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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)**

### **DISCLOSEABLE TRANSACTION — DISPOSAL OF 51% INTEREST IN THE TARGET**

#### **DISPOSAL**

The Board is pleased to announce that on 12 June 2014, after trading hours, the Vendor (a direct wholly-owned subsidiary of the Company) and the Purchaser entered into the SP Agreement pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares, representing 51% of the issued share capital of the Target, free from all encumbrances, and together with all rights and benefits attaching thereto, at a consideration of HK\$21,700,000.

#### **IMPLICATIONS UNDER THE GEM LISTING RULES**

As more than one of the relevant percentage ratios (as defined 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.

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\* *For identification purposes only*

## **THE SP AGREEMENT**

Major terms of the SP Agreement are set out below:

### **Date**

12 June 2014

### **Parties**

- (a) Vendor: Lucky Famous Limited, a direct wholly-owned subsidiary of the Company
- (b) Purchaser: Talent Gain International Limited, a company incorporated in the BVI with limited liability, the principal business of which is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **Assets to be disposed of**

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing 51% of the issued share capital of the Target, free from all encumbrances, and together with all rights and benefits attaching thereto.

### **Consideration**

The Consideration is HK\$21,700,000 and is payable by the Purchaser in cash in the following manner:

- (a) as to 20% of the Consideration, being HK\$4,340,000 (“**Deposit**”), has been paid to the Vendor immediately upon the signing of the SP Agreement as refundable deposit; and
- (b) as to 80% of the Consideration, being HK\$17,360,000, shall be paid to the Vendor upon Completion.

### **Basis of the Consideration**

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the valuation of the Property, being the principal asset of the Target, of approximately HK\$42,000,000 as at 6 June 2014 which was conducted by a professional property valuer appointed by the Vendor.

## **Conditions Precedent**

The SP Agreement and the obligations of the Purchaser to effect Completion are conditional upon (“**Conditions Precedent**”):

- (a) the Purchaser having carried out and completed the due diligence review pursuant to the terms of the SP Agreement and being satisfied with the business, assets and financial position of the Target in all material respects; and
- (b) that there has been no material adverse change in the business, assets and financial position of the Target since 31 December 2013.

The Purchaser may waive or confirm fulfilment of all or any of the Conditions Precedent at any time before the Long Stop Date by notice in writing to the Vendor.

If the Conditions Precedent shall not have been fulfilled (or waived) in full at or before 5:00 p.m. on the Long Stop Date:

- (a) the Vendor shall refund the Deposit to the Purchaser within five Business Days after the Long Stop Date without interest; and
- (b) all rights and obligations of the parties under the SP Agreement shall cease and terminate, save and except for those pursuant to provisions regarding confidentiality and other general provisions which shall remain in full force and effect, and no party to the SP Agreement shall have any claim against the other save for claim (if any) in respect of such continuing provisions or any antecedent breach of the SP Agreement.

The Purchaser shall notify the Vendor in writing on or before the Long Stop Date whether the Conditions Precedent have been fulfilled (or, where applicable, waived).

## **Completion**

Upon fulfilment and/or waiver of all the Conditions Precedent, Completion shall take place on the fifth Business Day after the last outstanding Condition Precedent shall have been fulfilled or waived (or such other date as the Purchaser and the Vendor shall agree in writing).

Immediately after Completion, the Target will cease to be a subsidiary of the Company and the financial results of the Target will cease to be consolidated with the results of the Group.

## **INFORMATION ABOUT THE TARGET**

The Target is a company incorporated in the BVI with limited liability and is principally engaged in the business of property investment. As at the date of the SP Agreement, the Target is a direct wholly-owned subsidiary of the Vendor. The principal asset of the Target is the Property, which is currently leased to an Independent Third Party at a monthly rent (exclusive of rates, management fees, air-conditioning charges and other outgoings and expenses) of HK\$75,000 for a term expiring on 31 December 2014.

