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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)

(the “Company”)

(Stock Code: 8100)

SETTLEMENT OF HK\$10.50 MILLION CONVERTIBLE NOTES NOTICE OF BOARD MEETING

On 8th September 2006 the Company has settled its convertible notes of aggregate principal amount HK\$10.50 million by paying the Note-holder HK\$1.20 million as full and final settlement. This settlement represents a gain to the Company approximately of HK\$9 million.

A meeting of the board of directors will be held at 5A Teda Building, 87 Wing Lok Street, Sheung Wan, Hong Kong on 29th September 2006 at 3 p.m. to consider and approval the audited results of the Group for the year ended 31st December 2005.

The trading of shares of the Company shall remain suspended until among other things the release of financial information including the audited results of 2005, the first quarter and second quarter results of 2006 of the Company and disclosure on the recent financial position of the Company.

On 8th September 2006 the Company has settled its convertible notes of aggregate principal amount HK\$10.50 million (“the Notes”) by paying the holder of the Notes (“the Note-holder”) HK\$1.20 million as full and final settlement. A settlement agreement was signed and completed by the Company and the Note-holder, and the Notes were duly cancelled on the same day. The due date of the Notes is 12th November 2007. This settlement represents a gain to the Company approximately of HK\$9 million.

The Notes were issued by the Company on 11th November 2004. The Note-holder is an indirect wholly-owned subsidiary of Hongkong Chinese Limited, a company listed on the main board of the Stock Exchange which indirectly holds 204,870,228 shares of the Company (approximately 7.86% of the issued capital of the Company) as at the date of this announcement. It can be referred to the announcement issued by the Company on 15th November 2004 for more details of the Notes. After the settlement of the Notes, there is no other issued convertible notes outstanding.

The HK\$1.20 million for settlement of the Notes is from a loan facility which is procured by Mr. Yu Shu Kuen, who entered into a Subscription Agreement with the Company on 12th June 2006. It can be referred to the announcement issued by the Company on 19th July 2006 for more details.

The Company also announces that a meeting of the board of directors will be held at 5A Teda Building, 87 Wing Lok Street, Sheung Wan, Hong Kong on 29th September 2006 at 3 p.m. for the following purpose:–

1. to consider and approve the audited results of the Company and its subsidiaries (“the Group”) for the year ended 31st December 2005 and approve the draft announcement and a summary of the audited results thereof to be published on the GEM website;
2. to consider the payment of final dividend, if any;
3. to consider the closure of the Register of Members, if necessary; and
4. to transact any other business.

The trading of shares of the Company shall remain suspended until among other things the release of financial information including the audited results of 2005, the first quarter and second quarter results of 2006 of the Company and disclosure on the recent financial position of the Company.

By order of the Board
M Dream Inworld Limited
Koh Tat Lee, Michael
Chairman

Hong Kong, 13th September 2006

As at the date of this announcement, the board of Directors consists of Mr. Koh Tat Lee, Michael, Mr. Domingo Chen and Dr. Choong Ying Chuan, being the Executive Directors, Mr. Wong Kean Li, being the Non-executive Director, Mr. Cheung Wai Shing, Mr. Tsang Kwok Wai and Mr. Ray Chu, 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 Rules Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of the Stock Exchange 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 (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcement” page of the GEM website for least 7 days from the date of its publication.

* For identification purpose only