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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)

**(1) PROPOSED OPEN OFFER
OF 1,048,894,324 OFFER SHARES ON THE BASIS OF
FOUR (4) OFFER SHARES FOR EVERY ONE (1) CONSOLIDATED
SHARE HELD ON THE RECORD DATE WITH
BONUS ISSUE ON THE BASIS OF THREE (3) BONUS SHARES
FOR EVERY FOUR (4) OFFER SHARES TAKEN UP UNDER
THE OPEN OFFER;**

(2) AMENDMENT TO ARTICLES OF ASSOCIATION; AND

**(3) CAPITAL REORGANISATION INVOLVING
SHARE CONSOLIDATION AND
INCREASE IN THE AUTHORISED SHARE CAPITAL**

FINANCIAL ADVISER TO THE COMPANY



KINGSTON CORPORATE FINANCE LTD

UNDERWRITER



KINGSTON SECURITIES LTD

(1) PROPOSED OPEN OFFER WITH BONUS ISSUE

The Company proposes to raise approximately HK\$104.89 million, before expenses, by way of Open Offer of 1,048,894,324 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share on the basis of four (4) Offer Shares for every one (1) Consolidated Share held on the Record Date and payable in full on acceptance. Qualifying Shareholders are not entitled to apply for excess Offer Shares not taken up under the Open Offer. The Open Offer will not be extended to the Prohibited Shareholders.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on 13 December 2010. The register of members of the Company will be closed from 14 December 2010 to 16 December 2010, both dates inclusive, to determine the eligibility of the Open Offer.

As at the date of this announcement, the Company has no outstanding share options granted under the Share Option Scheme and/or any convertible or exchangeable securities convertible or exchangeable, into Shares. The Company will not grant any share option under the Share Option Scheme on or before the Record Date.

Kingston Securities has conditionally agreed to underwrite the Offer Shares which have not been taken up. Accordingly, the Open Offer is fully underwritten.

The estimated net proceeds from the Open Offer will be approximately HK\$100 million. The Board intends to apply such proceeds from the Open Offer to finance the Possible Acquisition.

Subject to the satisfaction of the conditions of the Open Offer, the Bonus Shares will be issued to the First Registered Holders of the Offer Shares on the basis of three (3) Bonus Shares for every four (4) Offer Shares taken up under the Open Offer.

On the basis of 1,048,894,324 Offer Shares to be issued under the Open Offer, 786,670,743 Bonus Shares will be issued.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer and the Bonus Issue are conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer and the Bonus Issue may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an entitlement basis commencing from 10 December 2010 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer and the Bonus Issue are subject are fulfilled (which is expected to be on 6 January 2011), will accordingly bear the risk that the Open Offer and the Bonus Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

The Company will send the Prospectus Documents to the Qualifying Shareholders and, the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders as soon as practicable.

(2) AMENDMENT TO ARTICLES OF ASSOCIATION

The existing Articles provide that the capitalisation of the Company's reserves to the Shareholders should be in the same proportion to the shareholdings of the Shareholders. Since the Qualifying Shareholders who do not take up the Offer Shares will not be entitled to the Bonus Shares, the Bonus Issue will not be in the same proportion to the shareholding of the Shareholders. In order to facilitate the Open Offer and the Bonus Issue by enabling the Company to allot and issue the Bonus Shares, the Directors propose the Amendment to the Articles such that any declaration, making or payment of a distribution or dividend to the Shareholders otherwise than pro-rata to their shareholdings upon the capitalisation of any part of the Company's reserves or undivided profits shall require a special resolution of the Shareholders. Upon the Amendment to the Articles becoming effective and the necessary resolution approving the Bonus Issue being passed, the Bonus Shares can be allotted and issued under the Bonus Issue as proposed.

The Directors consider the Amendment to the Articles would facilitate the issue of the Bonus Shares and to provide the Company with flexibility in raising further capital from its Shareholders.

(3) CAPITAL REORGANISATION

In order to facilitate the Open Offer and the Bonus Issue, the Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation and the Increase in Authorised Share Capital.

