

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROPOSED SHARE CONSOLIDATION AND CHANGE OF LONG STOP DATE OF THE PLACING AGREEMENT

PROPOSED SHARE CONSOLIDATION

Reference is made to the Company's announcement dated 13 June 2011 regarding the proposed Share Consolidation.

The Board proposes to implement a share consolidation on the basis that every two (2) issued and unissued Shares of HK\$0.05 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.10 in compliance with Rule 17.76 of the GEM Listing Rules.

The Share Consolidation is conditional upon (i) the passing of the necessary resolution(s) for the Share Consolidation by the Shareholders at the EGM; and (ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consolidated Shares to be allotted and issued forthwith upon the Share Consolidation becoming effective.

A circular containing, among other things, details of the proposed Share Consolidation, together with the notice of the EGM, will be despatched to Shareholders as soon as practicable.

CHANGE OF LONG STOP DATE OF THE PLACING AGREEMENT

On 15 June 2011, a supplemental agreement to the Placing Agreement was entered into by the Company and the Placing Agent pursuant to which the parties agreed to change the long stop date for the fulfillment of the conditions precedent of the Placing Agreement from 30 September 2011 to 30 June 2011.

* for identification purpose only

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement a share consolidation on the basis that every two (2) issued and unissued Shares of HK\$0.05 each in the share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.10 in compliance with Rule 17.76 of the GEM Listing Rules.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other in accordance with the Articles of Association.

Fractional Consolidated Shares

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon (i) the passing of the necessary resolution(s) for the Share Consolidation by the Shareholders at the EGM; and (ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consolidated Shares to be allotted and issued forthwith upon the Share Consolidation becoming effective.

Effect of the Share Consolidation

At the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 8,000,000,000 Shares, and the issued share capital of the Company is HK\$104,889,432 divided into 2,097,788,648 Shares. Immediately after completion of the Share Consolidation, the authorised share capital of the Company will remain at HK\$400,000,000, but divided into 4,000,000,000 Consolidated Shares and the issued share capital of the Company will remain at HK\$104,889,432 but divided into 1,048,894,324 Consolidated Shares.

As at the date of this announcement, the Company, save for an aggregate of 12,400,000 options (“Options”) granted on 19 May 2011 under the Share Option Scheme, the Company had no outstanding convertible securities or options in issue or other similar rights which confer any rights to convert into or subscribe for the Shares.

Full and complete implementation of the Share Consolidation would not, by itself, alter in whatsoever and howsoever way the underlying assets, liabilities, businesses, management or financial position of the Company and the Group or the rights of the Shareholders except for incurring the liability for payment of the professional fees and printing costs and the related expenses.

Reason for Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. In view of the recent trading price of the shares of the Company, the Board proposes to implement share consolidation to enable the Company to comply with the trading requirements of the GEM Listing Rules.

Taking into account the Share Consolidation will increase the trading price per board lot, and hence reduce the overall transaction and handling costs for dealing in the Consolidated Shares, the Directors are of the view that the Share Consolidation is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Application for listing of the Consolidated Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Consolidated Shares to be allotted and issued upon the Share Consolidation becoming effective and the Consolidated Shares which may fall to be issued upon exercise of the Options.

Free exchange of Consolidated Share certificates and trading arrangements

Subject always to the passing of the resolutions approving the Share Consolidation, Shareholders may, during business hours for the period from Monday, 18 July 2011 to 4:30 p.m., Tuesday, 23 August 2011 submit their share certificates for Shares held by them to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong in exchange for the new share certificates for Consolidated Shares at the expense of the Company. Thereafter, the share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the Consolidated Shares or each share certificate for the Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, the share certificates for the Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but are not acceptance for trading, settlement and registration purpose upon completion of the Share Consolidation.

Details of the colour of the new share certificates will be provided in the circular to be despatched to the Shareholders.

Arrangement for matching service for odd lots

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Adjustments in relation to the exercise price of the Options

Adjustments to the exercise price of the Options are required after the Share Consolidation. The Company will inform the holder of the Options of the adjustments accordingly.

WARNING

Shareholders and potential investors should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Share Consolidation”. Therefore, the Share Consolidation may or may not proceed.

