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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

On 26 August 2013, the Company received notice from the Converting Noteholder requesting for the conversion of the Convertible Notes in the principal amount of HK\$60,000,000 at the Conversion Price of HK\$0.108 per Conversion Share.

Reference is made to the circular of M Dream Inworld Limited (“**Company**”) dated 23 February 2013 (“**Circular**”) in relation to, among other matters, the very substantial acquisition relating to the acquisition of 50.5% of the issued share capital of Apperience Corporation by the Company. Capitalised terms used herein shall have the same meanings as defined in the Circular.

CONVERSION OF CONVERTIBLE NOTES

On 26 August 2013, the Company received notice from Wise Action Limited (the “**Converting Noteholder**”) requesting for the conversion of the Convertible Notes in the principal amount of HK\$60,000,000 at the Conversion Price of HK\$0.108 per Conversion Share. Upon such conversion of the Convertible Notes, 555,555,555 Conversion Shares will be allotted and issued by the Company to the Converting Noteholder.

Terms of the Convertible Notes have been disclosed in the Circular. The Company is expected to allot and issue a total of 555,555,555 Conversion Shares to the Converting Noteholder at the Conversion Price of HK\$0.108 per Conversion Share on or around 28 August 2013. The 555,555,555 Conversion Shares to be issued represent approximately 21.39% of the issued share capital of the Company as enlarged by the allotment and issuance of the 555,555,555 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 555,555,555 Conversion Shares, the issued share capital of the Company will be increased to 2,597,042,470 Shares upon the allotment and issuance of the 555,555,555 Conversion Shares.

* *For identification purposes only*

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

On the assumption that there are no other changes in the shareholding structure of the Company before the allotment and issuance of the 555,555,555 Conversion Shares, the shareholding structure of the Company immediately before and after the issuance and allotment of the 555,555,555 Conversion Shares is set out as follows:

Name of Shareholders	Immediately before the issuance and allotment of the 555,555,555 Conversion Shares		Immediately after the issuance and allotment of the 555,555,555 Conversion Shares	
	Number of Shares	%	Number of Shares	%
The Converting Noteholder	201,260,000	9.86	756,815,555	29.14
Access Magic	203,703,703	9.98	203,703,703	7.85
Ace Source	296,296,296	14.51	296,296,296	11.41
Well Peace	46,296,296	2.27	46,296,296	1.78
Wealthy Hope	46,296,296	2.27	46,296,296	1.78
Other public Shareholders	<u>1,247,634,324</u>	<u>61.11</u>	<u>1,247,634,324</u>	<u>48.04</u>
Total	<u>2,041,486,915</u>	<u>100.00</u>	<u>2,597,042,470</u>	<u>100.00</u>

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

Hong Kong, 26 August 2013

As at the date of this announcement, the Board consists of Mr. Chi Chi Hung, Kenneth and Mr. Xue Qiushi 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 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 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.