The Company proposes to implement the Share Consolidation that every five (5) issued and unissued Shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.05 each. As at the date of this announcement, there are 1,311,117,906 Existing Shares of HK\$0.01 each in issue which are fully paid or credited as fully paid. There will be 262,223,581 Consolidated Shares of HK\$0.05 each in issue immediately after the implementation of the Share Consolidation but before completion of the Open Offer and Bonus Issue.

Following the Share Consolidation, there will be no change to the existing board lot size for share trading. The Consolidated Shares will continue to be traded in board lots of 20,000 Consolidated Shares.

As at the date of this announcement, the authorised share capital of the Company is HK\$60,000,000 divided into 6,000,000,000 Existing Shares (equivalent to 1,200,000,000 Consolidated Shares assuming the Share Consolidation becoming effective) of HK\$0.01 each of which 1,311,117,906 Existing Shares (equivalent to 262,223,581 Consolidated Shares assuming the Share Consolidation becoming effective) have been allotted and issued and fully paid or credited as fully paid. In order to accommodate the Open Offer and the Bonus Issue and also future expansion and growth of the Group, assuming the Share Consolidation becoming effective, the Directors propose to increase the authorised share capital of the Company from HK\$60,000,000 divided into 1,200,000,000 Consolidated Shares of HK\$0.05 each to HK\$400,000,000 divided into 8,000,000,000 Consolidated Shares of HK\$0.05 each.

(4) GENERAL

A circular containing, among other things, further details of the Open Offer, the Bonus Issue, the Amendments to the Articles and the Capital Reorganisation, and a notice convening the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

OPEN OFFER WITH BONUS ISSUE

Issue statistics

Basis of the Open Offer:	Four (4) Offer Shares for every one (1) Consolidated Share held on the Record Date and payable in full on acceptance, together with the Bonus Issue on the basis of three (3) Bonus Shares for every four (4) Offer Shares taken up
Subscription Price:	HK\$0.10 per Offer Share
Number of Shares in issue as at the date of this announcement:	1,311,117,906 Existing Shares (equivalent to 262,223,581 Consolidated Shares assuming the Share Consolidation becoming effective)
Number of Offer Shares:	1,048,894,324 Offer Shares
Number of Bonus Shares:	786,670,743 Bonus Shares to be issued to the First Registered Holders of the Open Offer
Maximum number of Offer Shares underwritten by Kingston Securities:	1,048,894,324 Offer Shares, being the number of the Offer Shares
Number of Shares in issue upon completion of the Open Offer with the Bonus Issue:	2,097,788,648 Consolidated Shares

The Company has no other outstanding warrants, options or convertible or exchangeable securities as at the date of this announcement. The Company will not grant share options under the Share Option Scheme on or before the Record Date.

Bonus Issue

Subject to the satisfaction of the conditions of the Open Offer, the Bonus Shares will be issued to the First Registered Holders of the Offer Shares on the basis of three (3) Bonus Shares for every four (4) Offer Shares taken up under the Open Offer.

On the basis of 1,048,894,324 Offer Shares to be issued under the Open Offer, 786,670,743 Bonus Shares will be issued.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not be the Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:30 p.m. on 13 December 2010. The address of the Registrar, Tricor Tengis Limited, is at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

Closure of register of members

The register of members of the Company will be closed from 14 December 2010 to 16 December 2010, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.10 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 83.74% to the adjusted closing price of HK\$0.615 per Consolidated Share (assuming the Share Consolidation becoming effective), based on the closing price of HK\$0.123 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of 21.26% to the theoretical ex-entitlement price of approximately HK\$0.127 per Consolidated Share (assuming the Share Consolidation becoming effective) after the Bonus Issue based on the adjusted closing price of HK\$0.615 per Consolidated Share (assuming the Share Consolidation becoming effective), based on the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iii) a discount of approximately 83.58% to the adjusted average of the closing prices of HK\$0.609 per Consolidated Share (assuming the Share Consolidation becoming effective), based on the average closing price of HK\$0.1218 per Share for the last five consecutive trading days including and up to the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and Kingston Securities with reference to, among other things, the prevailing market price of the Shares and the financial requirements of the Company for the Possible Acquisition (as defined below). In order to increase the attractiveness of the Open Offer to the Qualifying Shareholders, the Directors (including the independent non-executive Directors) consider that the proposed discount of the Subscription Price to the market price is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors (including the independent non-executive Directors) consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Status of the Offer Shares and the Bonus Shares

The Offer Shares and the Bonus Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares and the Bonus Shares. Holders of the Offer Shares and the Bonus Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares and the Bonus Shares.

