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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 23 December 2013, the Company received notices from the Converting Noteholders requesting for the conversion of the Convertible Notes in the aggregate principal amount of HK\$69,794,615 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.

* *For identification purposes only*

CONVERSION OF CONVERTIBLE NOTES

On 23 December 2013, the Company received notices from three investors (for identification purposes, “Investor A”, “Investor B” and “Investor C”) and Wise Action Limited (“Wise Action”, together with Investor A, Investor B and Investor C referred to as the “Converting Noteholders”) requesting for the conversion of the Convertible Notes in the aggregate principal amount of HK\$69,794,615 at the Conversion Price of HK\$0.108 per Conversion Share in the following manner:

| Names of the Converting Noteholders | Principal amount of the Convertible Notes to be converted | Number of Conversion Shares to be allotted and issued at the Conversion Price of HK\$0.108 per Conversion Share |
|--|---|--|
| Investor A | HK\$23,000,000 | 212,962,962 |
| Investor B | HK\$23,000,000 | 212,962,962 |
| Investor C | HK\$11,000,000 | 101,851,851 |
| Investor C | HK\$5,000,000 | 46,296,296 |
| Wise Action | HK\$324,786.6 | 3,007,283 |
| Wise Action | HK\$7,469,828.4 | 69,165,077 |
| Total | HK\$69,794,615 | 646,246,431 |

Terms of the Convertible Notes have been disclosed in the Circular. The Company is expected to allot and issue a total of 646,246,431 Conversion Shares to the Converting Noteholders on or around 30 December 2013. The 646,246,431 Conversion Shares to be issued represent approximately 13.12% of the issued share capital of the Company as enlarged by the allotment and issuance of the 646,246,431 Conversion Shares.

On the assumption that there are no other changes in the shareholding structure of the Company before the allotment and issuance of the 646,246,431 Conversion Shares, the issued share capital of the Company will be increased to 4,925,620,935 Shares upon the allotment and issuance of the 646,246,431 Conversion Shares.

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 646,246,431 Conversion Shares, the shareholding structure of the Company immediately before and after the issuance and allotment of the 646,246,431 Conversion Shares is set out as follows:

| Names of Shareholders | Immediately before the allotment and issuance of 646,246,431 Conversion Shares | | Immediately after the allotment and issuance of 646,246,431 Conversion Shares | |
|----------------------------|---|------------------|--|------------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Investor A | — | — | 212,962,962 | 4.32 |
| Investor B | — | — | 212,962,962 | 4.32 |
| Investor C | — | — | 148,148,147 | 3.01 |
| Wise Action | 756,815,555 | 17.68 | 828,987,915 | 16.83 |
| Access Magic | 519,116,908 | 12.13 | 519,116,908 | 10.54 |
| Ace Source (<i>Note</i>) | 440,982,236 | 10.30 | 440,982,236 | 8.96 |
| Well Peace | 105,050,149 | 2.46 | 105,050,149 | 2.13 |
| Wealthy Hope | 105,050,149 | 2.46 | 105,050,149 | 2.13 |
| Other public Shareholders | <u>2,352,359,507</u> | <u>54.97</u> | <u>2,352,359,507</u> | <u>47.76</u> |
| Total | <u>4,279,374,504</u> | <u>100.00</u> | <u>4,925,620,935</u> | <u>100.00</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, 23 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>.