amount due from Refine Skill to its then prevailing holding company of approximately HK$25.8 million.

3. For the avoidance of doubt, the financial information presented above represented the unaudited consolidated financial information of Refine Skill and its two subsidiaries namely, KanHan and Guangzhou Kanpu only (i.e. the Disposal Group which does not include the Disposed Subsidiaries). Therefore, the above financial information may not be able to reconcile with the unaudited financial information of the Combined Group (i.e. included the Disposal Group, the Disposed Subsidiaries and such other subsidiaries of Refine Skill during the Relevant Period) as disclosed in Appendix III to this circular. Details of such subsidiaries included in the Combined Group are set out in note 1 to the unaudited financial information of the Combined Group as disclosed in Appendix III to this circular.

As at 30 June 2013, the unaudited consolidated total asset value and net asset value of the Disposal Group were approximately HK$17.15 million and HK$12.29 million, respectively.

Subject to and upon Completion, Refine Skill, KanHan and Guangzhou Kanpu shall cease to be subsidiaries of the Company, and the results of the Disposal Group shall no longer be consolidated in the Company's consolidated financial statements.

FINANCIAL EFFECTS OF THE DISPOSAL

With reference to the unaudited consolidated financial results of the Disposal Group as at 30 June 2013, the Group is expected to realise a book gain on the Disposal of approximately HK$10,000. In calculating such book gain resulting from the Disposal, factors including the novation of the Vendor's Debt of an estimated amount of approximately HK$16.05 million due from the Company to Refine Skill at Completion and the estimated legal and professional fees for the Disposal have been taken into account. As at 30 June 2013, the unaudited amount of the Vendor's Debt was approximately HK$5.93 million. It is expected that the amount of the Vendor's Debt will increase to approximately HK$16.05 million, after taken into account the proceeds of approximately HK$10.15 million received by Refine Skill for the disposal of the Disposed Subsidiaries which have been lent to the Company as at the Latest Practicable Date. The actual book gain or loss derived from the Disposal would depend on the profit or loss of the Disposal Group up to the Completion Date and is subject to final audit to be performed by the Company's auditors.

Assets and liabilities

According to the interim report of the Company for the six months ended 30 June 2013, the unaudited consolidated total assets and liabilities of the Group as at 30 June 2013 were approximately HK$764,391,000 and HK$468,946,000 respectively. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, assuming Completion had taken place on 30 June 2013, the unaudited pro forma consolidated total assets and liabilities of the Remaining Group would be approximately HK$759,542,000 and HK$464,087,000 respectively.

Loss attributable to equity shareholders

For the year ended 31 December 2012, the Group recorded an audited loss attributable to equity shareholders of the Company of the approximately HK$26,626,000. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix IV to this circular, assuming Completion had taken place on 1 January 2012, the unaudited pro forma consolidated loss of the Remaining Group would be approximately HK$33,718,000 for the year ended 31 December 2012. In light of the prospects of the Group as detailed under the headed "5. Financial and trading prospects of the Group" in Appendix I to this circular, the Directors are of the view that the Disposal would likely to have a positive impact on the future earnings of the Remaining Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the (i) research, development and distribution of personal computer performance software, anti-virus software, mobile phone applications and toolbar advertisement ("**Software Business**"); and (ii) the provision of website development, electronic learning products and services ("**E-learning Business Unit**").

The Group acquired KanHan in July 2010. In accordance with the KanHan Agreement, KanHan Technologies Limited (as vendor) warranted and guaranteed that the audited consolidated net profits before tax and any extraordinary or exceptional items of the KanHan Group for each of the three years ended 31 December 2010, 2011 and 2012 should not be less than HK$450,000, HK$2,200,000 and HK$6,500,000 respectively. As disclosed in the annual report of the Company for the financial year ended 31 December 2012, the actual audited consolidated net profits before tax and any extraordinary or exceptional items of the KanHan Group for each of the three years ended 31 December 2010, 2011 and 2012 were approximately HK$488,000, HK$2,356,000 and HK$2,265,000 respectively. Hence, the KanHan Group has met the profits guarantee for the years ended 31 December 2010 and 2011, but not for the year ended 31 December 2012. The shortfall amount between the guaranteed profits and the actual audited net profits before tax and any extraordinary or exceptional items of the KanHan Group for the year ended 31 December 2012 was compensated by the profits guarantee provided by KanHan Technologies Limited in accordance with the KanHan Agreement, and the Group was still able to recognise an income of approximately HK$4,235,000 accordingly. The Company received the shortfall amount of approximately HK$4,235,000 from the vendor in cash on 13 June 2013.

Despite the deteriorating financial performance of the KanHan Group, the Group has been continuously devoting its effort in improving the E-learning Business Unit. In September 2012, the Group has entered into a service agreement with Modern Education (Hong Kong) Limited ("**Modern Education HK**") (an indirect wholly-owned subsidiary of HK EDU INTL), pursuant to which, Modern Education HK has agreed to provide the Group with services in (a) advising the Group on building a website for internet education (the "**Internet Education Website**"); (b) sourcing a suitable information technology company for building the Internet Education Website and supervising the whole process; and (c) providing electronic textbooks and/or teaching materials for the internet education business of the Group. The Internet Education Website, a website selling e-learning materials, has launched a trial run on 30 May 2013, and the Group has officially launched the Internet Education Website in July 2013.

On 15 November 2012, the Group entered into an acquisition agreement to acquire 50.5% of the issued share capital of Apperience, which business is principally engaged in the research, development, and distribution of personal computer performance software, anti-virus software and mobile phone applications which are available for download by customers through the internet worldwide. Completion of the acquisition of Apperience took place on 31 March 2013. The Company has then foreseen that, subject to certain modifications and adjustments to the then existing e-learning platform of the Group (i.e. the KanHan platform and any future e-commerce platforms to be developed by the Group) with the Apperience's platform, the Group would be able to take advantage of Apperience and expand its e-learning platform through the sharing of online sales experience possessed by the Apperience Group and to enjoy the synergistic effects from the acquisition. The Board also expected that this business segment would record good results in the future by launching quality electronic teaching solutions.

As the Internet Education Website was still under development in the first quarter of 2013 and the acquisition of Apperience was only completed on 31 March 2013, the Group recorded turnover of approximately HK$674,000 (2012: HK$884,000), representing a decrease of approximately 23.8% from the corresponding period in 2012. The Group's segment results for the E-learning Business Unit for the period has recorded an unaudited loss of approximately HK$578,000 for the three months ended 31 March 2013, as compared to an unaudited gain of approximately HK$561,000 for the corresponding period in 2012. The KanHan Group recorded an unaudited consolidated net loss of approximately HK$818,000 for the five months ended 31 May 2013 (which continuously deteriorated as compared with the segment result for the three months ended 31 March 2013 of approximately HK$578,000). It was noted that the decrease in the segment return was principally due to (a) a drop in turnover; and (b) an increase in the amortisation of intangible assets. While the Company continues to believe that there is potential in developing the E-learning Business Unit, it is noted that (1) the recent trend of having more book publishers also providing e-learning materials to some primary and secondary schools in Hong Kong which are the primary clients of KanHan, the KanHan Group's turnover has been inevitably adversely affected; and (2) the profits of the KanHan Group are no longer guaranteed by KanHan Technologies Limited since 2013, the Company has been contemplating possible business reorganisation or adopting strategies to enhance the prospect of the E-learning Business Unit.

For the Internet Education Website, its target audience and business environment are different from those of the KanHan Group. The target audience of the Internet Education Website is the general public anywhere in the world, whereas the KanHan Group is focusing on primary and secondary schools in Hong Kong. As the Internet Education Website is promoted through online advertisements and subscription while the e-learning products of the KanHan Group are promoted through personal visits to schools by the sales team, the client base of the KanHan Group is much narrower. Furthermore, as materials sold by the KanHan Group are primarily focusing on schools in Hong Kong, they are required to be constantly updated and maintained to ensure they relate to the curriculum or syllabus of schools in Hong Kong as close as possible. Hence, additional staff costs will be incurred to maintain a sales team to closely follow up with schools, and additional number of technical staffs is required as the materials on the website are required to be changed constantly. On the contrary, the operating costs for running the Internet Education Website is much lower as fewer sales personnel and technical staffs are required. The Board therefore considers that in order to allocate the resources of the Group more effectively and efficiently, the Group is better off to develop the E-learning Business Unit via the Internet Education Website, rather than via the KanHan Group.

In mid-May 2013, as mentioned above, the Purchaser was introduced to the Company by Mr. Yu on a business occasion and the Purchaser has shown interests in purchasing KanHan and started to negotiate the relevant terms and conditions with the Company in late May 2013 and the Disposal Agreement was subsequently concluded on 20 June 2013. In view of the deteriorating financial performance of the KanHan Group, the increase in competition in the market and the fact that the profits of the KanHan Group were no longer guaranteed by KanHan Technologies Limited since 2013, the Board considers that the Disposal is in the interest of the Company and Shareholders as a whole. For the avoidance of doubt, subsequent to the Disposal, the Group will continue to engage in the E-learning Business Unit via the Internet Education Website.

Subsequent to the completion of the acquisition of Apperience on 31 March 2013, the business operation and financial performance of the Apperience Group have been in line with the Board's expectation. Notwithstanding for the six months ended 30 June 2013, the Group's unaudited net loss attributable to equity shareholders of the Company has amplified to approximately HK$256.5 million (2012: net loss of approximately HK$1.6 million), which was principally due to the impairment loss on goodwill in relation to the acquisition of Apperience. For the three months ended 30 June 2013, the Group recorded an unaudited net profit attributable to equity shareholders of the Company of approximately HK$6.1 million (2012: net loss of approximately HK$0.4 million), which was mainly attributable to (i) the operating profit contributed by the subsidiaries of Apperience and (ii) the unrealised gain arising on change in fair value of the performance shares which formed part of the consideration for acquiring Apperience and is non-cash adjustment. The Board is optimistic about the future prospects of the Apperience Group and expects that revenue from the Apperience Group will become the principle source of income of the Group going forward. The Board is of the view that the Group shall devote more manpower and resources on developing this business segment which is on one hand has growth potential to the Group and on the other hand, could provide synergistic effects to the Group's other business. It is therefore intended that the Group shall proceed with the Disposal and continue to develop its E-learning Business Unit via the Internet Education Website and to devote more resources on the development of the business of the Apperience Group.

With a strong and solid financial position, the Group will enhance its treasury function to utilise its surplus resources with an aim to maximising the investment returns and managing its financial resources to bring more value to Shareholders.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will be approximately HK$6.37 million which will be used as general working capital of the Group or other potential investments in the future. The Board believes that, through the Disposal, the Company will be able to allocate its resources more effectively in order to focus on more profitable businesses.

Having taken into consideration the above reasons for and benefits of the Disposal and (a) the opportunity to reallocate resources after the Disposal to the Apperience Group and the Internet Education Website, which may have better growth potential and (b) the potential gain from the Disposal as set out in the section headed "Financial effects of the Disposal" above, the Directors (including the independent non-executive Directors) are of the view that the Disposal and the terms of the Disposal Agreement (including the amount of the Consideration) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BUSINESS OF THE REMAINING GROUP

Following the Disposal, the Remaining Group will continue to carry out its existing businesses, i.e. the E-learning Business Unit for, among other things, building websites for educational units and development of e-books etc. and the business carried out by Apperience Group which focuses on, among others, the development and distribution of the Software Business.

As at the Latest Practicable Date, there was no agreement, understanding, intention or negotiation that the Company had entered into regarding (a) acquisition of assets or business; and (b) disposal of assets or business other than those already announced by the Company.

TRANSACTIONS UNDERTAKEN BY REFINE SKILL

As disclosed in the announcements of the Company dated 6 June 2013 and 8 August 2013, on 6 June 2013, Refine Skill has entered into a disposal agreement with a third party independent of the Company and its connected persons for the disposal of the entire issued share capital of Five Stars Development Limited which in turn holds 100% interest in Elite Ford Limited. On 8 August 2013, completion of the disposal of the Disposed Subsidiaries took place.

For the purpose of the transactions under the Disposal Agreement, the Disposed Subsidiaries are excluded from the Disposal Group. Pursuant to the Disposal Agreement, the Company and the Purchaser agreed and confirmed that if the disposal of the Disposed Subsidiaries by Refine Skill cannot be completed on or before the Long Stop Date or the Completion Date (whichever is earlier), the Company shall be entitled to purchase the Disposed Subsidiaries from Refine Skill at nil consideration. Under the Disposal Agreement, the proceeds received and to be received by Refine Skill pursuant to the disposal of the Disposed Subsidiaries shall not form part of the assets of the Disposal Group and any such proceeds shall be advanced by Refine Skill to the Company or as it may direct and will form part of the Vendor's Debt (where appropriate).

Since the completion of the disposal of the Disposed Subsidiaries took place on 8 August 2013, the proceeds from such disposal have been received by Refine Skill as at the Latest Practicable Date. Under the Disposal Agreement, such proceeds shall not form part of the assets of the Disposal Group. In accordance with the Disposal Agreement, such proceeds have been lent by Refine Skill to the Company as at the Latest Practicable Date and will form part of the Vendor's Debt owing by the Company to Refine Skill which will be novated by the Company to the Purchaser at Completion. Upon Completion, the Company will be released and discharged from its obligations to repay the Vendor's Debt (including the proceeds from the disposal of the Disposed Subsidiaries lent by Refine Skill) to Refine Skill and the Purchaser will assume the obligations and liabilities for the discharge of the Vendor's Debt as if the Purchaser was the debtor of the Vendor's Debt in lieu of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Disposal are more than 75%, the Disposal under the Disposal Agreement and the transactions contemplated thereunder (including the novation of the Vendor's Debt) constitutes a very substantial disposal for the Company under Chapter 19 of the GEM Listing Rules.

THE EGM

A notice convening the EGM to be held at 2:30 p.m. on 9 October 2013 at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong is set out on page EGM-1 to EGM-3 in this circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the Latest Practicable Date, as no Shareholder has a material interest in the Disposal, no Shareholders will be required to abstain from voting in relation to the resolution to approve, among other things, the Disposal and the related transactions.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof) to the office of the Company's branch share registrar and transfer office in Hong

Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

VOTING BY WAY OF POLL

Pursuant to Rule 17.47 of the GEM Listing Rules, any votes of the Shareholders at the general meeting must be taken by poll. Therefore, the resolution proposed at the EGM will be voted by poll.

RECOMMENDATION

The Board considers that the Disposal is on normal commercial terms, and the terms of the Disposal Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder.

FURTHER INFORMATION

Your attention is drawn to the notice of the EGM set out on page EGM-1 to EGM-3 of this circular and the information set out in the Appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the six months ended 30 June 2013 is set out in the unaudited consolidated financial statements in the 2013 interim report of the Company dated 9 August 2013 at http://www.hkexnews.hk/listedco/listconews/GEM/2013/0813/GLN20130813047.pdf.