Certificates of the Offer Shares and the Bonus Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares and the Bonus Shares are expected to be posted on or before 11 January 2011 to those entitled thereto by ordinary post at their own risk.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of member of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong. The Board will make enquiries to its lawyers as to whether the issue of Offer Shares and the Bonus Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to offer Shares to such Overseas Shareholders, no provisional allotment of Offer Shares will be made to such Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders.

Fractional entitlement to the Offer Shares

Fractional entitlements of Offer Shares will not be allotted and will be aggregated. Any Offer Shares arising from the aggregation of fractions of Offer Shares will be taken up by the Underwriter.

No excess application for the Offer Shares

No excess Offer Shares will be offered to the Qualifying Shareholders and any Offer Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriter.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares and the Bonus Shares.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date: 15 October 2010

Underwriter: Kingston Securities Limited.

Number of Offer Shares underwritten: Pursuant to the Underwriting Agreement, Kingston Securities has conditionally agreed to underwrite the Offer Shares which have not been taken up. Accordingly, the Open Offer is fully underwritten.

As at the date of this announcement, the Underwriter is interested in 331 Shares. To the best of the Directors' knowledge, information and belief, Kingston Securities and its ultimate beneficial owners are Independent Third Parties.

It is one of the conditions of the Underwriting Agreement that Kingston Securities would enter into binding agreements with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares (with Bonus Shares), such that (i) Kingston Securities together with its parties acting in concert shall not in aggregate be interested in exceeding 19.9% of the issued share capital of the Company as enlarged by the Open Offer and the Bonus Issue; and (ii) each of the placees and/or sub-underwriters and their respective parties acting in concert shall not in aggregate be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer and the Bonus Issue.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of Kingston Securities, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of Kingston Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of Kingston Securities is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of Kingston Securities will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of Kingston Securities, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this Announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Kingston Securities shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Kingston Securities shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of Kingston Securities; or
- (2) any Specified Event comes to the knowledge of Kingston Securities.

Any such notice shall be served by Kingston Securities prior to the Latest Time for Termination and thereupon the obligations of all parties under the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Conditions of the Open Offer and the Bonus Issue

The Open Offer and the Bonus Issue are conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance;

- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares and the Bonus Shares;
- (4) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (5) there being no Specified Event occurred prior to the Latest Time for Termination;
- (6) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (7) the passing of the necessary ordinary resolutions at the EGM to approve the Open Offer and the Bonus Issue, the Share Consolidation and the Increase in Authorised Share Capital by the Independent Shareholders (or where appropriate by the Shareholders) and the transactions contemplated hereunder;
- (8) the passing of necessary special resolution(s) by the Shareholders to approve the Amendments to the Articles and the allotment and issue of the Bonus Shares;
- (9) the Share Consolidation, the Increase in Authorised Share Capital and the Amendments to the Articles having become effective; and
- (10) the entering into of binding agreements by Kingston Securities with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares and the Bonus Shares, such that (i) Kingston Securities together with its parties acting in concert shall not in aggregate be interested in exceeding 19.9% of the issued share capital of the Company as enlarged by the Open Offer and the Bonus Issue; and (ii) each of the placees and/or sub-underwriters and their respective parties acting in concert shall not in aggregate be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer and the Bonus Issue.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and Kingston Securities may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

REASONS FOR THE OPEN OFFER AND THE BONUS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in sale of display equipment, components and related technology.

