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M DREAM INWORLD LIMITED

聯夢活力世界有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8100)

INSIDE INFORMATION: ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF A LICENSED CORPORATION TO CARRY ON BUSINESS IN TYPE 1 REGULATED ACTIVITY UNDER THE SFO

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 SFO.

ACQUISITION

The Board is pleased to announce that after trading hours on 5 February 2014, the Purchaser, a direct wholly-owned subsidiary of the Company, entered into the S&P Agreement with the Vendor, pursuant to which, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sales Shares free from all encumbrances, together with all rights attaching thereto, at a consideration of HK\$6 million, subject to adjustment in accordance with the S&P Agreement as set out in paragraph headed “Adjustment of Consideration” in this announcement.

The Board wishes to emphasise that the Acquisition is subject to a number of conditions precedent and the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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* *For identification purposes only*

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Principal terms of the S&P Agreement

Date

5 February 2014

Parties

- (1) the Vendor as vendor; and
- (2) the Purchaser, a direct wholly-owned subsidiary of the Company, as purchaser

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

Assets to be acquired

The aggregate of 6,550,000 Target Shares, which represents 100% of the then issued share capital of the Target immediately before the Completion.

Consideration

The purchase price of the Sale Shares is HK\$6 million, subject to adjustment in accordance with the S&P Agreement as set out in the paragraph headed “Adjustment of Consideration” below. The Purchase Price was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the unaudited net asset value of the Target as at 31 December 2013.

The Purchase Price is to be settled by the Purchaser in cash on Completion and is to be funded by the Group’s internal resources.

Adjustment of Consideration

The Purchase Price will be subject to adjustment in the event that the net asset value of the Target as shown in the Completion Accounts is less than HK\$5,000,000 and in such circumstances, the Purchaser shall be entitled to deduct such amount equivalent to the difference between HK\$5,000,000 and the net asset value of the Target as shown in the Completion Accounts from the Purchase Price, provided that the maximum amount that the Purchaser be entitled to deduct from the Purchase Price shall not be more than HK\$5,000,000. In the event that the net asset value of the Target as shown in the Completion Accounts is equal to or more than HK\$5,000,000, no adjustment to the Purchase Price will be required.

Conditions precedent

The Completion is conditional upon and subject to the following conditions:

- (1) the Purchaser having carried out and completed the due diligence review of the Target (whether legal, accounting, financial, operational or other aspects that the Purchaser considers necessary) and being satisfied with the results of the due diligence review of the Target and its related business, assets, liabilities, activities, operations, financial position and prospects of the Target in all respects;
- (2) the SFC having granted the approval or consent or having no objection (as the case may be) to the Acquisition;
- (3) the Purchaser having obtained a copy of the audited financial statements of the Target for the financial year ended 31 March 2013;
- (4) the Purchaser having obtained a copy of the audited financial statements of the Target for the financial year ending 31 March 2014;
- (5)
 - (i) the Target having allotted and issued 1,000,000 Target Shares to the Vendor at par (“**Allotment and Issue of Target Shares**”);
 - (ii) the Vendor having paid HK\$1,000,000 to the Target for the Allotment and Issue of Target Shares; and
 - (iii) the Target having notified the SFC and other applicable regulatory authorities of the Allotment and Issue of Target Shares in accordance with the requirements under the Securities and Futures (Licensing and Registration)(Information) Rules and other applicable laws and regulations;
- (6) the warranties and undertakings given by the Vendor in the S&P Agreement remaining true and accurate in all material respects and not misleading in any material respect;
- (7) (where applicable) the Target and the Vendor having complied with the requirements under the SFO or where applicable any conditions imposed by the SFC in connection with the Acquisition and the transactions contemplated under the S&P Agreement;
- (8) (where applicable) all the notification, publication and/or shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules for the entry into and implementation of the S&P Agreement and the transactions contemplated thereunder having been fulfilled, obtained and/or complied with by the Purchaser and/or the Company;
- (9) the consummation of the transactions contemplated under the S&P 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; and
- (10) there being no material adverse change to the business, assets and financial conditions of the Target since 1 April 2013.

The satisfaction of conditions (1), (3), (4), (6) and/or (10) above is capable of being waived by the Purchaser. Save as aforesaid, none of the other conditions above is capable of being waived by the Vendor and the Purchaser. If any of the conditions above shall not have been fulfilled or (if applicable) waived at or before 5:00 p.m. on the Long Stop Date, the Vendor and the Purchaser shall not proceed to Completion and all rights and obligations of the Vendor and the Purchaser under the S&P Agreement shall cease and terminate, save and except for those provisions which were expressed to remain in full force and effect in the S&P Agreement, and no party to the S&P Agreement shall have any claim against the others save for the claim (if any) in respect of such continuing provisions or any antecedent breach thereof.

Completion

Completion shall take place on the fifth Business Day after the last outstanding condition precedent to the S&P Agreement shall have been fulfilled or (if applicable) waived (or such other date as the Purchaser and the Vendor shall agree in writing).

Immediately after Completion, the Company will own 100% of the issued share capital of the Target through the Purchaser, and the financial results of the Target will be consolidated with the results of the Group.

INFORMATION OF THE TARGET

The Target is a company incorporated in Hong Kong with limited liability and is a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO, subject to conditions imposed by the SFC. The Target is principally engaged in the business of introducing clients to brokerage firms and securities companies in return for commission.

REASONS FOR AND THE BENEFITS OF THE ACQUISITION

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

The Board considers that the Acquisition provides the Group with an expedient way to diversify its businesses into the financial services sector by directly investing and operating the Target and expects that the Acquisition, if completed, will provide the Group with a good investment opportunity to broaden its investment portfolio and step into the business of Type 1 (dealing in securities) regulated activity under the SFO in Hong Kong.

The Board considers that the terms of the S&P Agreement are fair and reasonable, on normal commercial terms, and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the Acquisition do not exceed 5%, the Acquisition does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

The Board wishes to emphasise that the Acquisition is subject to a number of conditions precedent and the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the terms and conditions of the S&P Agreement
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and 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
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on GEM
“Completion”	completion of the Acquisition
“Completion Accounts”	the unaudited management accounts of the Target for the period commenced on 1 April 2013 and ended on the last day of the month immediately preceding the date on which Completion is to take place
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company together with its subsidiaries from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons and their respective associates (within the meaning of the GEM Listing Rules)
“Long Stop Date”	31 August 2014 (or such other date as the Purchaser and the Vendor may agree in writing)
“Purchase Price”	the amount of HK\$6 million, being the consideration payable by the Purchaser to the Vendor for the Acquisition (subject to adjustment in accordance with the S&P Agreement as set out in the paragraph headed “Adjustment of Consideration” in this announcement)
“Purchaser”	Fast Yield Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company
“S&P Agreement”	the conditional sales and purchase agreement dated 5 February 2014 entered into between the Vendor and the Purchaser in relation to the Acquisition
“Sale Shares”	the aggregate of 6,550,000 Target Shares, representing 100% of the then issued share capital of the Target immediately before the Completion
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	a company incorporated in Hong Kong with limited liability and is a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO, subject to conditions imposed by the SFC
“Target Shares”	ordinary shares of par value HK\$1.00 each in the share capital of the Target

“Vendor”

Ms. Li Chui Ling, the beneficial owner of the Sale Shares

“%”

per cent.

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

Hong Kong, 5 February 2014

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 Ms. Chan Hoi Ling, Mr. Lam Kit Sun, Mr. Yip Chi Fai Stevens and Ms. Xiao Yiming 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 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>.