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M DREAM INWORLD LIMITED

聯夢活力世界有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8100)

DISCLOSEABLE TRANSACTION: DISPOSAL OF THE CAPITAL VC SALE BONDS

On 27 December 2013, the Vendor, an indirect wholly-owned subsidiary of the Company, disposed of its entire holding of the Capital VC Sale Bonds (in the principal amount of HK\$3,500,000) to the Purchaser, who is an Independent Third Party. The Capital VC Sale Bonds were acquired by the Vendor in March 2013 at the face value of its principal amount. The Capital VC Sale Bonds are now disposed at a price of HK\$3,764,657.

The Disposal is unconditional and completion of the Disposal took place upon the signing of the requisite transfer documents between the Vendor and the Purchaser.

IMPLICATIONS UNDER THE GEM LISTING RULES

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

On 27 December 2013, the Vendor, an indirect wholly-owned subsidiary of the Company, disposed of its entire holding of the Capital VC Sale Bonds (in the principal amount of HK\$3,500,000) to the Purchaser. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser is an individual who is an Independent Third Party.

The Vendor subscribed for the Capital VC Sale Bonds in March 2013. Details of the terms of such subscription and the terms and conditions of the Capital VC Sale Bonds were set out in the Company's announcement dated 21 March 2013.

* *For identification purposes only*

The Disposal

The Disposal is in respect of the Vendor's entire holding of the Capital VC Sale Bonds with a principal amount of HK\$3,500,000. The consideration for the Disposal was HK\$3,764,657, which was determined after arm's length negotiations between the Vendor and the Purchaser and with reference to the principal amount of the Capital VC Sale Bonds and the interest accrued up to the date of Completion of HK\$264,657. The consideration for the Disposal was settled in cash upon the Completion.

The estimated net proceeds from the Disposal is approximately HK\$3,711,000 and the Company intends to use the net proceeds from the Disposal as the general working capital of the Group.

It is expected that the Group will record net gain of approximately HK\$139,000 as a result of the Disposal, which represents the difference between the consideration received by the Vendor from the Disposal after deducting the estimated expenses to be incurred for the Disposal and the cost of the Subscription (comprising the subscription price for Capital VC Sale Bonds and the incurred expenses for the Subscription). The actual gain or loss in connection with the Disposal will be assessed and is subject to audit.

The Disposal is unconditional and completion of the Disposal took place upon the signing of the requisite transfer documents between the Vendor and the Purchaser.

The Capital VC Sale Bonds bear interest at 10% per annum. In accordance with the existing terms and conditions of the Capital VC Sale Bonds, the holders of the Capital VC Sale Bonds are entitled to exercise the conversion rights attached to the Capital VC Bond to subscribe for up to 35,000,000 Capital VC Shares at the prevailing conversion price of HK\$0.10 (subject to adjustments) per Conversion Share. Such 35,000,000 Conversion Shares represent approximately 18.78% of the issued share capital of Capital VC as enlarged by the issue of the Conversion Shares (assuming that there is no change in the issued share capital from the date of this announcement up to the issue of the Conversion Shares).

Immediately following the Disposal, the Group is not interested in any equity interest in Capital VC.

INFORMATION ON CAPITAL VC GROUP

Capital VC Group is principally engaged in investing in listed and unlisted companies mainly in Hong Kong and the PRC.

Set out below is a summary of certain consolidated financial information of Capital VC for the two years ended 30 June 2013 (as extracted from the annual reports of Capital VC):

	For the year ended 30 June 2013	For the year ended 30 June 2012
	<i>(HK\$)</i>	<i>(HK\$)</i>
Turnover	21,124,405	(148,462,292)
Net loss before tax	7,821,511	100,793,697
Net loss after tax	7,821,511	100,793,697

As at 30 June 2013, the audited total asset value and net asset value of Capital VC Group are approximately HK\$420,931,922 and HK\$372,176,529 respectively.

For further information on Capital VC, please refer to the public information it has published on the website of the Stock Exchange at www.hkexnews.hk.

INFORMATION ON THE GROUP

The Group is principally engaged in the (i) research, development and distribution of personal computers performance software, anti-virus software and mobile phone applications; and (ii) the provision of website development, electronic learning products and services.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board considers that the Disposal provides the Group with a good opportunity to realise its investment in the Capital VC Sale Bonds and to strengthen the cash position of the Group. As such, the Board considers that the terms of the Disposal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

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

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Capital VC”	Capital VC Limited, a company incorporated in the Cayman Islands with limited liability and carrying on business in Hong Kong as CNI VC Limited, whose shares are listed on the Main Board of the Stock Exchange
“Capital VC Sale Bonds”	the 2014 due 10% coupon convertible bonds issued by Capital VC in the principal amount of HK\$3,500,000 and subscribed by the Vendor in March 2013
“Capital VC Shares”	the shares of Capital VC
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM
“Completion”	the completion of the Disposal

“Conversion Shares”	the Capital VC Shares to be allotted and issued upon exercise of the conversion rights attached to the Capital VC Sale Bonds
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Capital VC Sale Bonds in the principal amount of HK\$3,500,000 by the Vendor to the Purchaser
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and its connected persons (as defined in the GEM Listing Rules)
“PRC”	the People’s Republic of China, for the purposes of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	the purchaser of the Capital VC Sale Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Perfect Growth Limited, an indirect wholly-owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 27 December 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. 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 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>.