Financial information of the Group for the years ended 31 December 2010, 2011 and 2012 are set out in the audited consolidated financial statements in the annual reports of the Company for the years ended 31 December 2010, 2011 and 2012 at http://www.hkexnews.hk/listedco/listconews/GEM/2011/0316/GLN20110316011.pdf; and http://www.hkexnews.hk/listedco/listconews/GEM/2012/0327/GLN20120327044.pdf and http://www.hkexnews.hk/listedco/listconews/GEM/2013/0320/GLN20130320039.pdf respectively.

2. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, taking into account (i) the existing bank and borrowing facilities available to the Group; and (ii) the Group's internal financial resources including cash and bank balances, the Group has sufficient working capital to satisfy its present requirements for at least 12 months from the date of publication of this circular in the absence of any unforeseen circumstances.

3. INDEBTEDNESS STATEMENT

Borrowings

At the close of business on 31 July 2013, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding borrowings:

	Note	**Non-current portion** *HK$'000*	**Current portion** *HK$'000*	**Total** *HK$'000*
Convertible notes	*1*	242,780	—	242,780
Performance shares	*2*	84,236	84,236	168,472
Disposal Deposit and the deposit received from the disposal of Disposed Subsidiaries	*3*	—	3,650	3,650
Others		—	113	113
		327,016	87,999	415,015

Notes:

1. On 31 March 2013, upon completion of the acquisition of 50.5% of the issued share capital of Apperience, the Company issued convertible notes in the aggregate principal amount of HK$392,132,500 as partial consideration for the acquisition at the initial conversion price of HK$0.108 per conversion share. The maturity date of the convertible notes is the date falling four years after the issue date. If any amount due under the convertible notes is not paid when due, at the Company's sole discretion, such amount shall be redeemed by the Company by issue and delivery by the Company of a promissory note in favour of the noteholder(s) in the principal amount equal to 100% of such amount together with interest accrued on the overdue sum at the rate which is the lower of (a) HIBOR plus 1.5% per annum and (b) 4% per annum, and will due to mature on the first anniversary date of the issue of the promissory note. The terms and conditions of the convertible notes is summarized in the Company's circular dated 23 February 2013. On 2 April 2013, the Company issued a total of 592,592,591 conversion shares pursuant to the exercise of the conversion right attached to the convertible notes in the aggregate principal amount of HK$64,000,000 by 4 noteholders. At the close of business on 31 July 2013, the outstanding principal amount of convertible notes issued by the Company amounted to HK$328,132,500. The liability of convertible notes represent liability component of convertible notes issued to the Vendors at the date of completion of the acquisition of Apperience Group, which is stated at amortised cost using the effective interest method until distinguished on conversion after deduction of the liability component of convertible notes converted by 4 noteholders on 2 April 2013.

2. Unless defined otherwise, capitalised terms used in this note 2 have the same meaning as defined to them in the circular of the Company dated 23 February 2013. On 31 March 2013, upon completion of the acquisition of 50.5% of the issued share capital of Apperience, the Company agreed to issue the new Shares comprising the Tranche I Performance Shares and the Tranche II Performance Shares as partial consideration for the acquisition at the issue price of HK$0.108 per Performance Share, the maximum number of which shall be 1,452,342,588 subject to adjustments. Tranche I Performance Shares shall be allotted and issued as fully paid, within one month after audited accounts for the Target Profit Period I are available. The Target Profit Period I is a period of 12 months commencing on the first day of the calendar month immediately next following completion of acquisition of Apperience. Tranche II Performance Shares shall be allotted and issued as fully paid, within one month after audited accounts for the Target Profit Period II are available. The Target Profit Period II is a period of 12 months commencing on the first day of the 13th calendar month following completion of acquisition of Apperience. The details of the calculation of the Performance Shares are summarized in the Company's circular dated 23 February 2013. At the close of business on 31 July 2013, the liability of Performance Shares represent the fair value of Tranche I Performance Shares and Tranche II Performance Shares to be issued to the Vendors.

3. The Disposal Deposit of HK$800,000 was paid by the Purchaser to the Company regarding the Disposal of the Disposal Group.

   The deposit of HK$2,850,000 for the disposal of the Disposed Subsidiaries was paid to the Company upon signing of the relevant sale and purchase agreement. Since the completion of the disposal of the Disposed Subsidiaries took place on 8 August 2013, the proceeds from such disposal have been received by Refine Skill and lent to the Company in accordance with the Disposal Agreement as at the Latest Practicable Date.

Pledge of assets

At the close of business on 31 July 2013, being the latest practicable date for the purpose of this indebtedness statement, a bank deposit with carrying amount of approximately HK$621,000 was pledged to secure the banking facilities of the Group.

Contingent liabilities

As at the close of business on 31 July 2013, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group did not have any material contingent liabilities.

Disclaimer

Save as aforesaid and apart from intra-group liabilities and normal trade payable in the ordinary course of business, the Group did not have any bank borrowings, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgage, charges, finance leases or hire purchases commitments, guarantees or other material contingent liabilities outstanding at the close of business on 31 July 2013.

4. MATERIAL ADVERSE CHANGE

As disclosed in the profit warning announcement published by the Company on 8 May 2013, the unaudited consolidated results of the Group for the three months ended 31 March 2013 ("**First Quarterly Results**") may incur 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 loss on goodwill in relation to the acquisition of 50.5% of the issued share capital of Apperience ("**Goodwill Impairment**"). Please refer to the announcement of the Company dated 8 May 2013 for further details. The First Quarterly Results have been announced by the Company on 10 May 2013.

As disclosed in the interim report for the six months ended 30 June 2013 ("**Interim Report**"), while the Group recorded an unaudited net profit attributable to the equity shareholders of the Company for the three months ended 30 June 2013 of approximately HK$6.1 million which was mainly attributable to (i) the operating profit contributed by the subsidiaries of Apperience acquired in March 2013 and (ii) the unrealised gain arising from change in fair value of the performance shares which is part of consideration of the acquisition of Apperience and is non-cash adjustment, the Company recorded an unaudited consolidated loss attributable to the equity shareholders of the Company for the six months ended 30 June 2013 of approximately HK$256.5 million, which was significantly higher than the loss for the corresponding period in 2012 of approximately HK$1.6 million. Such unaudited consolidated loss was mainly attributable to the Goodwill Impairment and the Goodwill Impairment was mainly recognised by the Company in the First Quarterly Results.

Please refer to the Interim Report for further details. Apart from the above, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in (i) research, development and distribution of Software Business; and (ii) the provision of the E-learning Business Unit.

As mentioned in the paragraphs headed "Reasons for and benefits of the Disposal" and "Business of the Remaining Group" in the section headed "Letter from the Board" in this circular, following the Disposal, the Group will continue to carry out its existing businesses and the business carried out by Apperience Group.

The Board is optimistic about the future prospects of the Apperience Group and expects that the revenue from the Apperience Group will become the principal source of income of the Group going forward. The Board is of the view that the Group will devote more manpower and resources on developing this business segment which is on one hand has growth potential to the Group and on the other hand, could provide synergistic effects to the Group's other business. It is therefore intended that the Group will continue to develop the E-learning Business Unit via the Internet Education Website and to devote more resources on the development of the business of the Apperience Group.

Furthermore, as disclosed in the announcement of the Company dated 13 June 2013 and the circular of the Company dated 8 August 2013, the Group has entered into the EPRO Shares Acquisition Agreement pursuant to which the Group has agreed to purchase, and LDL and THHK have agreed to sell an aggregate of 248,976,000 EPRO Shares, at an aggregate consideration of HK$79,921,296 (representing an average price of HK$0.321 per EPRO Share).

The EPRO Group is principally engaged in the provision of professional information technology contracts and maintenance services as well as e-commerce business and provision of online sales platform. In 2012, the EPRO Group established the B2C (Business-to-Customer) foreign trade e-commerce website DX.com to facilitate the communication with non-English speaking customers and increase consumer awareness of DX brand by linking to DealExtreme.com, another B2C foreign trade e-commerce website maintained by the EPRO Group. In addition, the EPRO Group also provides tailor-made professional IT support solutions for government departments and corporate clients and the Group is one of its clients.

The Board considers that the EPRO Shares Acquisition may bring in possible collaboration opportunities between the Group and the EPRO Group in the future. No formal business collaboration plan was under negotiation between the Group and the EPRO Group as at the Latest Practicable Date.

In the future, the Group will enhance its treasury function to utilise its resources with an aim to maximizing the investment returns and managing its financial resources to bring more value to Shareholders.

With careful execution of the existing businesses above, the Group will continue to carefully look for appropriate investment and business expansion opportunities to bring additional value to the Company and Shareholders as a whole.

Following the Disposal, the Remaining Group will continue to carry out its existing businesses, i.e. the Internet Education Website and the business carried out by Apperience Group. For the avoidance of dout, the Remaining Group shall comprise the Company and its subsidiaries but shall exclude the Disposal Group being Refine Skill, KanHan and Guangzhou Kanpu. The management discussion and analysis of the Remaining Group for the six months ended 30 June 2013 and the years ended 31 December 2012, 2011 and 2010 are set out as follows:

(a) For the six months ended 30 June 2013

Business review

Software Business

Acquisition of Apperience Group

On 31 March 2013, the Group has completed the very substantial acquisition of 50.5% of the issued share capital of Apperience, whose certain of its existing shareholders include IDG-Accel China Growth Fund II L.P., IDG-Accel China Investors II L.P. and THL A1 Limited ("**THL**"). THL is a subsidiary of Tencent Holdings Limited (stock code: 700), the issued shares of which are listed on the Main Board of the Stock Exchange. The maximum aggregate amount of the consideration payable by the Group to the vendors of the acquisition is HK$548,985,500, subject to adjustments. The details of the acquisition are set out in the Company's announcements dated 27 November 2012, 5 December 2012, 12 March 2013, 1 April 2013 and 2 April 2013 and the Company's circular dated 23 February 2013.

Apperience Group is principally engaged in the research, development and distribution of Software Business. Its major product, Advanced SystemCare, is a system utility software which helps users to protect their personal computers from spyware and virus, detect and solve issues regarding computer security and performance. The Apperience Group also derives income from toolbar advertisements. To meet the ever-changing information technology ("**I.T.**") environment, Apperience Group closely monitors the I.T. trend and continuously upgrades its products. As at 30 June 2013, Advanced SystemCare has over 800,000 paid subscribers worldwide and over 9,000,000 free and paid active users.

After the completion of acquisition of Apperience, the Company holds 50.5% of the issued share capital of Apperience and takes management control of the Apperience Group. The operating results of the Apperience Group have been consolidated into the financial statements of the Group upon completion of the acquisition of Apperience.

Turnover of the Software Business for the three months ended 30 June 2013 amounted to approximately HK$26,626,000. The segment result recorded a loss of approximately HK$238,088,000. The reason for the loss was mainly due to the Goodwill Impairment of approximately HK$257,496,000 arising from the acquisition of 50.5% of the issued share capital of Apperience. The Goodwill Impairment is non-cash accounting adjustments which will not affect working capital sufficiency of the Remaining Group. The segment profit of Software Business before the Goodwill Impairment for the Period was approximately HK$19,408,000.

Financial Review

Turnover

For the six months ended 30 June 2013, the turnover of the Remaining Group was approximately HK$26,626,000 and was mainly contributed by the Software Business.

Gross profit

The amount of gross profit of the Remaining Group for the Period was approximately HK$22,041,000.

Loss for the Period

The loss after tax of the Remaining Group for the Period was approximately HK$255,316,000. The main reason for the increase in loss was mainly due to the Goodwill Impairment of approximately HK$257,496,000.

The profit after tax of the Remaining Group was approximately HK$6,646,000 for the three months ended 30 June 2013. The profit was mainly due to (i) the profit after tax contributed by the subsidiaries of Apperience acquired in March 2013 of approximately HK$16,193,000 and (ii) the unrealised gain arising from change in fair value of the performance shares of approximately HK$7,262,000.

Liquidity, financial resources and capital structure

As at 30 June 2013, the Remaining Group's cash and cash equivalents and pledged deposit amounted to approximately HK$95,848,000, excluding cash and cash equivalents of the Disposed Subsidiaries of approximately HK$3,082,000 which were classified as assets held for sale and the estimated net proceed of disposal of Disposal Group of approximately HK$6,370,000, which were principally denominated in United States dollar, Hong Kong dollar and Renminbi.

The Remaining Group generally finances its operation using internally generated resources and proceeds raised from issue of convertible notes in the year 2012.

On 14 November 2012, the Company issued convertible notes in a principal amount of HK$20,000,000 as alternative financing instruments. The notes bear interest at 2% per annum, are unsecured and have a maturity date falling on 12 months from the date of issue of the convertible notes. The noteholder has the right to convert the convertible notes into ordinary Shares at an initial conversion price of HK$0.10 per ordinary Share up to the date falling three business days prior to the maturity date. On 25 March 2013, the Company issued a total of 200,000,000 conversion shares to the noteholder pursuant to the exercise of conversion right attaching to the convertible notes at the conversion price of HK$0.10 per conversion share. The details of the convertible notes and the conversion are set out in the Company's announcements dated 28 September 2012, 14 November 2012 and 19 March 2013.

On 31 March 2013, upon completion of the acquisition of Apperience, the Company issued convertible notes in the aggregate principal amount of HK$392,132,500 at the initial conversion price of HK$0.108 per conversion share (subject to adjustment) to vendors of the acquisition. A summary of the principal terms of the convertible notes is set out in the Company's circular dated 23 February 2013. On 10 April 2013, the Company issued a total of 592,592,591 conversion shares to the converting noteholders pursuant to the exercise of conversion right attaching to the convertible notes in the aggregate principal amount of HK$64,000,000 at the conversion price of HK$0.108 per conversion share. The details of the convertible notes and the conversion are set out in the Company's circular dated 23 February 2013 and Company's announcements dated 12 March 2013, 1 April 2013 and 2 April 2013 respectively.

On 12 March 2013, an ordinary resolution relating to the authorised share capital of the Company be increased from HK$400,000,000 divided into 4,000,000,000 Shares of HK$0.10 each to HK$800,000,000 divided into 8,000,000,000 Shares of HK$0.10 each by the creation of an additional 4,000,000,000 Shares was approved by the shareholders of the Company in an extraordinary general meeting. As at 30 June 2013, the authorised share capital of the Company is HK$800,000,000 divided into 8,000,000,000 Shares of HK$0.10 each.

As at 30 June 2013, the issued share capital of the Company was HK$204,148,691.50 divided into 2,041,486,915 ordinary Shares of HK$0.10 each.

