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M DREAM INWORLD LIMITED

聯夢活力世界有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8100)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that based on the unaudited financial information of the Company currently available, the Company expects that the unaudited consolidated loss attributable to the equity shareholders of the Company for the 2013 Third Quarterly Period may be significantly higher than that for the corresponding period in 2012. While the Group is expected to record a net profit attributable to the equity shareholders of the Company for the three months ended 30 September 2013 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 on change in fair value of the performance shares which is part of consideration of the Acquisition and is non-cash adjustment, the Group is likely to incur a significant consolidated loss attributable to the equity shareholders of the Company for the 2013 Third Quarterly Period primarily as a result of the impact of the Goodwill Impairment, which was recognised by the Group in the 2013 First Quarterly Results. The Goodwill Impairment is non-cash adjustment and will not affect working capital sufficiency of the Group.

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

This announcement is made by M Dream Inworld Limited (“**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited

* For identification purpose only

(“**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board of directors (“**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that based on the unaudited financial information of the Company currently available, the Company expects that the unaudited consolidated loss attributable to the equity shareholders of the Company for the nine months ended 30 September 2013 (“**2013 Third Quarterly Period**”) may be significantly higher than that for the corresponding period in 2012. Such unaudited consolidated loss was mainly attributable to the impairment loss of goodwill (“**Goodwill Impairment**”) in relation to the acquisition (“**Acquisition**”) of 50.5% of the issued share capital of Apperience Corporation (“**Apperience**”). The Acquisition was completed on 31 March 2013 and the Goodwill Impairment was recognised by the Company in its unaudited consolidated financial statements for the three months ended 31 March 2013 (“**2013 First Quarterly Results**”). The details of the Acquisition are set out in the Company’s announcements dated 5 December 2012, 12 March 2013 and 1 April 2013 and Company’s circular dated 23 February 2013.

While the Group is expected to record a net profit attributable to the equity shareholders of the Company for the three months ended 30 September 2013 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 on change in fair value of the performance shares which is part of consideration of the Acquisition and is non-cash adjustment, the Group is likely to incur a significant consolidated loss attributable to the equity shareholders of the Company for the 2013 Third Quarterly Period primarily as a result of the impact of the Goodwill Impairment. As set out in the 2013 First Quarterly Results, the Group recognised an unaudited consolidated loss of approximately HK\$256,585,000 on the Goodwill Impairment and an unaudited consolidated loss of approximately HK\$262,557,000 for the three months ended 31 March 2013.

The Company considered that the Goodwill Impairment in relation the Acquisition was largely due to the increase in the fair value of the consideration of Acquisition (comprising the convertible notes issued by the Group and the performance shares may be issued by the Group) as at the date of completion of the Acquisition. The Goodwill Impairment is non-cash adjustment and will not affect working capital sufficiency of the Group.

The Group is still in the course of preparing and finalising the unaudited consolidated financial results for the 2013 Third Quarterly Period. The information contained in this announcement is only a preliminary estimate based on the information currently available to the Company and such information has not been confirmed or audited by the Company’s auditor.

Detailed information regarding the Group’s third quarterly results for the 2013 Third Quarterly Period will be set out in the third quarterly results announcement in compliance with the GEM Listing Rules.

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

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

Hong Kong, 25 October 2013

As at the date of this announcement, the Board consists of Mr. Chi Chi Hung, Kenneth and Mr. Xue Qiushi being the Executive Directors, and Mr. Billy B Ray Tam, Mr. Yu Pak Yan, Peter, Ms. Chan Hoi Ling and Mr. Lam Kit Sun being the Independent Non-executive Directors.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its publication and on the website of the Company at <http://www.mdreaminworld.com.hk>.