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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)

**PLACING OF SHARES BY SHAREHOLDERS
AND
INTENDED CONVERSION OF CONVERTIBLE NOTES**

This announcement is made by the Company pursuant to Rule 17.10(2) of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules).

The Company was informed, after trading hours on 9 December 2013, by the Relevant Shareholders that each of them had entered into a placing agreement on 9 December 2013 with the Placing Agent for the placing, on a best effort basis, of Shares owned by the Relevant Shareholders, in an aggregate maximum number of 919,540,000, at a price not lower than HK\$0.075 per Share.

As informed by the Relevant Shareholders, the Placing is unconditional and the period for the Placing is from the date of the Placing Agreement to 20 December 2013 (both days inclusive).

The Company was also informed by the Relevant Shareholders that after the completion of the Placing, subject to compliance with applicable laws, rules and requirements, the Relevant Shareholders intend to request for conversion of convertible notes held by them in the aggregate principal amount of HK\$125,691,860.375 which are convertible into up to 1,163,813,520 Shares representing approximately 27.20% of the issued share capital of the Company as enlarged by the issue of such conversion Shares.

This announcement is made by M Dream Inworld Limited (“**Company**”) pursuant to Rule 17.10(2) of the Rules Governing the Listing of Securities (“**GEM Listing Rules**”) on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the Inside Information Provisions (as defined in the GEM Listing Rules).

* *For identification purposes only*

The Company was informed, after trading hours on 9 December 2013, by four shareholders of the Company (“**Shareholders**”), namely Access Magic Limited (“**Access Magic**”), Ace Source International Limited (“**Ace Source**”), Well Peace Global Limited (“**Well Peace**”) and Wealthy Hope Limited (“**Wealthy Hope**”, together with Access Magic, Ace Source and Well Peace referred to as the “**Relevant Shareholders**”), that each of the Relevant Shareholders had entered into a placing agreement (“**Placing Agreement**”) on 9 December 2013 with Fordjoy Securities and Futures Limited, an independent placing agent (“**Placing Agent**”), for the placing (“**Placing**”), on a best effort basis, of ordinary shares of HK\$0.10 each in the share capital of the Company (“**Shares**”, each a “**Share**”) owned by the Relevant Shareholders, in an aggregate maximum number of 919,540,000, at a price not lower than HK\$0.075 per Share in the proportion set out below:

Name of Relevant Shareholders	Maximum number of Shares to be placed
Access Magic	197,360,000
Ace Source (<i>Note</i>)	574,060,000
Well Peace	74,060,000
Wealthy Hope	<u>74,060,000</u>
Total	<u>919,540,000</u>

Note: Ace Source is wholly and beneficially owned by Mr. Xue Qiushi who is an executive director and chief executive officer of the Company.

As informed by the Relevant Shareholders, the Placing is unconditional and the period for the Placing is from the date of the Placing Agreement to 20 December 2013 (both days inclusive).

INTENDED CONVERSION OF CONVERTIBLE NOTES

The Company was also informed by the Relevant Shareholders that after the completion of the Placing, subject to compliance with applicable laws, rules and requirements, the Relevant Shareholders intend to request for conversion (“**Intended Conversion**”) of convertible notes held by them in the aggregate principal amount of HK\$125,691,860.375 which are convertible into up to 1,163,813,520 Shares representing approximately 27.20% of the issued share capital of the Company as enlarged by the issue of such conversion Shares. Further announcement will be made by the Company if and when the Company receives any notices of conversion from any holder of the convertible notes of the Company.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Placing; and (iii) immediately after the issuance and allotment of 1,163,813,520 Shares pursuant to the Intended Conversion (assuming the 919,540,000 Shares are placed in full under the Placing, all the Relevant Shareholders request for the Intended Conversion and that there are no other changes in the issued share capital of the Company other than the Placing and the Intended Conversion prior to the issuance and allotment 1,163,813,520 Shares pursuant to the Intended Conversion):

Name of Shareholders	(i) As at the date of this announcement		(ii) Immediately after the completion of the Placing		(iii) Immediately after the issuance and allotment of 1,163,813,520 Shares pursuant to the Intended Conversion	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
	Access Magic	203,703,703	6.53	6,343,703	0.20	519,116,908
Ace Source (<i>Note</i>)	574,074,073	18.43	14,073	negligible	440,982,236	10.30
Well Peace	74,074,073	2.38	14,073	negligible	105,050,149	2.46
Wealthy Hope	74,074,073	2.38	14,073	negligible	105,050,149	2.46
Wise Action Limited	756,815,555	24.29	756,815,555	24.29	756,815,555	17.68
Placees	—	—	919,540,000	29.52	919,540,000	21.49
Other public Shareholders	<u>1,432,819,507</u>	<u>45.99</u>	<u>1,432,819,507</u>	<u>45.99</u>	<u>1,432,819,507</u>	<u>33.48</u>
Total	<u>3,115,560,984</u>	<u>100.00</u>	<u>3,115,560,984</u>	<u>100.00</u>	<u>4,279,374,504</u>	<u>100.0</u>

Note: Ace Source is wholly and beneficially owned by Mr. Xue Qiushi who is an executive director and chief executive officer of the Company.

On behalf of the Board
M Dream Inworld Limited
Chi Chi Hung, Kenneth
Chairman

Hong Kong, 9 December 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. Yu Pak Yan, Peter, Ms. Chan Hoi Ling and Mr. Lam Kit Sun 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 at <http://www.mdreaminworld.com.hk>.