Gearing ratio

As at 30 June 2013, the total assets of the Remaining Group were approximately HK$747,244,000 excluding the estimated net proceed of disposal of Disposal Group of approximately HK$6,370,000 and the novation of the unaudited amount of the Vendor's Debt as at 30 June 2013 of approximately HK$5,928,000, whereas the total liabilities were approximately HK$464,087,000. The gearing ratio of the Remaining Group, calculated as total liabilities over total assets, was 62.1%.

Interim dividend

The Board of the Company did not recommend the payment of any dividend for the six months ended 30 June 2013.

Pledge of assets

On 13 February 2012, the Company's indirect wholly-owned subsidiary, Five Stars Development Limited (formerly known as Elipva (Greater China) Holdings Limited), purchased a property in Hong Kong at a consideration of HK$6,500,000 and took out a bank loan in the principal amount of HK$3,250,000, denominated in Hong Kong dollar, at the interest rate of 2% below prime rate per annum, and payable in 180 monthly instalments each inclusive of interest, commencing one month after drawdown and due in February 2027. The bank loan plus interests and other charges are guaranteed by the Company. As at 30 June 2013, the carrying value of the property was approximately HK$6,490,000. In July 2013, the bank loan has been fully discharged and released.

The Remaining Group's pledged bank deposits of approximately US$80,000 (approximately HK$621,000) represented deposits pledged to bank to secure banking facilities to the extent of HK$500,000 granted to the Remaining Group. The deposits are in United States dollars and at fixed interest rate of 0.05% per annum. As at 30 June 2013, the Remaining Group had available approximately HK$446,000 of undrawn banking facilities.

Foreign exchange exposure

During the Period, the business activities of the Remaining Group were mainly denominated in Hong Kong dollars, United States dollars and Renminbi.

Following the completion of the acquisition of Apperience, United States dollars became one of the main currencies transacted by the Remaining Group. Since Hong Kong dollars remain pegged to the United States dollars within a defined range, the Remaining Group is not exposed to any significant foreign exchange risk against the United States dollars and has not entered into any foreign exchange contract as hedging measures. The Directors did not consider that the Remaining Group was significantly exposed to any foreign currency exchange risk.

Notwithstanding the above, the Remaining Group manages its foreign currency risk against other currencies by closely monitoring the movement of the foreign currency rates and may use hedging derivative, such as foreign currency forward contract, to manage its foreign currency risk as appropriate.

Significant investment

Subscription of the convertible bonds

On 21 March 2013, the Remaining Group signed the placing letter with a sub-placing agent in respect of the subscription for the 2014 due 10% coupon convertible bonds in the principal amount of HK$3,500,000 issued by Capital VC Limited, whose shares are listed on the Main Board of the Stock Exchange. The completion of the placement took place on 27 March 2013. As at 30 June 2013, none of the convertible bonds were converted by the Remaining Group. Details of the transaction are set out in the Company's announcement dated 21 March 2013.

Acquisition of Apperience

On 31 March 2013, the Remaining Group completed the very substantial acquisition of 50.5% of the issued share capital of Apperience. The details of the acquisition of Apperience are set out in the Company's announcement dated 27 November 2012, 5 December 2012, 12 March 2013, 1 April 2013 and 2 April 2013 and the Company's circular dated 23 February 2013.

Acquisition of a property

On 15 May 2013, the Remaining Group completed the acquisition of 100% of the issued share capital in Dragon Oriental Investment Limited ("**Dragon Oriental**") at a consideration of HK$42 million which was settled by cash. The principal asset of the Dragon Oriental is a property in Hong Kong. The details of the acquisition of Dragon Oriental are set out in the Company's announcement dated 15 May 2013.

Acquisition of the share of EPRO Limited

On 13 June 2013, the Remaining Group entered into an acquisition agreement for the acquisition of the 248,976,000 shares of EPRO Limited, representing approximately 4.89% of the issued share capital of EPRO Limited as at the date of the agreement, at an aggregate consideration of HK$79,921,296. The acquisition constituted a very substantial acquisition for the Company and was subject to approval by the shareholders of the Company by way of poll pursuant to the GEM Listing Rules. As at 30 June 2013, the Remaining Group paid an amount of approximately HK$35,000,000 for the deposit of the acquisition. The acquisition was subject to a number of conditions precedent and the completion of which had not taken place as at 30 June 2013. The details of the acquisition are set out in the Company's announcement dated 13 June 2013 and the Company's circular dated 8 August 2013.

Significant disposal

Disposal of a property

On 6 June 2013, the Remaining Group has entered into a disposal agreement to dispose of the entire issued share capital of Five Stars Development Limited and a loan, being the entire amount of the shareholders' loan owing by Five Stars Development Limited to Refine Skill on the completion date of disposal at an aggregate consideration of HK$13,000,000. The principal asset of Five Stars Development Limited is a property in Hong Kong. Such disposal was subject to a number of conditions precedents and the completion of which had not taken place as at 30 June 2013. Details of this disposal are set out in the Company's announcements dated 6 June 2013 and 8 August 2013.

Material acquisitions and disposals

Save as disclosed above, the Remaining Group had no material acquisition or disposal during the Period.

Employees and remuneration policies

As at 30 June 2013, the Remaining Group had approximately 14 employees in Hong Kong and the PRC. The Remaining Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Remaining Group's performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdictions where the employees are engaged. On 24 December 2007, the share option scheme ("**Share Option Scheme**") was approved by shareholders of the Company in an extraordinary general meeting. The Share Option Scheme enables the Company to grant option to either Directors or employees of the Group in order to recognise and motivate their contribution, to provide incentives and to help the Group in retaining its existing employees and recruiting additional quality employees so as to provide them with a direct economic interest in attaining the long term business objectives of the Group. No options were granted under the Share Option Scheme during the Period. As at 30 June 2013, there were options to subscribe for 6,200,000 Shares under the Share Option Scheme.

Contingent liabilities

As at 30 June 2013, the Company provided a corporate guarantee to Five Stars Development Limited (formerly known as Elipva (Greater China) Holdings Limited), an indirectly wholly-owned subsidiary of the Company, in relation to banking facilities to the extent of approximately HK$3,620,000. In July 2013, a bank loan regarding this corporate guarantee has been fully discharged and released.

Outlook

Subsequent to the completion of the acquisition of Apperience, the Remaining Group was able to diversify its business into the I.T. field of the Software Business, which brought in new momentum for the Group's development. Because of the operating profit contributed by the Apperience Group, the unaudited consolidated financial results of the Company for the three months period ended 30 June 2013 recorded a significant growth, compared to the loss for the same period in 2012. In the light of the financial performance of the Apperience Group, the Remaining Group is optimistic to its business prospect and expects that revenue from the Apperience Group will become the principle source of income of the Remaining Group in the future. Looking forward, the Remaining Group will strive to focus and enhance its business development on the four major areas, including anti-virus software, mobile applications, online games and E-learning Business Unit.

The Remaining Group will continually enhance its treasury function to utilise its surplus resources with an aim to maximizing the investment returns and managing its financial resources to bring more value to the Shareholders. To this end, the Remaining Group will consider various ways of increasing returns, including investment in local or global securities market and property investments. The Board will take a positive but cautious and prudent approach to perform treasury management.

With careful execution of the existing business mentioned above, the Remaining Group will continue to seek new investment opportunities and new business plans which will bring value to the Shareholders in the coming future.

(b) For the year ended 31 December 2012

Business review

*(i) Sales of optical display equipment, components and related technology (the "**Optical Display Business**")* — Discontinued operation

The Optical Display Business recorded no turnover for the Year, and the loss for the Year from this discontinued operation recorded approximately HK$288,000.

As the performance of the Optical Display Business so far was not satisfactory, in May 2012, the Board decided to close the business carried out by the indirect wholly-owned subsidiary of the Company, 廣泰益昌(北京)科技有限公司 (for identification purposes, its English translation is "Guang Tai Yick Cheong (Beijing) Technology Company Limited") ("**Guang Tai**"). On 26 November 2012, Guang Tai completed the deregistration from the State Administration for Industry and Commerce in the PRC.

(ii) Very substantial acquisition of Apperience

On 15 November 2012, Access Magic Limited, Ace Source International Limited, Well Peace Global Limited, Wealthy Hope Limited, IDG-Accel China Growth Fund II L.P., IDG-Accel China Investors II L.P. and THL (which is a subsidiary of Tencent Holdings Limited (stock code: 700), the issued shares of which is listed on the Main Board of the Stock Exchange) as vendors (collectively, the "**Vendors**"), and Dong Yuguo, Xue Qiushi, Lian Ming and Chen Liang as warrantors (collectively, the "**Warrantors**") and the Company as purchaser entered into an acquisition agreement pursuant to which the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, the 10,436,667 shares of US$0.001 each in the issued share capital of Apperience, which in aggregate represent 50.5% of the issued share capital of Apperience. On 11 December 2012, a supplemental agreement to the acquisition agreement has been entered into by and among the same parties. The maximum aggregate amount of the consideration payable by the Company to the Vendors shall be HK$548,985,500 (subject to adjustment) which would be satisfied partly by the creation and issue of the zero coupon convertible notes in the maximum principal amount of up to HK$392,132,500 (the "**Convertible Notes**") (and where applicable) partly by the allotment and issue of the performance shares at the issue price of HK$0.108 per performance share, the maximum number of which shall be 1,452,342,588 subject to adjustment.

The Apperience Group is principally engaged in the research and development and distribution of Software Business which are available for download by customers through internet worldwide.

The Apperience Group's major product, Advanced SystemCare, has been undergoing updates and upgrades periodically. The latest version no. 6 has been formally launched in November 2012. Based on the internal sales database of the Apperience Group, Advanced SystemCare has accumulated over 800,000 paid subscribers. According to the internal sales database of the Apperience Group, there are over 5,000,000 free and paid active users (which refer to users who have used the product at least one time in that month) in October 2012. The Apperience Group also derives income from toolbar advertisement. During the installation of the Apperience Group's software products, internet users can select whether to install toolbar developed by customers of the Apperience Group into their computers. The Apperience Group would receive advertising income based on the number of users who installed the toolbar and kept for a required timeframe. The principal market of the Apperience Group is the United States, which contributed to approximately 56% of its total revenue for the year ended 30 September 2012 based on the audited financial statements of the Apperience Group. The target customers of the Apperience Group are principally individual consumers.

Immediately after completion of the acquisition, the Remaining Group will hold 50.5% of the issued share capital of Apperience and take management control of the Apperience Group. The results of the Apperience Group will be consolidated into the financial statements of the Group upon completion.

Details of the acquisition, Convertible Notes and Performance Shares are set out in the Company's announcements dated 27 November 2012, 5 December 2012, 12 March 2013 and the Company's circular dated 23 February 2013.

Financial Review

Turnover

For the Year under review, no turnover of the Remaining Group was recorded.

Loss for the Year

The loss after tax of the Remaining Group for the Year was approximately HK$11,930,000.

Liquidity, financial resources and capital structure

As at 31 December 2012, the Remaining Group's cash and cash equivalents amounted to approximately HK$138,692,000, which were principally denominated in Hong Kong dollar and Renminbi.

The Remaining Group generally finances its operation using internally generated resources and proceeds raised from issue of new shares in previous years.

As at 31 December 2012, the share capital of the Company consisted of 1,248,894,324 ordinary Shares of HK$0.10 each. During the Year, the Company issued convertible notes with principal amount of HK$20,000,000 as alternative financing instruments. The notes bear interest at 2% per annum, are unsecured and have a maturity date on 13 November 2013. The noteholder has the right to convert the notes into ordinary Shares of the Company at an initial conversion price of HK$0.10 per ordinary Share up to 9 November 2013. The details of the issued convertible notes are set out in the Company's announcements dated 28 September 2012 and 14 November 2012.

As at 31 December 2012, the authorised share capital of the Company is HK$400,000,000 divided into 4,000,000,000 shares of HK$0.10 each.

Gearing ratio

As at 31 December 2012, total assets of the Remaining Group were approximately HK$146,709,000, whereas the total liabilities of the Remaining Group were approximately HK$22,090,000. The gearing ratio of the Remaining Group, calculated as total liabilities over total assets, was 15.1%.

Dividend

The Board of the Company did not recommend the payment of any dividend for the Year.

Pledge of assets

On 13 February 2012, the Company's indirect wholly-owned subsidiary, Five Stars Development Limited (formerly known as Elipva (Greater China) Holdings Limited), purchased a property in Hong Kong at a consideration of HK$6,500,000 and took out a bank loan in the principal amount of HK$3,250,000, denominated in Hong Kong dollar, at the interest rate of 2% below prime rate per annum, and payable in 180 monthly instalments each inclusive of interest, commencing one month after drawdown and due in February 2027. The bank loan plus interests and other charges are guaranteed by the Company. As at 31 December 2012, the carrying value of the property was approximately HK$6,585,000.

Foreign exchange exposure

During the Year the business activities of the Remaining Group were mainly denominated in Hong Kong dollars and Renminbi. The Directors did not consider the Group was exposed to any significant foreign currency exchange risks.

Significant events

Issue of convertible notes

On 28 September 2012, the Company and Wise Action Limited, an indirect wholly-owned subsidiary of HK EDU INTL entered into a subscription agreement in respect of the issue of 2% coupon unsecured convertible notes due on 13 November 2013 in an aggregate principal amount of HK$20,000,000. The noteholder has the right to convert the notes into ordinary Shares at an initial conversion price of HK$0.10 per ordinary Share up to 9 November 2013. The Company has the right to redeem any portion of the convertible notes at any time before the maturity date at the principal amount. The net proceeds from the convertible notes of approximately HK$19,500,000 will be used (i) as to approximately HK$5,000,000 for financing the business of website development, electronic learning products and services; and (ii) as to approximately HK$14,500,000 for future investments in e-commerce and/or other information technology related business as and when opportunities arise. Details of the transactions are set out in the Company's announcement dated 28 September 2012 and 14 November 2012.

Service agreement

On 28 September 2012, Lucky Famous Limited ("**Lucky Famous**"), a direct wholly-owned subsidiary of the Company, and Modern Education Hong Kong Limited ("**Modern Education HK**"), an indirect wholly-owned subsidiary of HK

EDU INTL, entered into a service agreement (the "**Service Agreement**") pursuant to which Lucky Famous agreed to engage and Modern Education HK agreed to provide the services, being the services in respect of (i) advising in building up a website for the Group as the platform for internet education business; (ii) sourcing a suitable information technology company for building up the website and supervising the whole process; and (iii) providing electronic text books and/or teaching materials for the internet education business of the Group at a consideration of HK$600,000 for a term of eight months, subject to and upon the terms and conditions of the Service Agreement. Details of which are set out in the Company's announcement dated 28 September 2012.

Material acquisitions and disposals

Save as disclosed above, the Remaining Group had no other material acquisition or disposal during the Year.

