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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 NOTES

The Board is pleased to announce that the Noteholder has given notice to the Company on 19 March 2013 to request the conversion of the Convertible Notes in the amount of HK\$20 million at the conversion price of HK\$0.1 per Conversion Share.

Reference is made to the announcement of M Dream Inworld Limited (the “Company”) dated 28 September 2012 (the “Announcement”) in relation to, inter alia, the issuance of the Convertible Notes in an aggregate principal amount of HK\$20,000,000. Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement unless otherwise defined.

CONVERSION OF CONVERTIBLE NOTES

On 19 March 2013 (after trading hours), the Company received a notice from Wise Action Limited (the “Noteholder”), which is an indirect wholly-owned subsidiary of Modern Education Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange, requesting for the conversion of the Convertible Notes in the principal amount of HK\$20,000,000. Terms of the Convertible Notes have been disclosed in the Announcement. The Company is expected to allot and issue a total of 200,000,000 Conversion Shares to the Noteholder at the Conversion Price of HK\$0.10 per Conversion Share on 25 March 2013. The 200,000,000 Conversion Shares to be issued represent approximately 13.80% of the existing issued share capital of the Company as enlarged by the allotment and issuance of the 200,000,000 Conversion Shares. On the assumption that there are no other change in the shareholding structure of the Company before the allotment and issuance of the Conversion Shares, the issued share capital of the Company will be increased to 1,448,894,324 Shares upon the allotment and issuance of the 200,000,000 Conversion Shares.

* *for identification purposes only*

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

On the assumption that there are no other change in the shareholding structure of the Company before the allotment and issuance of the Conversion Shares, the shareholding structure of the Company immediately before and after the issuance and allotment of the 200,000,000 Conversion Shares is set out as follows:

Name of Shareholders	Immediately before the issuance and allotment of the 200,000,000 Conversion Shares		Immediately after the issuance and allotment of the 200,000,000 Conversion Shares	
	Number of Shares	%	Number of Shares	%
The Noteholder	1,260,000 (Note 1)	0.10	201,260,000 (Note 2)	13.89
Other public Shareholders	<u>1,247,634,324</u>	<u>99.90</u>	<u>1,247,634,324</u>	<u>86.11</u>
Total	<u>1,248,894,324</u>	<u>100.00</u>	<u>1,448,894,324</u>	<u>100.00</u>

Notes:

1. The Noteholder holds a total of 1,260,000 Shares immediately before the conversion of the Convertible Notes in the principal amount of HK\$20 million.
2. This represents the aggregate of 1,260,000 Shares held by the Noteholder immediately before the conversion of the Convertible Notes and the 200,000,000 Conversion Shares to be issued and allotted to the Noteholder upon conversion of the Convertible Notes.

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

Hong Kong, 19 March 2013

As at the date of this announcement, the Board consists of Mr. Chi Chi Hung, Kenneth and Mr. Ng Kay Kwok being the Executive Directors, and 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.