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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)

CONVERSION OF CONVERTIBLE BONDS

The Company has received notice for the full conversion of the Convertible Bonds issued and as a result the Company has allotted and issued a total of 360,000,000 New Shares to the Subscriber at the Conversion Price of HK\$0.039 per Conversion Share on 15 October 2007. The Conversion Shares issued represent approximately 58.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Reference is made to the circular (the “**Circular**”) of the Company dated 4 December 2006 and the announcements (the “**Announcements**”) of the Company dated 5 October 2007, 10 October 2007 and 12 October 2007 respectively relating to, among other matters, the Share Reorganisation and the Subscription of the Convertible Bonds with an aggregate principal amount of HK\$14.04 million by the Subscriber.

As disclosed in the Announcements, the Subscriber intended to fully convert the Convertible Bonds into Conversion Shares upon issue of the Convertible Bonds. The Company has received notice for the full conversion of the Convertible Bonds issued and as a result the Company has allotted and issued a total of 360,000,000 New Shares to the Subscriber at the Conversion Price of HK\$0.039 per Conversion Share on 15 October 2007. The Conversion Shares issued represent approximately 58.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

* *For identification purposes only*

The shareholding structure of the Company immediately before and after the issue of the Conversion Shares is set out the table below:

Shareholders	Immediately before the issue of the Conversion Shares		Immediately after the issue of the Conversion Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Subscriber (<i>Note 1</i>)	–	–	360,000,000	58.00%
Dynamate Limited (<i>Note 2</i>)	32,310,438	12.39%	32,310,438	5.21%
Public Shareholders				
stt Ventures Ltd (<i>Note 3</i>)	50,786,236	19.48%	50,786,236	8.18%
Yu Chung Choi, Chaucer	30,700,000	11.78%	30,700,000	4.95%
Allwin Asia Inc. (<i>Note 4</i>)	20,487,023	7.86%	20,487,023	3.30%
Shenzhen Ingen Technology Company Limited	14,744,000	5.66%	14,744,000	2.38%
Other public Shareholders	111,667,294	42.83%	111,667,294	17.98%
Total:	<u>260,694,991</u>	<u>100.00%</u>	<u>620,694,991</u>	<u>100.00%</u>

Notes:

1. The Subscriber is wholly and beneficially owned by Mr. Yu Shu Kuen, an executive Director.
2. These shares are held by Dynamate Limited of which the entire issued share capital is beneficially owned by Mr. Koh Tat Lee, Michael, a non-executive Director. Accordingly, Mr. Koh is deemed to be interested in the shares beneficially owned by Dynamate Limited.
3. These shares are held by stt Ventures Limited, which is a wholly-owned subsidiary of STT Communications Limited (“STTC”). 99.99% of the interest of STTC is in turn held by Singapore Technologies Telemedia Pte Ltd, which is in turn a wholly-owned indirect subsidiary of Temasek Holdings (Private) Limited. Accordingly, Temasek Holdings (Private) Limited, Singapore Technologies Telemedia Pte Ltd and STTC are deemed to be interested in the shares beneficially owned by stt Ventures Limited.
4. These shares are held by Allwin Asia Inc., which is a wholly-owned indirect subsidiary of Hongkong Chinese Limited. 60.97% of the interest of Hongkong Chinese Limited is in turn held by HKCL Holdings Limited, which is in turn a wholly-owned indirect subsidiary of Lippo China Resources Limited. 71.13% of the interest of Lippo Chinese Resources Limited is in turn indirectly held by Lippo Limited.

Lippo Cayman Limited is the holding company of Lippo Limited through direct holding and through wholly-owned subsidiaries, one of which is Lippo Capital Limited which control an approximate 50.47% interest in Lippo Limited.

Lanius Limited is the registered shareholder of the entire issued share capital of Lippo Cayman Limited and is the trustee of a discretionary trust, of which Dr. Mochtar Riady is the founder and in accordance with whose instructions Lanius Limited is accustomed to act. The beneficiaries of the trust include Dr. Mochtar Riady and his family members. Madam Lidya Suryawaty is the spouse of Dr. Mochtar Riady. Dr. Mochtar Riady is not the registered holder of any shares in issued share capital of Lanius Limited.

According, Madam Lidya Suryawaty, Dr. Mochtar Riady, Lanius Limited, Lippo Cayman Limited, Lippo Limited, Lippo China Resources Limited, HKCL Holdings Limited and Hongkong Chinese Limited are deemed to be interested in the shares beneficially owned by Allwin Asia Inc.

Each of stt Ventures Ltd and Yu Chung Choi, Chaucer will become public Shareholder immediately after the conversion of the Convertible Bonds. Allwin Asia Inc. and Shenzhen Ingen Technology Company Limited will continue to be public Shareholders immediately after the conversion of the Convertible Bonds. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of stt Ventures Ltd, Yu Chung Choi, Chaucer, Allwin Asia Inc. and Shenzhen Ingen Technology Company Limited and if applicable, their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

By order of the Board
M Dream Inworld Limited
Ha Shu Tong
Chairman

Hong Kong, 15 October 2007

As at the date of this announcement, the board of Directors consists of Mr. Ha Shu Tong, Mr. Yu Shu Kuen, Mr. Tham Ming Yong and Mr. Domingo Chen being the executive Directors, Mr. Koh Tat Lee, Michael being the non-executive Director, Mr. Cheung Wai Shing, Mr. Tsang Kwok Wai and Mr. Chu Ray, 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: (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.

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