Employee and remuneration policies

As at 31 December 2012, the Remaining Group had approximately 6 employees in Hong Kong and the PRC. The Remaining Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Remaining Group's performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdictions where the employees are engaged. On 24 December 2007, the Share Option Scheme was approved by shareholders of the Company in an extraordinary general meeting. The Share Option Scheme is to enable the Company to grant option to either Directors or employees of the Group in order to recognise and motivate their contribution, to provide incentives and to help the Group in retaining its existing employees and recruiting additional quality employees so as to provide them with a direct economic interest in attaining the long term business objectives of the Group. No options were granted under the Share Option Scheme during the Year. As at 31 December 2012, there were options to subscribe for 6,200,000 Shares under the Share Option Scheme.

Contingent liabilities

As at 31 December 2012, the Remaining Group did not have any contingent liabilities.

Capital commitments

As at 31 December 2012, capital commitments in respect of the acquisition of Apperience which had been contracted but not provided for by the Remaining Group amounted to approximately HK$548,986,000.

Outlook

Looking forward, subject to completion of the acquisition of Apperience, the Remaining Group will focus its business development and sales on four main areas, namely anti-virus software, mobile applications, online games and web-based electronic learning products, thus to enhance the Group's overall competitiveness.

With the economic fundamentals across the globe turning positive, there is an increasing demand for software products from enterprises. As the application of cloud technologies become popular. Apperience will have ample room to maneuver in Europe, the USA and Asia markets. The Remaining Group will actively conduct marketing schemes on a timely and efficient fashion in order to promote its products across every continent.

Based on solid financial position, the Board will also 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.

(c) For the year ended 31 December 2011

Business Review

During the Year, the Remaining Group was principally engaged in sales of optical display equipment, components and related technology.

The Optical Display Business

The Optical Display Business recorded no turnover for the Year. A minimal amount of display units was kept by the Guang Tai and some effort was put in to try to dispose them, but there was no result produced due to keen competition of the market. The management was thinking seriously about the prospect of this business.

Financial Review

Turnover

No turnover of the Remaining Group was recorded for the Year.

Loss for the year

The loss after tax of the Remaining Group for the Year was approximately HK$34,087,000, including the loss on wavier of an amount of approximately HK$25,809,000 owning by Refine Skill to the Remaining Group.

Liquidity, financial resources and capital structure

As at 31 December 2011, the Remaining Group's cash and cash equivalents amounted to approximately HK$114,733,000, which were principally denominated in Renminbi and Hong Kong dollars, and the total liabilities of the Remaining Group amounted to approximately HK$2,738,000. In 2011, given the Remaining Group has completed: (a) an open offer exercise in January 2011 and received net proceeds of approximately HK$101,178,000 and (b) a placing exercise in June 2011 and received net proceeds of approximately HK$25,197,000, no liquidity problem was encountered by the Remaining Group during the Year.

On 17 January 2011, the Company has raised approximately HK$101,178,000, net of expenses, by issuing 1,048,894,324 offer shares and 786,670,743 bonus shares in aggregate to all equity shareholders of the Company. Details of the issue of open offer shares and bonus shares are set out in the Company's announcements published on 15 October 2010, 16 November 2010, 13 December 2010, 29 December 2010 and 19 January 2011 respectively.

On 19 May 2011, the Company has granted 6,200,000 (after adjustment for share consolidation dated 18 July 2011) share options to a consultant at the exercise price of HK$0.116 (after adjustment for share consolidation dated 18 July 2011) per Share. Details of the granted share options are set out in the Company's announcements dated 19 April 2011 and 19 May 2011.

On 21 June 2011, the Company has raised approximately HK$25,197,000, net of expenses, by issuing 400,000,000 placing shares. Details of the placing are set out in the Company's announcements published on 10 June 2011 and 21 June 2011.

On 18 July 2011, the Company has completed the share consolidation, in which the every two existing issued and unissued ordinary Shares of HK$0.05 each in the share capital of the Company have been consolidated into one share of HK$0.10 in the share capital of the Company. Details of the share consolidation are set out in the Company's announcements dated 13 June 2011, 15 June 2011, 24 June 2011, 15 July 2011 and 18 July 2011 respectively.

As at 31 December 2011, the total issued Shares of the Company were 1,248,894,324 Shares.

Gearing ratio

As at 31 December 2011, the gearing ratio (being the ratio of total liabilities to total assets) of the Remaining Group, defined as the percentage of the total liabilities of approximately HK$2,738,000 to total assets of approximately HK$132,971,000 was approximately 2.1%.

Dividend

The Board of the Company did not recommend the payment of any dividend for the Year.

Pledge of assets

As at 31 December 2011, the Remaining Group did not have any pledge of assets.

Foreign exchange exposure

During the Year, the business activities of the Remaining Group were mainly denominated in Hong Kong dollars and Renminbi. The Directors did not consider that the Remaining Group was exposed to any significant foreign currency exchange risk. The Remaining Group did not adopt any foreign exchange hedging policy. However, the management monitored its foreign exchange risks and would take protective approaches when necessary.

Significant investment

In June 2011, the Remaining Group conditionally agreed to purchase 10% of the total issued capital of the Green Global Bioenergy Limited at the consideration of HK$30,000,000 (subject to adjustments). However, on 21 March 2012, the Remaining Group, the vendor and the vendor's Guarantor of Green Global Bioenergy Limited entered into the termination agreement to terminate the sales and purchase agreement, and the Remaining Group considered that the termination of the investment had no material adverse impact on the existing operations of the Remaining Group. The details of this acquisition and the termination of investment are set out in the Company's announcements published on 3 June 2011 and 21 March 2012 respectively.

Material acquisitions and disposals

Save as disclosed above, the Remaining Group had no material acquisition or disposal during the Year.

Employees and remuneration policies

As at 31 December 2011, the Remaining Group employed approximately 6 employees in Hong Kong and Beijing. The Remaining Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Remaining Group's performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdictions where the employees are engaged. On 19 May 2011, the Company has granted 6,200,000 (after adjustment for share consolidation dated 18 July 2011) share options to a consultant at the exercise price of HK$0.116 (after adjustment for share consolidation dated 18 July 2011) per share. Details of the granted share options are set out in the Company's announcements dated 19 April 2011 and 19 May 2011 respectively.

Contingent liabilities

As at 31 December 2011, the Remaining Group did not have any contingent liabilities.

Future plans for material investment and acquisition of capital assets

Apart from disclosed above, there was no specific plan for material investments or acquisition of capital assets as at 31 December 2011.

(d) For the year ended 31 December 2010

Business Review

The Optical Display Business

Since the commencement of the Remaining Group engaging in Optical Display Business in year 2008, the business performance of this segment has not been satisfactory. After the departure of a former managing director of the Company in early 2010, who originally brought in this business to the Company, the Optical Display Business recorded further decline in turnover. The total turnover of the Remaining Group for the Year was approximately HK$2,774,000, as compared to approximately HK$5,191,000 in year 2009.

Financial Review

Turnover

The turnover of the Remaining Group was approximately HK$2,774,000 for the Year.

Loss for the year

The loss after tax of the Remaining Group for the Year was approximately HK$13,314,000. Despite a decrease in turnover, the loss for the Year was less than that in last year due to significant decrease in selling and administrative expenses for the Year.

Liquidity and financial resources

As at 31 December 2010, the Remaining Group's cash and cash equivalents amounted to approximately HK$7,736,000, which were principally denominated in Renminbi and Hong Kong dollars, and the total liabilities of the Remaining Group amounted to approximately HK$3,336,000. No liquidity problem was encountered by the Remaining Group during the Year.

Capital structure

In July 2010, the Company has completed a placement and issued 218,000,000 new shares at HK$0.10 per share to a few placees. The net proceed of approximately HK$21,205,000 from the placement has been mainly utilized for the redemption of promissory note issued by the Company in the acquisition of KanHan EDU.

As announced by the Company on 15 October 2010, the Company proposed to implement the capital reorganisation which would involve (1) a share consolidation pursuant to which every five issued and unissued shares of HK$0.01 each were consolidated into one consolidated share of HK$0.05 each; and (2) increase of the authorised share capital from HK$60,000,000 divided into 1,200,000,000 consolidated shares of HK$0.05 each to HK$400,000,000 divided into 8,000,000,000 consolidated shares of HK$0.05 each. Details of the capital reorganisation are set out in the circular of the Company dated 17 November 2010. A special resolution approving the Capital Reorganisation was passed at the extraordinary general meeting of the Company held on 13 December 2010. The Capital Reorganisation became effective on 14 December 2010. Besides that, there has been no significant change in the capital structure of the Company for the Year.

Gearing ratio

As at 31 December 2010, the gearing ratio (being the ratio of total liabilities to total assets) of the Remaining Group, defined as the percentage of the total liabilities of approximately HK$3,336,000 to total assets of approximately HK$40,849,000, including the amount of approximately HK$28,036,000 owing by Disposal Group to the Remaining Group, was approximately 8.2%.

Dividend

The Board of the Company did not recommend the payment of any dividend for the Year.

Pledge of assets

As at 31 December 2010, the carrying amount of motor vehicles held under finance leases of the Remaining Group were approximately HK$2,075,000 and the amount of obligations under finance leases of motor vehicle were approximately

HK$1,513,000. The leases typically run for an initial period of 48 months to 60 months at the effective interest rate from 5.50% to 7.04%. Save as disclosed above, the Remaining Group did not have any pledge of assets.

Foreign exchange exposure

During the Year the business activities of the Remaining Group were mainly denominated in Hong Kong dollars and Renminbi. The Directors did not consider that the Remaining Group was exposed to any significant foreign currency exchange risk. The Remaining Group did not adopt any foreign exchange hedging policy. However, the management monitored its foreign exchange risks and would take protective approaches when necessary.

Material acquisitions

In July 2010 the Group has acquired the entire issued capital of KanHan at a consideration of HK$22,964,000. KanHan is principally engaged in providing e-learning products and services to schools and corporate institutions in Hong Kong. There are profits guaranteed by the vendor that KanHan must achieve profits before tax of HK$450,000, HK$2,200,000 and HK$6,500,000 for the years ending 31 December 2010, 2011 and 2012 respectively. Details of the acquisition are set out in the announcement issued by the Company on 14 July 2010.

Material acquisitions and disposals

Save as disclosed above, the Remaining Group had no material acquisition or disposal during the Year.

Employees and remuneration policies

As at 31 December 2010, the Remaining Group had employed approximately 6 employees in Hong Kong and Beijing. The Remaining Group's remuneration policy is reviewed periodically and determined by reference to market terms, the Remaining Group's performance, individual qualifications and performance, and in accordance with the statutory requirements of the respective jurisdictions where the employees are engaged. No options were granted under the Share Option Scheme for the year ended 31 December 2010.

Contingent liabilities

As at 31 December 2010, the Remaining Group did not have any contingent liabilities.

Outlook

Save as disclosed above, there was no specific plan for material investments or acquisition of capital assets as at 31 December 2010.

Set out below are the unaudited combined statements of financial position of Refine Skill Limited and its subsidiaries (the "Combined Group") as at 31 December 2010, 2011 and 2012 and 30 June 2012 and 2013 and the unaudited combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the three years ended 31 December 2010, 2011 and 2012, and for each of the six months ended 30 June 2012 and 2013 (the "Relevant Period") and certain explanatory notes. The unaudited financial information has been presented on the basis set out in note 2 to the unaudited financial information and is prepared solely for the purpose of inclusion in the circular issued by the Company dated 19 September 2013 in connection with the disposal of Refine Skill Limited and its subsidiaries, being KanHan Educational Services Limited and 廣州看普軟件科技有限公司 (for identification purposes, its English translation is "Guangzhou Kanpu Software Technology Co., Ltd.") ("Guangzhou Kanpu") (the "Disposal Group") set out in note 1 to the unaudited financial information. In addition to the Disposal Group, the Combined Group includes Five Stars Development Limited and Elite Ford Limited, which were subsidiaries of Refine Skill Limited during the Relevant Period and were subsequently disposed of on 8 August 2013, and other subsidiaries of Refine Skill Limited which existed during the Relevant Period as listed in note 1 to the unaudited financial information on pages III-10 and III-11. The unaudited financial information has been reviewed by the Company's reporting accountants, RSM Nelson Wheeler, in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

UNAUDITED COMBINED INCOME STATEMENTS

For the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013

	Years ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					
Turnover	1,026	3,636	4,137	1,679	1,504
Costs of sales	(77)	(264)	(228)	(107)	(119)
Gross profit	949	3,372	3,909	1,572	1,385
Other revenue	76	281	265	137	160
Other (losses)/gains, net	(691)	41,292	(9,669)	42	—
Administrative expenses	(2,547)	(2,284)	(1,378)	(1,024)	(1,285)
Selling and distribution costs	(116)	(821)	(1,217)	(431)	(1,390)
Other operating expenses	—	—	—	—	(307)
(Loss)/profit from operations	(2,329)	41,840	(8,090)	296	(1,437)
Finance costs	(31)	(102)	(86)	(35)	(50)
(Loss)/profit before taxation	(2,360)	41,738	(8,176)	261	(1,487)
Income tax expense	—	(217)	(359)	(160)	—
(Loss)/profit for the year/period from continuing operations	(2,360)	41,521	(8,535)	101	(1,487)
Discontinued operation					
Loss for the year/period from discontinued operation	(4,859)	(1,509)	(288)	(320)	—
(Loss)/profit for the year/period attributable to owners of the Combined Group	(7,219)	40,012	(8,823)	(219)	(1,487)

UNAUDITED COMBINED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013

	Years ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Loss)/profit for the year/period	(7,219)	40,012	(8,823)	(219)	(1,487)
Other comprehensive income/ (expense)					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations during the year/period	213	172	18	(23)	(10)
Reclassification adjustments relating to disposal of foreign operation during the year/period	(25)	—	—	—	—
Reclassification adjustments relating to deregistration of foreign operation during the year/period	—	—	(307)	—	—
Other comprehensive income/(expense) for the year/period, net of tax	188	172	(289)	(23)	(10)
Total comprehensive (expense)/ income for the year/period	(7,031)	40,184	(9,112)	(242)	(1,497)
Attributable to:					
Owners of the Combined Group	(7,031)	40,184	(9,112)	(242)	(1,497)

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 December 2010, 2011 and 2012, and 30 June 2012 and 2013

	As at 31 December			As at 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets	1,804	142	7,177	7,053	241
Intangible assets	—	1,647	3,637	2,550	3,955
Goodwill	23,239	23,239	2,408	23,239	2,408
	25,043	25,028	13,222	32,842	6,604
Current assets					
Inventories	1,300	—	—	—	—
Trade receivables	138	263	1,632	738	409
Prepayments, deposits and other receivables	817	2,970	4,471	654	324
Loan receivables, unsecured	—	2,019	—	—	—
Amount due from a holding company	—	—	73	73	5,928
Amount due from a related company	433	—	—	235	—
Sale loan	—	—	—	—	2,850
Cash and cash equivalents	8,104	6,153	3,732	5,219	1,032
	10,792	11,405	9,908	6,919	10,543
Assets of a disposal group classified as held for sale	—	—	—	—	10,112
Total current assets	10,792	11,405	9,908	6,919	20,655
Current liabilities					
Trade payables	240	251	—	251	3
Accruals and other payables	1,347	2,017	1,849	2,259	4,709
Obligations under finance leases	373	—	—	—	—
Amount due to a holding company	31,587	—	—	—	—
Amounts due to fellow subsidiaries	14,194	6,877	—	6,877	—
Bank loan, secured	—	—	3,108	3,193	—
Current tax liabilities	—	150	147	285	147
	47,741	9,295	5,104	12,865	4,859