The estimated net proceeds from the Open Offer will be approximately HK\$100 million. The Company has commenced preliminary arm's length negotiations with an Independent Third Party in relation to a possible acquisition (the "**Possible Acquisition**") of the majority equity interests in an information technology related company. The Possible Acquisition, if materialized, will constitute a notifiable transaction on the part of the Company under Chapter 19 of the Listing Rules. As at the date of this announcement, no binding agreement has been entered into in respect of the Possible Acquisition and the Possible Acquisition may or may not be materialized and Shareholders and investors are advised to take cautions when dealing with securities of the Company. Save as disclosed above, the Board also confirms that there are no negotiation or agreement relating to any intended acquisitions or realizations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

The Board intends to apply such proceeds from the Open Offer to finance the Possible Acquisition. In the event that the Possible Acquisition cannot be materialized, the Board intends to apply such proceeds from the Open Offer for its general working capital and/or to finance the acquisition of other appropriate investments which may or may not be in the principal line of business of the Group.

The estimated expense in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses will be borne by the Company. Having considered other fund raising alternatives for the Group, such as bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so. In addition, the Bonus Issue will be as additional incentive for the Shareholders to take part into the Open Offer. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

The Directors (including the independent non-executive Directors) consider that the Open Offer and the Bonus Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer and the Bonus Issue.

EXPECTED TIMETABLE OF THE OPEN OFFER AND THE BONUS ISSUE

Set out below is the expected timetable for the Open Offer and the Bonus Issue.

Despatch of Circular	8 November 2010
EGM	6 December 2010
Effective date of the Share Consolidation	7 December 2010
Commencement of dealings in Consolidated Shares	9:30 a.m. on 7 December 2010
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares temporarily closes	9:30 a.m. on 7 December 2010
Temporary counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of Existing Share certificates) opens	9:30 a.m. on 7 December 2010
First day for free exchange of existing share certificates for new share certificates (in board lots of 20,000 Shares) into new certificates for the Consolidated Shares (in board lots of 20,000 Consolidated Shares)	7 December 2010
Last day of dealing in Shares on a cum-entitlement basis	9 December 2010
First day of dealing in Shares on an ex-entitlement basis	10 December 2010
Latest time for lodging transfer of Shares in order to qualify for the Open Offer (with Bonus Issue)	4:30 p.m. on 13 December 2010
Register of members of the Company closes (both dates inclusive)	14 December 2010 to 16 December 2010
Record Date	16 December 2010
Register of members for the Shares reopens	17 December 2010
Despatch of Prospectus Documents	17 December 2010

Designated broker starts to stand in the market to Provide matching service for the sale and purchase of odd lots of the Consolidated Share	9:30 a.m. on 21 December 2010
Original counter for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares temporarily opens	9:30 a.m. on 21 December 2010
Parallel trading in the Consolidated Shares commences	9:30 a.m. on 21 December 2010
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on 3 January 2011
Latest time for the Open Offer to become unconditional.	4:00 p.m. on 6 January 2011
Announcement of the results of the Open Offer and the Bonus Issue	10 January 2011
Temporary counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares closes (in the form of existing Shares).	4:00 p.m. on 11 January 2011
Parallel trading in the Consolidated Shares ends.	4:00 p.m. on 11 January 2011
Designated broker ceases to stand in the market to provide matching service.	4:00 p.m. on 11 January 2011
Share certificates for Offer Shares and Bonus Shares to be posted.	11 January 2011
Dealing in Offer Shares and Bonus Shares commences	9:30 a.m. on 13 January 2011
Last day of free exchange of existing share certificates for new share certificates.	14 January 2011

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Open Offer and the Bonus Issue will be announced as appropriate.

AMENDMENT TO ARTICLES OF ASSOCIATION

The existing Articles provide that the capitalisation of the Company's reserves to the Shareholders should be in the same proportion to the shareholdings of the Shareholders. Since the Qualifying Shareholders who do not take up the Offer Shares will not be entitled to the Bonus Shares, the Bonus Issue will not be in the same proportion to the shareholding of the Shareholders. In order to facilitate the Open Offer and the Bonus Issue by enabling the Company to allot and issue the Bonus Shares, the Directors propose the Amendment to the Articles such that any declaration, making or payment of a distribution or dividend to the Shareholders otherwise than pro-rata to their shareholdings upon the capitalisation of any part of the Company's reserves or undivided profits shall require a special resolution of the Shareholders. In particular, the current Article 142 shall be deleted in its entirety and substituted therefor by the following:

