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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)

**EARLY REDEMPTION OF PROMISSORY NOTE
AND
CHANGE OF USE OF PROCEEDS**

The Board is pleased to announce that after arm's length negotiations, the Purchaser and the Vendor have on 23 August 2010 agreed to the Early Redemption of the Promissory Note with principal amount of HK\$20,000,000 at the redemption price of HK\$18,000,000 and subject to the payment of the early redemption price of HK\$18,000,000, the Promissory Note shall be redeemed in whole on or before 31 December 2010.

The reason for the Early Redemption is that it will help the Group save HK\$2,000,000 in cashflow. The Board considers that the Early Redemption of the Promissory Note is in the interests of the Company and the Shareholders as a whole.

As disclosed in the announcement of the Company dated 29 July 2010, the net proceeds from the placing of 218,000,000 new Shares were intended to be used as general working capital of the Company. In view of the Early Redemption, part of the net proceeds of HK\$18,000,000 will be applied to satisfy the redemption price for the Early Redemption.

Reference is made to the announcements (the “**Announcements**”) of the Company dated 14 July 2010 and 19 July 2010 in relation to, among others, the discloseable transaction on the part of the Company involving the issue of Promissory Note. Unless otherwise defined, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

* For identification purposes only

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The reason for the change of use of proceeds is that the Early Redemption will help the Group save HK\$2,000,000 in cashflow, which will be more beneficial to the Group than simply applying the proceeds for general working capital purpose and the Board considers that the change of use of proceeds obtained from the placing is in the interests of the Company and the Shareholders as a whole.

After the Early Redemption, the Group will still have sufficient working capital for its operation as well as satisfying its existing liabilities.

By order of the Board
M Dream Inworld Limited
Chi Chi Hung, Kenneth
Chairman

Hong Kong, 23 August 2010

As at the date of this announcement, the Board of Directors consists of Mr. Chi Chi Hung, Kenneth and Mr. Ng Kay Kwok being the Executive Directors, Mr. B Ray Tam, Billy, Mr. Yu Pak Yan, Peter and Ms. Chan Hoi Ling, being the Independent Non-executive Directors.

This announcement, for which the Directors of the issuer 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 issuer. 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.