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION *(CONT'D)*

As at 31 December 2010, 2011 and 2012, and 30 June 2012 and 2013

	As at 31 December			As at 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Liabilities of a disposal group classified as held for sale	—	—	—	—	5,871
Total current liabilities	47,741	9,295	5,104	12,865	10,730
Net current (liabilities)/assets	(36,949)	2,110	4,804	(5,946)	9,925
Total assets less current liabilities	(11,906)	27,138	18,026	26,896	16,529
Non-current liabilities					
Obligations under finance leases	1,140	—	—	—	—
Net (liabilities)/assets	(13,046)	27,138	18,026	26,896	16,529
Capital and reserves					
Share capital	—	—	—	—	—
Reserves	(13,046)	27,138	18,026	26,896	16,529
(Capital deficiency)/total equity	(13,046)	27,138	18,026	26,896	16,529

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013

	Share capital	Exchange reserve	(Accumulated losses)/ Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	—	(18)	(5,997)	(6,015)
Loss for the year	—	—	(7,219)	(7,219)
Exchange differences on translation of foreign operations	—	188	—	188
Total comprehensive income/ (expense) for the year	—	188	(7,219)	(7,031)
At 31 December 2010 and 1 January 2011	—	170	(13,216)	(13,046)
Profit for the year	—	—	40,012	40,012
Exchange differences on translation of foreign operations	—	172	—	172
Total comprehensive income for the year	—	172	40,012	40,184
At 31 December 2011 and 1 January 2012	—	342	26,796	27,138
Loss for the year	—	—	(8,823)	(8,823)
Exchange differences on translation of foreign operations	—	(289)	—	(289)
Total comprehensive expense for the year	—	(289)	(8,823)	(9,112)
At 31 December 2012	—	53	17,973	18,026

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY *(CONT'D)*
For the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013

	Share capital *HK$'000*	Exchange reserve *HK$'000*	(Accumulated losses)/ Retained profits *HK$'000*	Total *HK$'000*
At 31 December 2011 and 1 January 2012	—	342	26,796	27,138
Loss for the period	—	—	(219)	(219)
Exchange differences on translation of foreign operations	—	(23)	—	(23)
Total comprehensive expense for the period	—	(23)	(219)	(242)
At 30 June 2012	—	319	26,577	26,896
At 31 December 2012 and 1 January 2013	—	53	17,973	18,026
Loss for the period	—	—	(1,487)	(1,487)
Exchange differences on translation of foreign operations	—	(10)	—	(10)
Total comprehensive expense for the period	—	(10)	(1,487)	(1,497)
At 30 June 2013	—	43	16,486	16,529

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013

	Years ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from operating activities					
(Loss)/profit before taxation					
— Continuing operations	(2,360)	41,738	(8,176)	261	(1,487)
— Discontinued operation	(4,859)	(1,509)	(288)	(320)	—
Adjustments for:					
— Amortisation	—	—	—	—	307
— Bank interest income	(27)	(18)	(20)	—	—
— Depreciation	400	170	313	152	188
— Exchange realignment	78	(24)	(232)	7	(35)
— Finance costs	31	102	86	35	50
— Loss/(gain) on disposal of fixed assets	655	118	(14)	(47)	—
— Gain on disposal of subsidiaries	(25)	(929)	—	—	—
— Gain on deregistration of a subsidiary	—	—	(293)	—	—
— Gain on termination of sale and purchase agreement	—	(286)	—	—	—
— Impairment loss on inventories	—	1,328	—	—	—
— Impairment loss on goodwill	—	—	20,831	—	—
— Loan interest income	—	(12)	(6)	—	—
— Waiver of inter-company current account	—	(29,527)	—	—	—
Operating (loss)/profit before working capital change	(6,107)	11,151	12,201	88	(977)
Increase/(decrease) in amounts due to fellow subsidiaries	1,587	(8,136)	(6,877)	—	—
(Increase)/decrease in amount due from a related company	(433)	433	—	(235)	—
Decrease/(increase) in trade receivables	1,565	(125)	(1,369)	(475)	1,223
Decrease in inventories	693	—	—	—	—
(Increase)/decrease in prepayments, deposits and other receivables	(178)	197	(4,335)	(34)	(126)
(Decrease)/increase in trade payables	(92)	11	—	—	3
Increase in accruals and other payables	511	994	262	242	10
Cash (used in)/generated from operations	(2,454)	4,525	(118)	(414)	133
Income taxes paid	(7)	(67)	(362)	(25)	—
Net cash (used in)/generated from operating activities	(2,461)	4,458	(480)	(439)	133
Cash flows from investing activities					
Bank interest received	27	18	20	—	—
Deposits received from disposal of a subsidiary	—	—	—	—	2,850
Expenditure on development projects	—	(1,647)	(1,990)	(903)	(625)
Loan advanced	—	(1,200)	—	—	—
Loan received	—	—	2,019	2,019	—
Loan interest received	—	12	6	—	—
Payment for purchase of fixed assets	(221)	(2,391)	(5,036)	(4,717)	(243)
Proceeds from disposal of fixed assets	30	1,416	52	51	—
Proceeds from disposal of subsidiaries	7	891	—	—	—
Net cash (used in)/generated from investing activities	(157)	(2,901)	(4,929)	(3,550)	1,982

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS *(CONT'D)*

For the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013

	Years ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash flows from financing activities					
Increase/(decrease) in amount due to holding company	5,899	(2,060)	(73)	(73)	(1,620)
Finance charges on obligations under finance leases	(31)	(14)	—	—	—
Interest paid	—	(88)	(86)	(35)	(50)
Proceeds from bank loan, secured	—	—	3,250	3,250	—
Repayment of obligations under finance leases	(128)	(1,513)	—	—	—
Repayment of bank loan, secured	—	—	(142)	(57)	(87)
Net cash generated from/(used in) financing activities	5,740	(3,675)	2,949	3,085	(1,757)
Net increase/(decrease) in cash and cash equivalents	3,122	(2,118)	(2,460)	(904)	358
Cash and cash equivalents at beginning of year/period	4,926	8,104	6,153	6,153	3,732
Effect of foreign exchange rate changes, net	56	167	39	(30)	24
Cash and cash equivalents at end of year/period	8,104	6,153	3,732	5,219	4,114
Analysis of cash and cash equivalents					
Cash and bank balances	8,104	6,153	3,732	5,219	1,032
Cash and cash equivalents relating to assets of a disposal group classified as held for sales	—	—	—	—	3,082
	8,104	6,153	3,732	5,219	4,114

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. General

On 20 June 2013, M Dream Inworld Limited (the "**Company**"), entered into a disposal agreement for the disposal of 100% equity interest in the Disposal Group to Brilliant Path Limited at a consideration of HK$8 million (the "**Disposal**"). Upon completion of the Disposal, the Disposal Group will cease to be subsidiaries of the Company.

The principal activity of Refine Skill Limited is investment holding.

廣泰益昌(北京)科技有限公司 (for identification purposes, its English translation is "Guang Tai Yick Cheong (Beijing) Technology Company Limited") was classified as discontinued operation for each of the years ended 31 December 2010, 2011 and 2012, and for the six months ended 30 June 2012. The deregistration process of Guang Tai Yick Cheong (Beijing) Technology Company Limited was completed on 26 November 2012.

Details of Refine Skill Limited's subsidiaries for the Relevant Period are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued and fully paid up share capital/ registered capital	Percentage of ownership interest as at 31 December 2010	as at 31 December 2011	as at 31 December 2012	as at 30 June 2012	as at 30 June 2013	Principal activities
KanHan Educational Services Limited	Hong Kong	Ordinary HK$5,010,000	100%	100%	100%	100%	100%	Provision of website development, electronic learning products and services
廣州看普軟件科技有限公司 (Guangzhou Kanpu Software Technology Co., Ltd)ΔΔ	PRC	Registered capital RMB1,000,000	100%	100%	100%	100%	100%	To support the immediate holding company's business plan in launching the development products
Five Stars Development Limited##Δ	Hong Kong	Ordinary HK$1	—	100%	100%	100%	100%	Investment holding
Elite Ford Limited##Δ	Hong Kong	Ordinary HK$1	—	100%	100%	100%	100%	Investment holding
Upway (Hong Kong) LimitedΔ	Hong Kong	Ordinary HK$1	—	100%	100%	100%	—	Inactive
廣泰益昌（北京）科技有限公司Δ (Guang Tai Yick Cheong (Beijing) Technology Company Limited)ΔΔ	PRC	Registered capital HK$10,000,000	—	100%	—	100%	—	Sale of optical display equipment, components and relate technology
Billion Harvest Development LimitedΔ	Hong Kong	Ordinary HK$1	—	*	—	—	—	Inactive
Hong Kong Plastic Trading and Manufacturing Company LimitedΔ	Hong Kong	Ordinary HK$5	—	#	—	—	—	Inactive
北京聯夢活力世界咨詢服務有限公司Δ (Beijing M Dream Inworld Advisory Services Company Limited)ΔΔ	PRC	Registered capital HK$1,000,000	**	—	—	—	—	Provision of IT marketing and consultancy services

* Billion Harvest Development Limited is a wholly-owned subsidiary of Five Stars Development Limited since 23 July 2009. On 25 July 2011, Billion Harvest Development Limited had been sold to independent third parties.

On 11 February 2011, Hong Kong Plastic Trading and Manufacturing Company Limited had been acquired by Five Stars Development Limited from a fellow subsidiary. On 31 August 2011, Hong Kong Plastic Trading and Manufacturing Company Limited had been sold to independent third parties.

** On 13 August 2010, Beijing M Dream Inworld Advisory Services Company Limited had been sold to independent third parties.

On 8 August 2013, Five Stars Development Limited and Elite Ford Limited had been sold to independent third parties.

Δ The financial information of these subsidiaries during the Relevant Period is combined and disclosed under the column headed "Others and consolidation adjustments" in note 3 to this appendix.

ΔΔ For identification purpose only.

2. Basis of presentation of the Unaudited Financial Information

The unaudited financial information of the Combined Group has been prepared in accordance with Rule 19.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

During the Relevant Period, Refine Skill Limited acquired Five Stars Development Limited, Elite Ford Limited, Upway (Hong Kong) Limited and Hong Kong Plastic Trading and Manufacturing Company Limited (collectively referred to as "Combined Companies") directly and indirectly from fellow subsidiaries. As Refine Skill Limited and the Combined Companies are controlled by the Company before and after acquisitions, the acquisitions were accounted for as a business combination of entities under common control.

For the purpose of the preparation of the unaudited financial information of the Combined Group for the Relevant Period, the unaudited combined income statements, unaudited combined statements of comprehensive income, unaudited combined statements of changes in equity and unaudited combined statements of cash flows of the Combined Group have been prepared by applying the principles of merger accounting as stated in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants as if the companies comprising the Combined Group had been in existence throughout the Relevant Period, or since their respective dates of incorporation where it is a shorter period.

The unaudited combined statements of financial position as at 31 December 2010, 2011 and 2012, and 30 June 2012 and 2013 have been prepared to present the assets and liabilities of the Combined Group as if the companies comprising the Combined Group had been in existence at those dates.

The amounts included in the unaudited financial information for each of the three years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013 have been recognised and measured in accordance with the relevant accounting policies of the Company and its subsidiaries adopted in the preparation of the Company's annual consolidated financial statements, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and should be read in conjunction with the Company's annual consolidated financial statements.

3. Additional Disclosure — Reconciliation between The Combined Group And Disposal Group

(a) Unaudited combined income statement
For the year ended 31 December 2012

	Disposal Group *HK$'000*	Others and consolidation adjustments *HK$'000*	Combined Group *HK$'000*
Continuing operations			
Turnover	4,137	—	4,137
Costs of sales	(228)	—	(228)
Gross profit	3,909	—	3,909
Other revenue	251	14	265
Other (losses)/gains, net	(16,593)	6,924	(9,669)
Administrative expenses	(687)	(691)	(1,378)
Selling and distribution costs	(1,217)	—	(1,217)
(Loss)/profit from operations	(14,337)	6,247	(8,090)
Finance costs	—	(86)	(86)
(Loss)/profit before taxation	(14,337)	6,161	(8,176)
Income tax expense	(359)	—	(359)
(Loss)/profit for the year from continuing operations	(14,696)	6,161	(8,535)
Discontinued operation			
Loss for the year from discontinued operation	—	(288)	(288)
(Loss)/profit for the year attributable to owners of the Combined Group	(14,696)	5,873	(8,823)

(b) Unaudited combined statement of comprehensive income For the year ended 31 December 2012

	Disposal Group *HK$'000*	Others and consolidation adjustments *HK$'000*	Combined Group *HK$'000*
(Loss)/profit for the year	(14,696)	5,873	(8,823)
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations during the year	1	17	18
Reclassification adjustments relating to deregistration of foreign operation during the year	—	(307)	(307)
Other comprehensive income/(expense) for the year, net of tax	1	(290)	(289)
Total comprehensive (expenses)/income for the year	(14,695)	5,583	(9,112)
Attributable to:			
Owners of the Combined Group	(14,695)	5,583	(9,112)

(c) *Unaudited combined statement of financial position*
As at 30 June 2013

	Disposal Group *HK$'000*	Others and consolidation adjustments *HK$'000*	Combined Group *HK$'000*
Non-current assets			
Fixed assets	241	—	241
Intangible assets	3,955	—	3,955
Goodwill	2,408	—	2,408
	6,604	—	6,604
Current assets			
Trade receivables	409	—	409
Prepayments, deposits and other receivables	324	—	324
Amount due from a holding company	5,928	—	5,928
Sale loan	2,850	—	2,850
Cash and cash equivalents	1,032	—	1,032
	10,543	—	10,543
Assets of a disposal group classified as held for sale	—	10,112	10,112
Total current assets	10,543	10,112	20,655
Current liabilities			
Trade payables	3	—	3
Accruals and other payables	4,709	—	4,709
Current tax liabilities	147	—	147
	4,859	—	4,859
Liabilities of a disposal group classified as held for sale	—	5,871	5,871
Total current liabilities	4,859	5,871	10,730
Net current assets	5,684	4,241	9,925
Net assets	12,288	4,241	16,529
Capital and reserves			
Share capital	—	—	—
Reserves	12,288	4,241	16,529
Total equity	12,288	4,241	16,529