“The Company may in general meeting, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of the amount for the time being standing to the credit of any reserve or fund of the Company (including a share premium account, capital redemption reserve and the profit and loss account) whether or not the same is available for dividend or otherwise available for distribution and such amount be set free for distribution among the Members or any class of Members who would be entitled to receive the same if distributed by way of dividend and in the same proportions, or among such of the Members or such other persons and in any such proportions as recommended by the Board (such non-pro-rata distribution to be approved by the Company in general meeting on every occasion when the Board recommends the same), on the footing that the same is not paid in cash but is applied on behalf of such Members or such other persons either in or towards paying up in full any unpaid shares, or paying up in full, at par or at such premium as the resolution may provide, any unissued shares or debentures or other obligations of the Company which shall be allotted, issued and distributed credited as fully paid among such Members or such other persons and in any such proportions as the resolution may provide (prior approval of such non-pro-rata distributions having been obtained from the Company in general meeting), and the Board shall give effect to such resolution.”

Upon the Amendment to the Articles becoming effective and the necessary special resolution approving the Bonus Issue being passed, the Bonus Shares can be allotted and issued under the Bonus Issue as proposed.

The Directors consider the Amendment to the Articles would facilitate the issue of the Bonus Shares and to provide the Company with flexibility in raising capital from the Shareholders.

The Amendment to the Articles is subject to and conditional upon the passing of the necessary special resolution by the Shareholders at the EGM.

CAPITAL REORGANISATION

In order to facilitate the Open Offer and the Bonus Issue, the Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation and the Increase in Authorised Share Capital.

Proposed Share Consolidation

The Board proposes that every five (5) issued and unissued Shares of HK\$0.01 each in the capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.05. As at the date of this announcement, there are 1,311,117,906 Existing Shares of HK\$0.01 each in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, there will be 262,223,581 Consolidated Shares of HK\$0.05 each in issue which are fully paid or credited as fully paid following the Share Consolidation but before completion of the Open Offer and Bonus Issue.

As at the date of this announcement, there are no outstanding options, warrants or securities convertible or exchangeable into Shares.

The implementation of the Share Consolidation is conditional upon:

- (a) the passing of the necessary ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and
- (c) without prejudice to above, all necessary consents and approvals regarding the Share Consolidation having been obtained by the Company.

The Share Consolidation is not conditional upon the Open Offer, the Bonus Issue, the Amendments to the Articles and/or the Increase in Authorised Share Capital.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares. All necessary arrangements will be made for the Consolidated Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited. The Share Consolidation will be conducted in accordance with the provisions in the Articles.

As at the date of this announcement, the Existing Shares are traded in board lots of 20,000 Shares. Following the Share Consolidation, it is proposed that the Consolidated Shares will continue be traded in board lots of 20,000 Consolidated Shares.

Based on the closing price of HK\$0.123 per Existing Share as at 15 October 2010, the value of each board lot of 20,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$12,300.

Status of the Consolidated Shares

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders. Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company. Further details regarding the parallel trading arrangements (including the odd lots matching services, if any) will be set out in the circular containing the notice of EGM. The Company will bear the costs relating to the matching of sale and purchase of odd lots of the Consolidated Shares.

Reasons for the Share Consolidation

The proposed Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue. As such, the transaction and handling costs of the Company in relation to the dealings in the Consolidated Shares are expected to be reduced, which will be beneficial to the Company. Moreover, as the market value of each board lot upon the Share Consolidation becoming effective will be higher than the market value of each existing board lot, the transaction cost as a proportion of the market value of each board lot will be lower. It is expected that the liquidity in trading of the Shares will increase accordingly and the market value of the Shares will be more precise in reflecting the intrinsic value of the Company. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company, the Shareholders and investors as a whole.

Save for the necessary professional expenses for the implementation of the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be 7 December 2010, being the business day immediately after the date of the EGM, Shareholders may on or after 7 December 2010 and until on 14 January 2011 (both days inclusive), submit their existing share certificates in *blue* for the Shares to the Registrar for exchange for share certificates in *new colour* for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for exchange of share certificates.