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

EXPECTED TIMETABLE OF THE SHARE CONSOLIDATION

The expected timetable for implementation of the Share Consolidation and the associated trading arrangements are set out below:

2011

Latest time for lodging forms of proxy for the EGM 4:30 p.m. on Wednesday, 13 July

EGM to approve the Share Consolidation 4:30 p.m. on Friday, 15 July

Publication of announcement of the result of the EGM
in respect of the Share Consolidation Friday, 15 July

Effective date of the Share Consolidation Monday, 18 July

First day for free exchange of existing share certificate(s)
for new share certificate(s) for Consolidated Shares. Monday, 18 July

Dealing in Consolidated Shares commences 9:00 a.m. on Monday, 18 July

Original counter for trading in the existing Shares
in board lots of 20,000 Shares temporarily closes 9:00 a.m. on Monday, 18 July

Temporary counter for trading in Consolidated Shares
in board lots of 10,000 Consolidated Shares
(in form of the existing share certificate(s)) opens. 9:00 a.m. on Monday, 18 July

Original counter for trading in Consolidated Shares
in board lots of 20,000 Consolidated Shares
(in the form of the new share certificates
for Consolidated Shares) re-opens. 9:00 a.m. on Monday, 1 August

Parallel trading in Consolidated Shares in the form
of new share certificate(s) and existing
share certificate(s) commences 9:00 a.m. on Monday, 1 August

Designated broker starts to stand in the market to purchase
and sell odd lots of Consolidated Shares 9:00 a.m. on Monday, 1 August

Parallel trading in Consolidated Shares in the form
of new share certificate(s) and existing
share certificate(s) ends 4:00 p.m. on Friday, 19 August

Temporary counter for trading in Consolidated Shares
in board lots of 10,000 Consolidated Shares
(in form of the existing share certificate(s)) closes 4:00 p.m. on Friday, 19 August

Designated broker ceases to stand in the market
to purchase and sell odd lots of
Consolidated Shares 4:00 p.m. on Friday, 19 August

Last day for free exchange of existing share certificate(s)
of Shares for new share certificate(s) for
Consolidated Shares 4:30 p.m. on Tuesday, 23 August

All time stated in this announcement refer to Hong Kong time. Dates stated in this announcement for the events in the timetable are indicative and for reference only and may be extended or varied. Any changes to the information hereinabove in the expected timetable for the Share Consolidation will be announced by the Company wherever appropriate.

CIRCULAR

A circular containing, among other things, details of the proposed Share Consolidation, together with the notice of the EGM, will be despatched to Shareholders as soon as practicable.

CHANGE OF LONG STOP DATE OF THE PLACING AGREEMENT

Reference is made to the Company's announcement dated 10 June 2011 regarding the Placing.

On 15 June 2011, a supplemental agreement to the Placing Agreement was entered into by the Company and the Placing Agent pursuant to which the parties agreed to change the long stop date for the fulfillment of the conditions precedent of the Placing Agreement from 30 September 2011 to 30 June 2011.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“Articles of Association”	the articles of association of the Company as amended, modified or otherwise supplemented from time to time
“Board”	board of Directors
“Company”	M Dream Inworld Limited, a company incorporated under the laws of the Cayman Islands, the issued Shares of which are listed on the GEM of the Stock Exchange
“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$0.10 each in the issued and unissued share capital of the Company immediately after the completion of the Share Consolidation
“Directors”	directors of the Company
“EGM”	extraordinary general meeting of the Company to be held at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on 4:30 p.m., Friday, 15 July 2011 to approve, amongst other, the Share Consolidation
“GEM”	Growth Enterprise Market
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Placing”	the placing of a maximum of 400,000,000 new Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	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)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 10 June 2011 in relation to the Placing
“Share(s)”	ordinary share(s) of HK\$0.05 each in issued share capital of the Company

“Share Consolidation”	the proposed consolidation of every two (2) existing Shares into one (1) Consolidated Share
“Share Option Scheme”	the share option scheme adopted by the Company on 24 December 2007
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
Chairman

Hong Kong, 15 June 2011

As at the date of this announcement, the Board consists of Mr. Chi Chi Hung, Kenneth and Mr. Takashi Togo being the Executive Directors, and 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.