(d) Unaudited combined statements of changes in equity
For the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013

	Disposal Group				Others and consolidation adjustments				Combined Group			
	Share capital	Exchange reserve	Retained profits/ (Accumulated losses)	Total	Share capital	Exchange reserve	(Accumulated losses)/ Retained profits	Total	Share capital	Exchange reserve	(Accumulated losses)/ Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2010	—	—	—	—	—	(18)	(5,997)	(6,015)	—	(18)	(5,997)	(6,015)
Profit/(loss) for the year	—	—	165	165	—	—	(7,384)	(7,384)	—	—	(7,219)	(7,219)
Exchange differences on translation of foreign operations	—	1	—	1	—	187	—	187	—	188	—	188
Total comprehensive income/ (expense) for the year	—	1	165	166	—	187	(7,384)	(7,197)	—	188	(7,219)	(7,031)
At 31 December 2010 and 1 January 2011	—	1	165	166	—	169	(13,381)	(13,212)	—	170	(13,216)	(13,046)
Profit for the year	—	—	27,941	27,941	—	—	12,071	12,071	—	—	40,012	40,012
Exchange differences on translation of foreign operations	—	51	—	51	—	121	—	121	—	172	—	172
Total comprehensive income for the year	—	51	27,941	27,992	—	121	12,071	12,192	—	172	40,012	40,184
At 31 December 2011 and 1 January 2012	—	52	28,106	28,158	—	290	(1,310)	(1,020)	—	342	26,796	27,138
(Loss)/profit for the year	—	—	(14,696)	(14,696)	—	—	5,873	5,873	—	—	(8,823)	(8,823)
Exchange differences on translation of foreign operations	—	1	—	1	—	(290)	—	(290)	—	(289)	—	(289)
Total comprehensive income/(expense) for the year	—	1	(14,696)	(14,695)	—	(290)	5,873	5,583	—	(289)	(8,823)	(9,112)
At 31 December 2012	—	53	13,410	13,463	—	—	4,563	4,563	—	53	17,973	18,026

(d) Unaudited combined statements of changes in equity (cont'd)
For the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013

	Disposal Group				Others and consolidation adjustments				Combined Group			
	Share capital	Exchange reserve	Retained profits/ (Accumulated losses)	Total	Share capital	Exchange reserve	(Accumulated losses)/ Retained profits	Total	Share capital	Exchange reserve	(Accumulated losses)/ Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2011 and 1 January 2012	—	52	28,106	28,158	—	290	(1,310)	(1,020)	—	342	26,796	27,138
Profit/(loss) for the period	—	—	818	818	—	—	(1,037)	(1,037)	—	—	(219)	(219)
Exchange differences on translation of foreign operations	—	(7)	—	(7)	—	(16)	—	(16)	—	(23)	—	(23)
Total comprehensive (expense)/income for the period	—	(7)	818	811	—	(16)	(1,037)	(1,053)	—	(23)	(219)	(242)
At 30 June 2012	—	45	28,924	28,969	—	274	(2,347)	(2,073)	—	319	26,577	26,896
At 31 December 2012 and 1 January 2013	—	53	13,410	13,463	—	—	4,563	4,563	—	53	17,973	18,026
Loss for the period	—	—	(1,165)	(1,165)	—	—	(322)	(322)	—	—	(1,487)	(1,487)
Exchange differences on translation of foreign operations	—	(10)	—	(10)	—	—	—	—	—	(10)	—	(10)
Total comprehensive expense for the period	—	(10)	(1,165)	(1,175)	—	—	(322)	(322)	—	(10)	(1,487)	(1,497)
At 30 June 2013	—	43	12,245	12,288	—	—	4,241	4,241	—	43	16,486	16,529

(e) *Unaudited combined statement of cash flows*
For the year ended 31 December 2012

	Disposal Group *HK'000*	Others and consolidation adjustments *HK'000*	Combined Group *HK'000*
Cash flows from operating activities			
(Loss)/profit before taxation			
— Continuing operations	(14,337)	6,161	(8,176)
— Discounted operation	—	(288)	(288)
Adjustments for:			
— Bank interest income	(11)	(9)	(20)
— Depreciation	12	301	313
— Exchange realignment	—	(232)	(232)
— Finance costs	—	86	86
— Gain on disposal of fixed assets	—	(14)	(14)
— Gain on deregistration of a subsidiary	—	(293)	(293)
— Impairment loss on goodwill	20,831	—	20,831
— Loan interest income	—	(6)	(6)
Operating profit before working capital change	6,495	5,706	12,201
Increase in trade receivables	(1,369)	—	(1,369)
Increase in prepayments, deposits and other receivables	(4,236)	(99)	(4,335)
Decrease in amounts due to fellow subsidiaries	—	(6,877)	(6,877)
Increase/(decrease) in accruals and other payables	280	(18)	262
Cash generated from/(used in) operations	1,170	(1,288)	(118)
Income taxes paid	(362)	—	(362)
Net cash generated from/(used in) operating activities	808	(1,288)	(480)

(e) *Unaudited combined statement of cash flows (cont'd)*
For the year ended 31 December 2012

	Disposal Group	Others and consolidation adjustments	Combined Group
	HK'000	*HK'000*	*HK'000*
Cash flows from investing activities			
Bank interest received	11	9	20
Expenditure on development projects	(1,990)	—	(1,990)
Loan received	—	2,019	2,019
Loan interest received	—	6	6
Payment for purchase of fixed assets	(84)	(4,952)	(5,036)
Proceeds from disposal of fixed assets	—	52	52
Net cash used in investing activities	(2,063)	(2,866)	(4,929)
Cash flows from financing activities			
Decrease in amount due to holding company	(73)	—	(73)
Interest paid	—	(86)	(86)
Proceeds from bank loan, secured	—	3,250	3,250
Repayment of bank loan, secured	—	(142)	(142)
Net cash (used in)/generated from financing activities	(73)	3,022	2,949
Net decrease in cash and cash equivalents	(1,328)	(1,132)	(2,460)
Cash and cash equivalents at beginning of year	3,372	2,781	6,153
Effect of foreign exchange rate changes, net	1	38	39
Cash and cash equivalents at end of year	2,045	1,687	3,732
Analysis of cash and cash equivalent			
Cash and bank balances	2,045	1,687	3,732

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The accompanying unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the proposed disposal of the 100% equity interest in Refine Skill Limited and its subsidiaries, being KanHan Educational Services Limited and 廣州看普軟件科技有限公司 (for identification purposes, its English translation is "Guangzhou Kanpu Software Technology Co., Ltd.") ("Guangzhou Kanpu") (the "Disposal") might have affected the financial information of the Group.

The unaudited pro forma consolidated income statement and statement of cash flows of the Remaining Group for the year ended 31 December 2012 are prepared based on the audited consolidated income statement and statement of cash flows of the Group for the year ended 31 December 2012 as extracted from the annual report of the Company for the year ended 31 December 2012 as if the Disposal had been completed on 1 January 2012.

The unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2013 is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2013 as extracted from the interim report of the Company for the six months ended 30 June 2013 as if the Disposal had been completed on 30 June 2013.

The unaudited pro forma financial information of the Remaining Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Remaining Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Remaining Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Remaining Group does not purport to predict the Remaining Group's future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix I and other financial information included elsewhere in this circular.

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE REMAINING GROUP

(For the year ended 31 December 2012)

	The Group	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Continuing operations				
Turnover	4,137	(4,137)	*1*	—
Cost of sales	(228)	228	*1*	—
Gross profit	3,909			—
Other revenue	2,053	(251)	*1*	1,802
Other gains/losses, (net)	(16,451)	16,593	*1*	(21,646)
		(21,788)	*2*	
Selling and administrative expenses	(14,442)	1,904	*1*	(12,538)
Loss from operations	(24,931)			(32,382)
Finance costs	(1,048)			(1,048)
Loss before taxation	(25,979)			(33,430)
Income tax expense	(359)	359	*1*	—
Loss for the year from continuing operations	(26,338)			(33,430)
Discontinued operation				
Loss for the year from discontinued operation	(288)			(288)
Loss for the year attributable to equity holders of the Company	(26,626)	14,696	*1*	(33,718)
		(21,788)	*2*	

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

(As at 30 June 2013)

	The Group	Pro forma adjustments	Notes	The Remaining Group
	HK$'000	*HK$'000*		*HK$'000*
Non-current assets				
Fixed assets	1,202			1,202
Investment property	41,968			41,968
Intangible assets	52,161			52,161
Goodwill	500,166			500,166
	595,497			595,497
Current assets				
Trade and other receivables	47,925			47,925
Investment in a convertible bond	3,790			3,790
Pledged bank deposits	621			621
Cash and cash equivalents	95,227	6,370	*4*	101,597
	147,563			153,933
Assets of disposal groups classified as held for sale	21,331	(17,147)	*3*	10,112
		5,928	*4*	
Total current assets	168,894			164,045
Current liabilities				
Trade and other payables	13,934			13,934
Amount due to a director	401			401
Current tax liabilities	28,273			28,273
	42,608			42,608
Liabilities of disposal groups classified as held for sale	7,880	(4,859)	*3*	3,021
Total current liabilities	50,488			45,629
Net current assets	118,406			118,416
Total assets less current liabilities	713,903			713,913

	The Group	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Non-current liabilities				
Deferred tax liabilities	7,511			7,511
Convertible notes	241,023			241,023
Performance shares	169,924			169,924
	418,458			418,458
NET ASSETS	295,445			295,455
CAPITAL AND RESERVES				
Share capital	204,149			204,149
Reserves	64,327	10	*4*	64,337
Equity attributable to equity holders of the Company	268,476			268,486
Non-controlling interests	26,969			26,969
TOTAL EQUITY	295,445			295,455

D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE REMAINING GROUP

(For the year ended 31 December 2012)

	The Group	Pro forma adjustments	Notes	The Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Operating activities				
Loss before taxation				
— Continuing operations	(25,979)	(21,788)	*2*	(33,430)
		14,337	*5*	
— Discontinued operation	(288)			(288)
Adjustments for:				
Bank interest income	(1,748)	11	*5*	(1,737)
Depreciation	355	(12)	*5*	343
Finance costs	1,048			1,048
Foreign exchange gains	(21)			(21)
Gain on deregistration of a subsidiary	(293)			(293)
Gain on disposal of fixed assets	(26)			(26)
Impairment loss on goodwill	20,831	(20,831)	*5*	—
Loan interest income	(65)			(65)
Loss on disposal of the Disposal Group	—	21,788	*2*	21,788
Operating loss before changes in working capital	(6,186)			(12,681)
Increase in trade and other receivables	(5,743)	5,605	*5*	(138)
Increase in trade and other payables	2,832	(207)	*5*	2,625
Increase in amount due to a director	211			211
Cash used in operating activities	(8,886)	—		(9,983)
Income tax paid	(362)	362	*5*	—
Net cash used in operating activities	(9,248)			(9,983)

	The Group	Pro forma adjustments	Notes	The Remaining Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
Investing activities				
Bank interest income	1,751	(11)	*5*	1,740
Expenditure on development projects	(1,990)	1,990	*5*	—
Loans received	5,019			5,019
Loan interest income	65			65
Deposit refunded for purchase of investment	10,000			10,000
Payment for purchase of fixed assets (including deposits paid)	(5,765)	84	*5*	(5,681)
Proceeds from disposal of subsidiaries	—	2,998	*2*	2,998
Proceeds from disposal of fixed assets	52			52
Net cash generated from investing activities	9,132			14,193
Financing activities				
Interest paid	(86)			(86)
Proceeds from issue of convertible notes	19,687			19,687
Proceeds from new bank loan	3,250			3,250
Repayment of bank loan	(142)			(142)
Net cash generated from financing activities	22,709			22,709
Net increase in cash and cash equivalents	22,593			26,919
Cash and cash equivalents at beginning of year	118,105	(3,372)	*5*	114,733
Effect of foreign exchange rate changes	39	(1)	*5*	38
Cash and cash equivalents at end of year	140,737			141,690
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	140,737	2,998	*2*	141,690
		(2,045)	*5*	

E. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. The adjustment represents the exclusion of the operating results of Refine Skill Limited ("Refine Skill"), KanHan Educational Services Limited and Guanzhou Kanpu (the "Disposal Group") for the year ended 31 December 2012 as if the Disposal had taken place on 1 January 2012.

2. The adjustment represents the loss on the disposal of Disposal Group as if the Disposal had taken place on 1 January 2012.

   The loss on the Disposal is calculated as follows:

	HK'000
Consideration	8,000
Less: Estimated legal and professional fees and related expenses in relation to the Disposal	(1,630)
	6,370
Add: Deed of novation — vendor's debt*	—
Less: Net assets of the Disposal Group as at 1 January 2012	(28,158)
Loss on the Disposal	(21,788)

   * *No amount owing by the Company to Refine Skill as at 1 January 2012 was recorded.*

3. The adjustment represents the exclusion of the assets and liabilities of the Disposal Group as at 30 June 2013 as if the Disposal had taken place on 30 June 2013.

4. The adjustment represents the net proceed received by the Remaining Group, after deducting estimated transaction costs of the Disposal, and the financial effect for the disposal of the entire interest in Refine Skill as if the Disposal was completed on 30 June 2013.

   The gain on the Disposal is calculated as follows:

	HK'000
Consideration	8,000
Less: Estimated legal and professional fees and related expenses in relation to the Disposal	(1,630)
	6,370
Add: Deed of novation — vendor's debt	5,928
Less: Net assets of the Disposal Group disposed of as at 30 June 2013	(12,288)
Gain on the Disposal	10

   The net assets of the Disposal Group decreased from approximately HK$28,158,000 as at 1 January 2012 to approximately HK$12,288,000 as at 30 June 2013. The reason for the decrease in net assets was mainly due to the impairment loss on goodwill in relation to the acquisition of KanHan of approximately HK$20,831,000 during the year and 31 December 2012. The details of the impairment loss on goodwill were set out in the Company's announcements dated 28 December 2012 and the Company's 2012 annual report.

5. The adjustment represents the exclusion of cash flows of the Disposal Group for the year ended 31 December 2012 as if the Disposal had taken place on 1 January 2012.

6. All the pro forma adjustments are merely due to the disposal of Refine Skill and not expect to have a continuing effect on the Remaining Group.

The following transaction is not reflected in the above unaudited pro forma financial information of the Remaining Group.

7. On 6 June 2013, Refine Skill and the purchaser entered into an agreement of sale and purchase pursuant to which Refine Skill conditionally agreed to dispose of the entire issued share capital of Five Stars Development Limited ("Five Stars") together with its subsidiary, namely Elite Ford Limited, (collectively referred to as the "Disposed Subsidiaries") and a loan, being the entire amount of the shareholder's loan of HK$2,850,000 owing by Five Stars to the Group ("Sales Loan") on the completion date of disposal, at an aggregate consideration of HK$13,000,000. The completion took place on 8 August 2013. Details of this disposal are set out in the Company's announcements dated 6 June 2013 and 8 August 2013.