With effect from 11 January 2011, trading will only be in Consolidated Shares which share certificates will be issued in *new colour*. The Consolidated Shares are to be consolidated on the basis of five (5) Existing Shares to one (1) Consolidated Share. Existing share certificates in *blue* for the Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

Increase in Authorised Share Capital

As at the date of this announcement, the authorised share capital of the Company is HK\$60,000,000 divided into 6,000,000,000 Existing Shares of HK\$0.01 each of which 1,311,117,906 Existing Shares have been allotted and issued and fully paid or credited as fully paid. In order to accommodate the Open Offer and the Bonus Issue and also future expansion and growth of the Group, assuming the Share Consolidation becoming effective, the Directors propose to increase the authorised share capital of the Company from HK\$60,000,000 divided into 1,200,000,000 Consolidated Shares of HK\$0.05 each to HK\$400,000,000 divided into 8,000,000,000 Consolidated Shares of HK\$0.05 each.

The Increase in Authorised Share Capital is subject to and conditional upon the passing of an ordinary resolution by the Shareholders approving the Increase in Authorised Share Capital at the EGM.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other fund raising activities announced in the past twelve months before the date of this announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
29 July 2010	Placing of 218,000,000 new Shares	HK\$21.1 million	For general working capital	Has been utilised for the early redemption of promissory note as announced on 23 August 2010

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structures of the Company immediately before and after the completion of the Open Offer and the Bonus Issue are set out below:

Shareholders	As at the date of this announcement		Immediately after completion of the Open Offer and Bonus Issue (assuming no Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer)		Immediately after completion of the Open Offer and Bonus Issue (assuming all Qualifying Shareholders shall take up his/her/its entitlements under the Open Offer) (Note 2)	
	No. of Existing Shares (equivalent to Consolidated Shares)	Approximate % (Note 4)	No. of Consolidated Shares	Approximate %	No. of Consolidated Shares	Approximate %
Ample Field Limited (Note 1)	273,333,333 (54,666,666)	20.85	54,666,666	2.61	437,333,328	20.85
<i>Public Shareholders</i>						
The Underwriter (Note 3)	331 (66)	0.00	1,835,565,133	87.50	528	0.00
Other public Shareholders	1,037,784,242 (207,556,849)	79.15	207,556,849	9.89	1,660,454,792	79.15
Total	1,311,117,906 (262,223,581)	100.00	2,097,788,648	100.00	2,097,788,648	100.00

Notes

- These Shares are held by Ample Field Limited of which the entire issued capital is beneficially owned by Mr. Yu Shu Kuen. Accordingly, Mr. Yu is deemed to be interested in the Shares beneficially owned by Ample Field Limited.
- This scenario is for illustration purpose only and will never occur.** Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Untaken Shares, (a) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (having the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer; and (b) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it

(i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial Shareholders of the Company or their respective associates (as defined in the GEM Listing Rules); and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of the voting rights of the Company upon completion of the Open Offer. The Company will ensure the compliance with the public float requirements under Rule 11.23 of the GEM Listing Rules upon completion of the Open Offer.

3. As at the date of this announcement, the Underwriter is interested in 331 Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and its connected persons.
4. Assuming the Share Consolidation becoming effective.

GENERAL

Pursuant to Rule 10.39 of the GEM Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offer and the Bonus Issue. As at the date of this announcement, there is no controlling Shareholder. Accordingly, Mr. Chi Chi Hung, Kenneth and Mr. Ng Kay Kwok, being the executive Directors, and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offer and the Bonus Issue at the EGM.

The Company will establish an independent board committee to advise the Independent Shareholders as to whether the terms of the Open Offer and the Bonus Issue are fair and reasonable and whether the Open Offer and the Bonus Issue are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser. In this connection, the Company will appoint an independent financial adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Open Offer and the Bonus Issue are fair and reasonable.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Share Consolidation, the Amendment to the Articles and the Increase in Authorised Share Capital and accordingly no Shareholders will be required to abstain from voting on the relevant resolution(s) approving the Share Consolidation, the Amendment to the Articles and the Increase in Authorised Share Capital.

