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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)

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 year ended 31 December 2013 may be significantly higher than that for the corresponding period in 2012. While the Group is expected to record operating profit which was mainly attributable to (i) the operating profit contributed by the subsidiaries of Apperience acquired in March 2013, (ii) the unrealised gain arising on change in fair value of the performance shares which is part of the consideration of the Acquisition and is non-cash adjustment, and (iii) the gain on disposal of Refine Skill Limited and its wholly-owned subsidiaries, the Group is likely to incur a significant consolidated loss attributable to the equity shareholders of the Company for the year ended 31 December 2013 primarily as a result of the impact of the Goodwill Impairment, which was recognised by the Group in the 2013 First Quarterly Results, the DX Shares Impairment Loss and the finance costs incurred as effective interest on convertible notes. The Goodwill Impairment, the DX Shares Impairment Loss and the effective interest on convertible notes are non-cash adjustments 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.

* For identification purposes only

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 (“**GEM**”) of The Stock Exchange of Hong Kong Limited (“**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 year ended 31 December 2013 may be significantly higher than that for the corresponding period in 2012. Such unaudited consolidated loss was mainly attributable to (1) 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**”); (2) the effective interest incurred on the convertible notes issued by the Company to satisfy part of the consideration for the Acquisition; and (3) the impairment loss on listed securities investment (“**DX Shares Impairment Loss**”) in relation to the acquisition of the 248,976,000 shares of DX.com Holdings Limited (formerly known as “EPRO Limited”) (“**Acquired DX Shares**”), a company listed on GEM (stock code: 8086) at an aggregate consideration of HK\$79,921,296 in June 2013 (“**DX Shares Acquisition**”).

The Acquisition was completed on 31 March 2013. The details of the Acquisition were 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. As set out in the unaudited consolidated financial statements for the three months ended 31 March 2013 (“**2013 First Quarterly Results**”), the Group recognised an unaudited consolidated loss of approximately HK\$256,585,000 on the Goodwill Impairment. 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 the 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 effective interest on the convertible notes issued by the Company, which was accounted as finance costs, is also a cause of the expected loss for the year ended 31 December 2013.

The DX Shares Acquisition was completed on 27 August 2013. The details of the DX Shares Acquisition were set out in the Company’s announcements dated 13 June 2013 and 27 August 2013 and the Company’s circular dated 8 August 2013. The DX Shares Impairment Loss is expected to be recognised by the Company for the year ended 31 December 2013 primarily due to the significant drop in current market value of the Acquired DX Shares based on the bid price as at 31 December 2013 as compared to the aggregate consideration for the DX Shares Acquisition.

While the Group is expected to record operating profit for the year ended 31 December 2013 which was mainly attributable to (i) the operating profit contributed by the subsidiaries of Apperience acquired in March 2013, (ii) the unrealised gain arising on change in fair value of the performance shares which is part of the consideration of the Acquisition and is non-cash adjustment, and (iii) the gain on disposal of Refine Skill Limited and its wholly-owned

subsidiaries (the details of which were set out in the announcements of the Company dated 2 July 2013, 11 September 2013 and 17 October 2013, and the circular of the Company dated 19 September 2013), the Group is likely to incur a significant consolidated loss attributable to the equity shareholders of the Company for the year ended 31 December 2013 as a result of the impact of the Goodwill Impairment, the DX Shares Impairment Loss and the finance costs incurred as effective interest on convertible notes.

The Goodwill Impairment, the DX Shares Impairment Loss and the finance costs incurred as effective interest on convertible notes are non-cash adjustments 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 year ended 31 December 2013. 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 annual results for the year ended 31 December 2013 will be set out in the 2013 annual results announcement in compliance with the GEM Listing Rules which is expected to be published on or around 21 March 2014.

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, 7 March 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 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 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>.