The estimated gain on the disposal of Disposed Subsidiaries is calculated as follows:

	HK'000
Consideration	13,000
Less: Estimated legal and professional fees and related expenses in relation to this disposal	(128)
	12,872
Less: Deed of assignment — waiver of vendor's debt	(2,850)
Less: Net assets of the Disposed Subsidiaries	(4,241)
Gain on this disposal	5,781

F. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.

RSM
Audit • Tax • Advisory

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

19 September 2013

The Board of Directors
M Dream Inworld Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of M Dream Inworld Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 30 June 2013, the pro forma consolidated income statement for the year ended 31 December 2012, the pro forma consolidated statement of cash flows for the year ended 31 December 2012 and related notes as set out on pages IV-2 to IV-8 of the circular issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Appendix IV on page IV-1.

The pro forma financial information has been compiled by the directors to illustrate the impact of the proposed disposal of the 100% equity interest in Refine Skill Limited on the Group's financial position as at 30 June 2013 as if the transaction had been taken place at 30 June 2013, and on the Group's financial performance and cash flows for the year ended 31 December 2012 as if the transaction had been taken place at 1 January 2012. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's unaudited condensed consolidated statement of financial position as included in the Group's interim report for the six months ended 30 June 2013, on which no audit or review report has been published; information about the Group's financial performance and cash flows has been extracted by the directors from the Group's consolidated financial statements as included in the Group's annual report for the year ended 31 December 2012, on which an audit report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2012 and 30 June 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date are set out as follows:

As at the Latest Practicable Date

Authorised:		*HK$*
8,000,000,000	Shares	800,000,000
Issued and fully paid, or credited as fully paid:		
2,782,227,653	Shares	278,222,765.30

As at the Latest Practicable Date, there were outstanding share options entitling the holders thereof to subscribe for up to 6,200,000 Shares and convertible notes entitling the noteholder to convert into Shares upon exercise of the conversion rights at the relevant conversion price attached to the zero coupon convertible notes in an aggregate principal amount of HK$248,132,500 created and issued by the Company. Further details in relation to the terms and conditions of the zero coupon convertible notes has been disclosed in the Company's circular dated 23 February 2013.

The maximum number of performance shares to be allotted and issued to the vendors of Apperience is 1,452,342,588 as part of the consideration for the acquisition of 50.5% of the issued share capital of Apperience by the Company. Further details in relation to the acquisition of 50.5% of Apperience by the Company has been disclosed in the Company's circular dated 23 February 2013.

3. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section

352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange were as follows:

Aggregate long positions in Shares and underlying Shares of the Company

Name of the Director	Capacity in which the Shares and underlying Shares are held	Number of Shares and underlying Shares	Approximate percentage of the Company's issued share capital *(Note 1)*
Xue Qiushi (“**Mr. Xue**”)	Interest in a controlled corporation and interests deemed under sections 317 and 318 of the SFO *(Note 2)*	4,342,458,328	156.08%

Notes:

1. The total number of the 2,782,227,653 Shares in issue as at the Latest Practicable Date have been used for the calculation of the approximate percentage.

2. Ace Source International Limited (“**Ace Source**”) (being one of the substantial shareholders of the Company whose interests are set out in the section headed “Disclosure of Interests of Substantial Shareholders” in this appendix) is wholly and beneficially owned by Mr. Xue. As such, Mr. Xue is deemed to be interested in all the Shares/underlying Shares held by Ace Source pursuant to Part XV of the SFO. Based on the Director's/Chief Executive's Notice — Interests in Shares of Listed Corporation filed by Mr. Xue on 3 September 2013, among these 4,342,458,328 Shares/underlying Shares, 3,749,865,737 of which were underlying Shares with an exercise period from 31 March 2013 to 31 March 2017 and can be exercised at the exercise price of HK$0.108 per Share.

Aggregate long positions in shares and underlying shares of the associated corporation of the Company

Name of the Director	Name of the associated corporation	Capacity in which the shares are held	Number of shares	Approximate percentage of the associated corporation's issued share capital
Mr. Xue	Apperience	Interest in a controlled corporation *(Note)*	3,882,391	18.79%

Note: Ace Source is wholly and beneficially owned by Mr. Xue. As such, Mr. Xue is deemed to be interested in all the shares held by Ace Source in Apperience (being an associated corporation of the Company) pursuant to Part XV of the SFO.

Aggregate long position in debentures of the Company

Name of Director	Capacity in which the debentures are held	Amount of debentures
Mr. Xue	Interest in a controlled corporation and other *(Note)*	HK$248,132,500

Note: Ace Source is wholly and beneficially owned by Mr. Xue. As such, Mr. Xue is deemed to be interested in all the debentures held by Ace Source pursuant to Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interest and short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (other than Directors or chief executive of the Company) had, or were deemed or taken to have interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

Long positions in the Shares and underlying Shares

Substantial shareholders	Capacity in which the Shares and underlying Shares are held	Number of Shares and underlying Shares	Approximate percentage of the Company's issued share capital *Note (16)*	*Notes*
Wise Action Limited (“**Wise Action**”)	Beneficial owner	756,815,555	27.20%	*(1)*
Rosy Lane Investments Limited (“**Rosy Lane**”)	Interest of a controlled corporation	756,815,555	27.20%	*(1)*
HK EDU INTL	Interest of a controlled corporation	756,815,555	27.20%	*(1)*
Access Magic Limited (“**Access Magic**”)	Beneficial owner and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(2)*

Substantial shareholders	Capacity in which the Shares and underlying Shares are held	Number of Shares and underlying Shares	Approximate percentage of the Company's issued share capital *Note (16)*	*Notes*
Dong Yuguo ("**Mr. Dong**")	Interest of a controlled corporation and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(2), (3)*
Ace Source	Beneficial owner and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(4)*
Wealthy Hope Limited ("**Wealthy Hope**")	Beneficial owner and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(5)*
Chen Liang ("**Mr. Chen**")	Interest of a controlled corporation and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(5), (6)*
Well Peace Global Limited ("**Well Peace**")	Beneficial owner and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(7)*
Lian Ming ("**Mr. Lian**")	Interest of a controlled corporation and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(7), (8)*
Best Attained Holdings Limited ("**Best Attained**")	Beneficial owner	1,201,041,307	43.17%	*(9)*
IDG-Accel China Growth Fund II L.P. ("**IDG-Accel**")	Interest of a controlled corporation and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(9), (10)*
IDG-Accel China Investors II L.P. ("**IDG-Accel Investors**")	Interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(11)*
IDG-Accel China Growth Fund II Associates L.P. ("**IDG-Accel II Associates**")	Interest of a controlled corporation	4,342,458,328	156.08%	*(9), (10), (11), (12)*
IDG-Accel China Growth Fund GP II Associates Ltd. ("**IDG-Accel GP II**")	Interest of a controlled corporation	4,342,458,328	156.08%	*(9), (10), (11), (12)*
Zhou Quan ("**Mr. Zhou**")	Interest of a controlled corporation and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(9), (10), (11), (12)*

Substantial shareholders	Capacity in which the Shares and underlying Shares are held	Number of Shares and underlying Shares	Approximate percentage of the Company's issued share capital *Note (16)*	*Notes*
Ho Chising ("**Mr. Ho**")	Interest of a controlled corporation and interests deemed under sections 317 and 318 of the SFO	4,342,458,328	156.08%	*(9), (10), (11), (12)*
THL A1 Limited ("**THL**")	Beneficial owner and interests deemed under sections 317 and 318 of the SFO	5,083,199,066	182.70%	*(13)*
Tencent Holdings Limited ("**Tencent**")	Interest of a controlled corporation	4,342,458,328	156.08%	*(13), (14), (15)*
MIH TC Holdings Limited ("**MIH TC Holdings**")	Interest of a controlled corporation	4,342,458,328	156.08%	*(13), (14), (15)*
MIH (Mauritius) Limited ("**MIH Mauritius**")	Interest of a controlled corporation	5,083,199,066	182.70%	*(13), (14), (15)*
MIH Holdings Limited ("**MIH Holdings**")	Interest of a controlled corporation	5,083,199,066	182.70%	*(13), (14), (15)*
Naspers Limited ("**Naspers**")	Interest of a controlled corporation	4,342,458,328	156.08%	*(13), (14), (15)*

Notes:

(1) Wise Action is wholly and beneficially owned by Rosy Lane. Rosy Lane is wholly owned by HK EDU INTL. Each of HK EDU INTL and Rosy Lane was deemed to be interested in all the 756,815,555 Shares held by Wise Action pursuant to Part XV of the SFO.

(2) As at the Latest Practicable Date, Access Magic was interested in 1,003,067,671 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 3,339,390,657 Shares/underlying Shares in accordance with sections 317 and 318 of the SFO. Among these 4,342,458,328 Shares/underlying Shares, 3,749,865,737 of which were underlying Shares.

(3) Access Magic is wholly and beneficially owned by Mr. Dong. As such, Mr. Dong is deemed to be interested in all the Shares/underlying Shares held by Access Magic pursuant to Part XV of the SFO.

(4) As at the Latest Practicable Date, Ace Source was interested in 1,421,059,131 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 2,921,399,197 Shares/underlying Shares in accordance with sections 317 and 318 of the SFO. Among these 4,342,458,328 Shares/underlying Shares, 3,749,865,737 of which were underlying Shares.

(5) As at the Latest Practicable Date, Wealthy Hope was interested in 250,754,210 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 4,091,704,118 Shares/underlying Shares in accordance with sections 317 and 318 of the SFO. Among these 4,342,458,328 Shares/underlying Shares, 3,749,865,737 of which were underlying Shares.

(6) Wealthy Hope is wholly and beneficially owned by Mr. Chen. As such, Mr. Chen is deemed to be interested in all the Shares/underlying Shares held by Wealthy Hope pursuant to Part XV of the SFO.

(7) As at the Latest Practicable Date, Well Peace was interested in 250,754,210 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 4,091,704,118 Shares/underlying Shares in accordance with sections 317 and 318 of the SFO. Among these 4,342,458,328 Shares/underlying Shares, 3,749,865,737 of which were underlying Shares.

(8) Well Peace is wholly and beneficially owned by Mr. Lian. As such, Mr. Lian is deemed to be interested in all the Shares/underlying Shares held by Well Peace pursuant to Part XV of the SFO.

(9) As at the Latest Practicable Date, Best Attained was interested in 1,201,041,307 underlying Shares in the capacity as the beneficial owner.

(10) Best Attained is 92.44% owned by IDG-Accel. As such, IDG-Accel is deemed to be interested in all the Shares/underlying Shares held by Best Attained pursuant to Part XV of the SFO.

As at the Latest Practicable Date, IDG-Accel was deemed to be interested in 1,201,041,307 Shares/underlying Shares as interest in its controlled corporation and was deemed to be interested in 3,141,417,021 Shares/underlying Shares in accordance with sections 317 and 318 of the SFO. Among these 4,342,458,328 Shares/underlying Shares, 3,749,865,737 of which were underlying Shares.

(11) As at the Latest Practicable Date, IDG-Accel Investors was deemed to be interested in 4,342,458,328 Shares/underlying Shares in accordance with sections 317 and 318 of the SFO. Among these 4,342,458,328 Shares/underlying Shares, 3,749,865,737 of which were underlying Shares.

(12) IDG-Accel GP II owns the entire equity interest in each of IDG-Accel II Associates and IDG-Accel Investors. IDG-Accel GP II is 50% owned by Mr. Ho and 50% owned by Mr. Zhou. As such, each of Mr. Ho, Mr. Zhou and IDG-Accel GP II was deemed to be interested in all the Shares/underlying Shares held by IDG-Accel II Associates and IDG-Accel Investors.

Best Attained is 92.44% owned by IDG-Accel which is in turn wholly owned by IDG-Accel II Associates. As such, IDG-Accel II Associates was deemed to be interested in all the Shares/underlying Shares held by Best Attained pursuant to Part XV of the SFO.

(13) As at the Latest Practicable Date and based on the corporate substantial shareholder notice filed by THL on 20 November 2012, THL was interested in 215,781,799 Shares/underlying Shares in the capacity as the beneficial owner and was deemed to be interested in 4,867,417,267 Shares/underlying Shares in accordance with sections 317 and 318 of the SFO. Based on the corporate substantial shareholder notice filed by THL on 20 November 2012, all of these interests in the Company were underlying Shares.

(14) By virtue of the relationships as described in note (15) below, as at the Latest Practicable Date, each of Tencent, MIH TC Holdings, MIH Mauritius, MIH Holdings and Naspers was deemed to be interested in all the Shares/underlying Shares in which THL was interested pursuant to Part XV of the SFO.

Based on the corporate substantial shareholder notice filed by Tencent, MIH TC Holdings and Naspers on 4 September 2013, 6 September 2013 and 6 September 2013 respectively, each of them was deemed to be interested in 4,342,458,328 Shares/underlying Shares as interest in its controlled corporation, and among these Shares/underlying Shares 3,749,865,737 of which were underlying Shares.

Based on the corporate substantial shareholder notice filed by MIH Mauritius and MIH Holdings on 23 November 2012, each of them was deemed to be interested in 5,083,199,066 underlying Shares.

(15) THL is wholly owned by Tencent. Tencent is 33.92% owned by MIH TC Holdings. MIH TC Holdings is 90% owned by MIH Mauritius. MIH Mauritius is wholly owned by MIH Ming He Holdings Limited. MIH Ming He Holdings Limited is wholly owned by MIH Holdings (currently known as "MIH Holdings (Proprietary) Limited"). MIH Holdings is wholly owned by Naspers. As such, each of Naspers, MIH Holdings, MIH Mauritius, MIH TC Holdings and Tencent was deemed to be interested in all the Shares/underlying Shares in which THL was interested pursuant to Part XV of the SFO.

(16) The total number of the 2,782,227,653 Shares in issue as at the Latest Practicable Date have been used for the calculation of the approximate percentage.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, there is no other person who had, or were deemed to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of SFO.