The Share Consolidation, the Amendment to the Articles and the Increase in Authorised Share Capital are not conditional upon the Open Offer and the Bonus Issue but the Open Offer and the Bonus Issue are conditional upon the Share Consolidation, the Amendment to the Articles and the Increase in Authorised Share Capital becoming effective.

The Open Offer, the Bonus Issue, the Share Consolidation, the Amendment to the Articles and the Increase in Authorised Share Capital are subject to, among other matters, the approval of the Shareholders or the Independent Shareholders at the EGM. A circular containing, among other things, further details of Open Offer, the Bonus Issue, the Share Consolidation, the Amendment to the Articles and the Increase in Authorised Share Capital, and a notice convening the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer and the Bonus Issue are conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer and the Bonus Issue may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from 10 December 2010 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer and the Bonus Issue are subject are fulfilled (which is expected to be on 6 January 2011), will accordingly bear the risk that the Open Offer and the Bonus Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

Definitions

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

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| “acting in concert” | has the same meaning as ascribed to it in the Hong Kong Code on Takeovers and Mergers |
| “Amendment to the Articles” | the proposed amendment to Article 142 of the Articles to allow distribution to Shareholders on a non-pro-rata basis, which will be subject to approval of the relevant special resolution by the Shareholders at the EGM |

“Articles”	the articles of association of the Company, as amended from time to time
“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Bonus Issue”	the issue of the Bonus Shares pursuant to the terms and conditions of the Underwriting Agreement
“Bonus Shares”	the bonus Shares to be issued (for no additional payment) to the first registered holders of Offer Shares on the basis of three (3) Bonus Shares for every four (4) Offer Shares taken up under the Open Offer subject to the terms and upon conditions as set out in the Underwriting Agreement and the Properties
“Business Day”	a day (other than a Saturday, Sunday or public holiday or days on which) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	The Central clearing and Settlement System established and operated by HKSCC
“Capital Reorganisation”	the capital reorganisation involving the Share Consolidation and the Increase in Authorised Share Capital
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	M Dream Inworld Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“connected person(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company upon completion of the Share Consolidation
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and approve the Open Offer, the Bonus Issue, the Amendment to the Articles, the Capital Reorganisation and the transactions contemplated thereunder
“Existing Share(s)”	existing ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company before the implementation of the Capital Reorganisation
“First Registered Holders”	Qualifying Shareholders who have applied for and received the Offer Shares allotted to them by the Company after lodging valid application forms of the Open Offer or in respect of those Underwritten Shares not taken up, those first registered holders who have received the Underwritten Shares which the Underwriter subscribe or procure subscription pursuant to the Underwriting Agreement
“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
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than the Directors (excluding the independent non-executive Directors) and their respective associates
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$60,000,000 divided into 6,000,000,000 Existing Shares to HK\$400,000,000 divided into 8,000,000,000 Consolidated Shares

“Kingston Securities” or “Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	15 October 2010, being the last trading day for the Shares before the date of this announcement
“Latest Lodging Date”	4:30 p.m. on 13 December 2010 as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on 3 January 2011 or such later time or date as may be agreed between the Company and Kingston Securities, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third business day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Kingston Securities, being the latest time to terminate the Underwriting Agreement
“Offer Share(s)”	1,048,894,324 new Consolidated Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of four (4) Offer Shares for every one (1) Consolidated Share held on the Record Date and payable in full on acceptance pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of Open Offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Open Offer will not be extended to the Prohibited Shareholders
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date

“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the application form in respect of the assured allotment of Offer Shares
“Prospectus Posting Date”	17 December 2010 or such later date as may be agreed between Kingston Securities and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	16 December 2010, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the branch share registrar of the Company in Hong Kong
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every five Existing Shares of HK\$0.01 each in the issued and unissued share capital of the Company into one Consolidated Share of HK\$0.05 each in the issued and unissued share capital of the Company
“Share Option Scheme”	the share option scheme of the Company as approved by the Shareholders on 24 December 2007
“Shareholder(s)”	holder(s) of the issued Share(s)

“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Offer Share
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 15 October 2010 entered into between the Company and Kingston Securities in relation to the Open Offer with Bonus Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15 October 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. Billy B Ray Tam, 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.

** for identification purposes only*