Set out below is a summary of certain financial information of the Target for the two years ended 31 December 2012 and 2013:

	<b>Year ended 31 December 2012 HK\$'000 (Audited)</b>	<b>Year ended 31 December 2013 HK\$'000 (Unaudited)</b>
Net profit before taxation and extraordinary items ( <i>Note</i> )	6,237	12,404
Net profit after taxation and extraordinary items ( <i>Note</i> )	6,271	12,266

*Note:* The net profit before and after taxation and extraordinary items for the years ended 31 December 2012 and 2013 included the gain arising from the change in fair value of the Property of HK\$6,100,000 and HK\$12,000,000 respectively.

The unaudited total asset value and the net asset value of the Target as at 31 May 2014 were approximately HK\$42,051,000 and HK\$41,809,000 respectively.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Company together with its subsidiaries are principally engaged in (i) research, development and distribution of personal computer performance software, anti-virus software, mobile phone applications and toolbar advertisement, (ii) provision of website development services, electronic learning products and services, (iii) investment in securities and (iv) money lending business.

The principal asset of the Target is the Property, which is currently leased to a tenant at a monthly rent (exclusive of rates, management fees, air-conditioning charges and other outgoings and expenses) of HK\$75,000 for a term expiring on 31 December 2014. The Company considers it is in the interest of the Group to dispose of 51% of the issued share capital of the Target because the Disposal represents an opportunity for the Group to realise its partial investment in the Target for enhancing the working capital of the Group.

The Directors expect that the net proceeds from the Disposal, after deducting the expenses directly attributable thereto, will be approximately HK\$21,500,000 which will be used for general working capital of the Group.

The Group expects that the Group will record a gain of approximately HK\$437,000 as a result of the Disposal, being the difference between the Consideration and the estimated unaudited net asset value of the Target recorded in the Group's accounts at Completion, without considering the change of the fair value of the Property during the period from the date of SP Agreement to the date of the Completion. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

The Directors (including the independent non-executive Directors) are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As more than one of the relevant percentage ratios (as defined 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**

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

“Board”	the board of Directors
“Business Day(s)”	any day(s) (excluding Saturday, Sunday, public holidays and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong
“BVI”	British Virgin Islands
“Company”	M Dream Inworld Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the ordinary shares of which are listed on GEM
“Completion”	completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$21,700,000, being the total consideration for the sale and purchase of the Sale Shares
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Sale Shares by the Vendor
“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 of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and connected persons of the Company
“Long Stop Date”	30 September 2014 (or such later date as the Vendor and the Purchaser may agree in writing)
“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
“Property”	the property located at Shop F, Ground Floor, Yenfu Mansion, Nos. 121–125, 129–135, 139 and 141, Hip Wo Street and Nos. 92–112 Shui Wo Street, Kwun Tong, Kowloon, Hong Kong with a saleable floor area of approximately 420 sq. ft.
“Purchaser”	Talent Gain International Limited, a company incorporated in the BVI with limited liability
“Sale Shares”	51 ordinary shares of the Target of US\$1.00 each, representing 51% of the issued share capital of the Target
“Shareholder(s)”	holder(s) of the share(s) in the share capital of the Company
“SP Agreement”	the sale and purchase agreement dated 12 June 2014 entered into between the Purchaser and the Vendor in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Dragon Oriental Investment Limited, a company incorporated in the BVI with limited liability

“Vendor”

Lucky Famous Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company

“%”

per cent.

On behalf of the Board  
**M Dream Inworld Limited**  
**Kuang Hao Kun Giovanni**  
*Chairman*

Hong Kong, 12 June 2014

*As at the date of this announcement, the Board consists of two Executive Directors, namely Mr. Kuang Hao Kun Giovanni and Mr. Xue Qiushi; and three Independent Non-Executive Directors, namely Mr. Lam Kit Sun, Mr. Yip Chi Fai Stevens and Ms. Xiao Yiming.*

*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 notice will remain on the GEM website at [www.hkgem.com](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 <http://www.mdreaminworld.com.hk>.*