As at the Latest Practicable Date, save for Mr. Xue who is the director of Ace Source, none of the Directors is a director of a company which has an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

5. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business of the Group) have been entered into by the Company or its subsidiaries within two years immediately preceding the Latest Practicable Date which are or may be material:

(a) the common stock purchase agreement dated 24 October 2011 entered into between Bluesprig, Inc. and Apperience pursuant to which Apperience agreed to purchase and Bluesprig, Inc. agreed to sell and issue to Apperience 1,000 common stock in Bluesprig, Inc. at a purchase price of US$10;

(b) the indemnity agreement dated 24 October 2011 entered into between Bluesprig, Inc. (a subsidiary of Apperience) and Dong Yuguo pursuant to which Bluesprig, Inc. shall indemnify Dong Yuguo as its officer against, among others, certain third parties claims made against him. No monetary consideration is specified in such indemnity agreement;

(c) the indemnity agreement dated 24 October 2011 entered into between Bluesprig, Inc. (a subsidiary of Apperience) and Jason Johnson pursuant to which Bluesprig, Inc. shall indemnify Jason Johnson as its officer against, among others, certain third parties claims made against him. No monetary consideration is specified in such indemnity agreement;

(d) the deed of assignment dated 13 February 2012 executed by Koffman Corporate Service Limited as vendor and Five Stars Development Limited ("**Five Stars**") (formerly known as Elipva (Greater China) Holdings Limited) (an indirect wholly-owned subsidiary of the Company) as purchaser pursuant to which Koffman Corporate Service Limited agreed to assign the 7th Floor of Fu Yuen Industrial Building to Five Stars at a consideration of HK$6,500,000;

(e) the termination agreement dated 21 March 2012 ("**Termination Agreement**") entered into between Lucky Famous Limited (a wholly-owned subsidiary of the Company), Morning Sky International Ltd. and Mr. Wong Kui Shing, Danny pursuant to which the sale and purchase agreement dated 3 June 2011 in relation to the sale and purchase of 10% of Green Global Bioenergy Limited and entered into by the same parties was terminated with effect from the date of the Termination Agreement, further details of which are set out in the announcement of the Company dated 21 March 2012;

(f) the deed of assignment dated 15 April 2012 entered into between 成都奧畢信息技術有限公司 (Chengdu AOBI Information Technology Co., Ltd.) ("**PRC Company**") as assignor and Apperience as assignee pursuant to which a US trademark application has been assigned to Apperience. No monetary consideration is specified in such deed of assignment;

(g) the intellectual property assignment and transfer agreement dated 7 September 2012 entered into between Apperience as assignor and Experience Corporation as assignee pursuant to which Apperience shall assign, convey and transfer to Experience Corporation the right, title and interest in, among others, Game Booster software and Game Booster Premium software at a consideration of US$100,000;

(h) the amended and restated shareholders' agreement dated 10 September 2012 entered into by and among Apperience, IDG-Accel, IDG-Accel Investors, THL, Dong Yuguo, Xue Qiushi, Lian Ming, Chen Liang, Access Magic, Ace Source, Well Peace and Wealthy Hope, the PRC Company, Bluesprig Limited, Imidea Limited and IObit Limited governing the rights granted to the then shareholders of Apperience including but not limited to the rights to receipt of financial statements of the Apperience Group and inspection, the right to offer or sale of the shares in Apperience and right to nominate directors of Apperience. No monetary consideration is specified in such shareholders' agreement;

(i) the series A-1 preferred share purchase agreement dated 10 September 2012 entered into by and among Apperience, THL, Dong Yuguo, Xue Qiushi, Lian Ming, Chen Liang, Access Magic, Ace Source, Well Peace and Wealthy Hope, the PRC Company, Bluesprig Limited, Imidea Limited and IObit Limited pursuant to which THL agreed to purchase and Apperience agreed to sell and issue to THL 666,667 series A-1 preferred shares in Apperience at a consideration of US$2,000,000;

(j) the subscription agreement dated 28 September 2012 entered into between the Company as issuer and Wise Action Limited as subscriber in respect of the issue of the 2% coupon unsecured convertible notes due in the year 2013 in an aggregate principal amount of HK$20,000,000, further details of which are set out in the announcement of the Company dated 28 September 2012. The issuance of the convertible notes was completed on 14 November 2012, further details of which are set out in the announcement of the Company dated 14 November 2012;

(k) the option termination and release agreement dated 10 November 2012 entered into between Apperience and Zhang Jing pursuant to which the parties have agreed to cancel the option granted to Zhang Jing to purchase 100,000 common shares of Apperience;

(l) the conditional sale and purchase agreement ("**Apperience SP Agreement**") dated 15 November 2012 entered into by and among the Company as purchaser, Access Magic, Ace Source, Well Peace, Wealthy Hope, IDG-Accel, IDG-Accel Investors and THL as vendors and Dong Yuguo, Xue Qiushi, Lian Ming and Chen Liang as warrantors in relation to the acquisition of 50.5% of the entire issued share capital of Apperience at a maximum aggregate consideration of HK$548,985,500 (subject to adjustment);

(m) the agreement dated 11 December 2012 supplemental to the Apperience SP Agreement entered into by and among the Company as purchaser, Access Magic, Ace Source, Well Peace, Wealthy Hope, IDG-Accel, IDG-Accel Investors and THL as vendors and Dong Yuguo, Xue Qiushi, Lian Ming and Chen Liang as warrantors amending certain terms of the Apperience SP Agreement;

(n) the copyright licence agreement dated 18 February 2013 entered into between Apperience as licensee and the PRC Company as licensor in relation to the granting of licence to use the copyright of "Advanced SystemCare" registered in the name of the PRC Company in the PRC at nil consideration for a period from the date of the Copyright Licence Agreement to (i) the date on which the relevant copyright is transferred from the PRC Company and registered in the name of Apperience in the PRC; or (ii) the date on which the copyright of "Advanced SystemCare" has been registered in the name of Apperience in the United States (whichever is the earlier);

(o) the placing letter dated 21 March 2013 and signed between Perfect Growth Limited (an indirect wholly-owned subsidiary of the Company) as subscriber and Trinity Finance Investment Limited as sub-placing agent in relation to the subscription of the 2014 due 10% coupon convertible bonds in the principal amount of HK$3,500,000 issued by Capital VC Limited (a company listed on the Main Board of the Stock Exchange);

(p) the agreement dated 15 May 2013 entered into between Lucky Famous Limited (a wholly-owned subsidiary of the Company) as purchaser and Town Health Asset Management Limited as vendor in relation to the sale and purchase of the entire issued share capital of Dragon Oriental Investment Limited at a consideration of HK$42,000,000;

(q) the agreement ("**Five Stars SP Agreement**") dated 6 June 2013 entered into between Mason Capital Limited (民信融資有限公司) as purchaser and Refine Skill as vendor in relation to the sale and purchase of the entire issued share capital of Five Stars and the entire amount of the shareholder's loan owing by Five Stars to Refine Skill on the date of completion of the Five Stars SP Agreement at an aggregate consideration of HK$13,000,000;

(r) the EPRO Shares Acquisition Agreement; and

(s) the Disposal Agreement.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

7. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or have given opinions, letter or advice contained in this circular:

Name	**Qualification**
RSM Nelson Wheeler	Certified Public Accountants

RSM Nelson Wheeler has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and/or reference to its name, in the form and context in which they appear.

As at the Latest Practicable Date, RSM Nelson Wheeler was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, either directly or indirectly, in the assets which have been acquired or disposed of by or leased to any members of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. DIRECTORS' COMPETING INTERESTS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business, which competes or is likely to compete either directly or indirectly with the business of the Group which would be required to be disclosed under rule 11.04 of the GEM Listing Rules, as if the Directors were controlling Shareholders.

10. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

A copyright licence agreement ("**Copyright Licence Agreement**") has been entered into between Apperience as licensee and the PRC Company as licensor on 18 February 2013 pursuant to which the PRC Company shall grant to Apperience an exclusive licence to use the copyright of "Advanced SystemCare" registered in the name of the PRC Company in the PRC at nil consideration for a period from the date of the Copyright Licence Agreement to (i) the date on which the relevant copyright is transferred from the PRC Company and registered in the name of Apperience in the PRC; and (ii) the date on which the copyright of "Advanced SystemCare" has been registered in the name of Apperience in the US (whichever is the earlier).

Save for the Copyright Licence Agreement in which Mr. Xue is interested through his holding in the PRC Company, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group, nor had any Director had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2012, being the date to which the latest published audited consolidated financial statements of the Group were made up.

11. AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee members as at the Latest Practicable Date are Ms. Chan Hoi Ling (Chairman), Mr. Billy B Ray Tam and Mr. Yu Pak Yan, Peter. They are the Independent Non-executive Directors of the Company. The Audit Committee's principal duties are to review and supervise the financial reporting process and internal control procedures of the Group.

Biographical information of each member of the Audit Committee is set out below:

Ms. Chan Hoi Ling ("**Ms. Chan**"), aged 39, joined the Company since July 2010. Ms. Chan has extensive experience in auditing and financial management. She obtained a Bachelor Degree in Accountancy from the University of South Australia, a Master Degree in Business Administration from The Hong Kong Polytechnic University and is an associate member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. She is the independent non-executive director of Ceneric (Holdings) Limited (formerly known as Morning Star Resources Limited) (stock code: 542) which is listed on the Main Board of the Stock Exchange.

Mr. Billy B Ray Tam ("**Mr. Tam**"), aged 45, joined the Company since June 2010. He has been a practising solicitor in Hong Kong for over fifteen years. He is currently a partner of Messrs. Ho & Tam, a firm of solicitors in Hong Kong. Mr. Tam holds a Bachelor Degree of Laws from the University of London, a Bachelor Degree in laws of the PRC from Tsinghua University; and a Master Degree of Laws from The University of Hong Kong. He is an independent non-executive director of China Fortune Financial Group Limited (stock code: 290), a company listed on the Main Board of the Stock Exchange and EDS Wellness Holdings Limited (formerly known as China Au Group Holdings Limited) (stock code: 8176) and China Natural Investment Company Limited (stock code: 8250), both of which are listed on the GEM of the Stock Exchange. Mr. Tam is also a non-executive director of Larry Jewelry International

Company Limited (stock code: 8351), a company listed on the GEM of the Stock Exchange and a non-executive director of Milan Station Holdings Limited (stock code: 1150), a company listed on Main Board of the Stock Exchange.

Mr. Yu Pak Yan, Peter ("**Mr. Yu**"), aged 63, joined the Company since July 2010. Mr. Yu has over 29 years of experience in real estate and financial services industries. He holds a Bachelor Degree in Management from Youngstown State University in Ohio, USA and a Master of Science Degree in Financial Services from American College in Pennsylvania, USA. Mr. Yu is a member of the Certified Commercial Investment Member Institute and was the first Chinese-American elected to the board of the San Francisco Association of Realtors. Mr. Yu worked in Pacific Union Real Estate Company in the US from 1980-1995 and held senior positions in MetLife and New York Life Insurance Company in managing Asian customers in North America. Mr. Yu is currently serving as an executive director of Kong Sun Holdings Limited (stock code: 295) and an independent non-executive director of Kingston Financial Group Limited (stock code: 1031), Noble Century Investment Holdings Limited (formerly known as Sam Woo Holdings Limited) (stock code: 2322) and China Sandi Holdings Limited (formerly known as China Grand Forestry Green Resources Group Limited) (stock code: 910), the issued shares of which are listed on the Main Board of the Stock Exchange.

12. GENERAL

(a) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(b) The head office and principal place of business of the Company in Hong Kong is at Room 515, 5/F, Town Health Technology Centre, 10–12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

(c) The company secretary of the Company is Mr. Lau Siu Cheong, who is a member of CPA Australia.

(d) The Company's branch share registrar and transfer office in Hong Kong is Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) The Company's compliance officer is Mr. Chi Chi Hung, Kenneth.

(f) The English text of this circular shall prevail over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the office of Messrs. Leung & Lau, Solicitors at 3rd Floor, Agricultural Bank of China Tower, 50 Connaught Road C., Central, Hong Kong from the date of this circular up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the annual reports of the Company for the two years ended 31 December 2012;

(c) the interim report of the Company for the six months ended 30 June 2013;

(d) copy of the written consent referred to in the section headed "Expert and consent" in this appendix;

(e) copies of the material contracts referred to in the section headed "Material contracts" in this appendix;

(f) the review report from RSM Nelson Wheeler on the unaudited financial information of the Combined Group, which is set out in Appendix III to this circular;

(g) the report on the unaudited pro forma financial information of the Remaining Group issued by RSM Nelson Wheeler as set out in Appendix IV to this circular;

(h) the circular of the Company in connection with the acquisition of 50.5% of Apperience dated 23 February 2013; and

(i) the circular of the Company in connection with the EPRO Shares Acquisition dated 8 August 2013.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of M Dream Inworld Limited ("**Company**") will be held at 2:30 p.m. on 9 October 2013 at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong to consider and, if thought fit, pass the following resolution as ordinary resolution:

ORDINARY RESOLUTION

"**THAT**

(A) the conditional sale and purchase agreement dated 20 June 2013 and entered into between the Company as vendor and Brilliant Path Limited as purchaser in relation to the disposal ("**Disposal**") of the Sale Share (as defined in the circular of the Company dated 19 September 2013 ("**Circular**"), a copy of which is marked "**A**" and signed by the chairman of the meeting for identification purpose has been tabled at the meeting)("**Disposal Agreement**") (a copy of the Disposal Agreement is marked "**B**"and signed by the chairman of the meeting for identification purpose has been tabled at the meeting) at a cash consideration of HK$8,000,000 and the Disposal be and are hereby approved, confirmed and ratified; and

(B) all other transactions contemplated under the Disposal Agreement be and are hereby approved and the directors of the Company ("**Directors**") or a duly authorised committee of the board of Directors be and are/is authorised to do all such acts and things, to sign and execute such documents or agreements or deed on behalf of the Company and to do such other things and to take all such actions as they consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Disposal Agreement and to agree to such variation, amendments or waiver or matters relating thereto (including any variation,

* *For identification purpose only*

amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided for in the Disposal Agreement) as are, in the opinion of the Directors or a duly authorised committee, in the interest of the Company and its shareholders as a whole."

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

Hong Kong, 19 September 2013

Registered office:
P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands
British West Indies

Head Office and Principal Place of Business in Hong Kong:
Room 515, 5/F
Town Health Technology Centre
10–12 Yuen Shun Circuit
Siu Lek Yuen
Shatin
New Territories
Hong Kong

Notes:

(1) A member of the Company entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his/her behalf. A proxy need not be a member of the Company but must be present in person at the extraordinary general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

(2) In order to be valid, the form of proxy must be deposited together with (if required by the board of Directors) a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the office of the Company's branch share registrar and transfer office in Hong Kong Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member of the Company from attending in person and voting at the extraordinary general meeting or any adjournment thereof should he so wish.

(3) Completion and return of an instrument appointing a proxy should not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

(4) As required under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("**GEM Listing Rules**"), the above resolutions will be decided by way of poll.

As at the date hereof, the Board comprises (i) two executive Directors namely, Mr. Chi Chi Hung, Kenneth and Mr. Xue Qiushi; and (ii) three independent non-executive Directors namely, Mr. Billy B Ray Tam, Mr. Yu Pak Yan, Peter and Ms. Chan Hoi Ling.

This notice, 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 notice 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 notice misleading.

This notice will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least seven (7) days from the date of its publication and is available for reference on the website of the Company at http://www.mdreaminworld.com.hk.