

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims 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)

(formerly known as Inworld Group Limited)

(Stock Code: 8100)

COMPLETION OF THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF M DREAM MOBILE ENTERTAINMENT LIMITED, INCREASE OF AUTHORISED SHARE CAPITAL, APPOINTMENT OF DIRECTORS AND CHANGE OF COMPANY NAME

Reference is made to the conditional sale and purchase agreement dated 17 March 2004 and entered into between Inworld International and M Dream China, details of which were referred to in the announcement of the Inworld Group Limited (the “Company”) dated 17 March 2004, and the circular of the Company dated 20 April 2004.

The Directors announce that completion of the MEL Agreement has taken place on 20 May 2004.

The Directors also announce that following the passing of resolution by Shareholders at the EGM on 17 May 2004, the authorised share capital of the Company was increased from HK\$15,000,000 to HK\$30,000,000 by the creation of a further 1,500,000,000 shares of HK\$0.01 each.

The Directors further announce that effective from 20 May 2004, Mr. Xu Hanjie and Mr. Wong Kean Li have been appointed as an executive director and a non-executive director of the Company respectively.

In addition, the Directors announce that, following the passing of resolution by Shareholders at the EGM to change the name of the Company on 17 May 2004, with effect from 20 May 2004, the name of the Company was changed from “Inworld Group Limited” to “M Dream Inworld Limited” and the Chinese name of “聯夢活力世界有限公司” was adopted for identification purposes.

Reference is made to the conditional sale and purchase agreement dated 17 March, 2004 (the “MEL Agreement”), and entered into between Inworld International and M Dream China for the acquisition of the entire issued share capital of M Dream MEL, details of which were referred to in the announcement of the Company dated 17 March 2004 and in the circular of the Company dated 20 April 2004 (the “Circular”). Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Circular.

Completion of Acquisition

The Directors are pleased to announce that Completion has taken place on 20 May 2004, following all conditions precedent under the MEL Agreement being fulfilled including, but not limited to, (a) the passing of resolutions by the board of Directors and the board of directors of M Dream China approving the MEL Agreement and its implementation; (b) the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares; (c) the passing of resolutions by the Shareholders at the EGM to approve the entering into of the MEL Agreement, Completion and implementation of the MEL Agreement, the increase of the authorised share capital of the Company to HK\$30,000,000, the allotment and issue of the Consideration Shares to M Dream China; (d) the obtaining of legal opinions issued by a firm of PRC lawyers confirming, among other things, that (i) M Dream Zone has been duly incorporated and in good standing and (ii) the business agreements entered into by M Dream Zone prior to Completion constitute binding obligations of M Dream Zone and are valid and legally enforceable by it; (e) all necessary consents being granted by third parties; and (f) the results of a due diligence investigation on M Dream MEL to the reasonable satisfaction of the Company.

Increase of Issued Share Capital

The Directors also announce that following the passing of resolution by Shareholders at the EGM on 17 May 2004, the authorised share capital of the Company was increased from HK\$15,000,000 to HK\$30,000,000 by the creation of a further 1,500,000,000 shares of HK\$0.01 each.

Appointment of Directors

The Directors further announce that effective from 20 May 2004, Mr. Xu Hanjie and Mr. Wong Kean Li have been appointed as an executive director and a non-executive director of the Company respectively pursuant to the MEL Agreement.

Mr. Xu Hanjie, age 37, is the Chief Executive Officer of M Dream Co. As the main co-founder of M Dream Co., he was responsible for developing the company's mobile entertainment business. He was previously the Chief Executive Officer of Zhejiang University Maikang Computer Limited, a computer company in the PRC and possesses 12 years of experience in the information technology and telecommunications industries in the PRC. Mr. Xu holds a Master of Business Administration from Zhejiang University, the PRC. He is a director of M Dream China and also the general manager of M Dream Zone. Mr. Xu does not have a fixed term of appointment with the Company and will receive a monthly emolument of HK\$50,000 which is determined by arm's length negotiation between the parties with reference to the market rate as an executive director of the Company. Mr. Xu is interested in 16.27% of Vasina Limited, which is interested in 50.44% of M Dream China. M Dream China will be interested in 298,000,000 Shares (approximately 17.63% of the enlarged issued share capital of the Company) upon Completion. Save as disclosed above, Mr. Xu does not have any relationship with any Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. The Directors confirmed that there are no other matters that need to be brought to the attention of Shareholders.

Mr. Wong Kean Li, age 33, is the President and Executive Director of Softbank Investment International (Strategic) Limited., a company incorporated in Hong Kong and the shares of which are listed on the main board of the Stock Exchange. He was formerly the Vice President and Senior Counsel for Business Development of hongkong.com Corporation and chinadotcom Corporation respectively, as well as an associate lawyer with international law firm Clifford Chance specialising in China law and corporate and Internet/technology matters. Mr. Wong has been an executive director of Softbank Investment International (Strategic) Limited since September 2002 and a director of PhilWeb Corporation since June 2001, a company incorporated in the Philippines and the shares of which are listed on the Philippine Stock Exchange, Inc. Mr. Wong also holds an MA in Law from Cambridge

University, England. He is a director of M Dream China and M Dream Zone. Mr. Wong does not have a fixed term of appointment with the Company and will receive a monthly emolument of HK\$25,000 which is determined by arm's length negotiation between the parties with reference to the market rate as a non-executive director of the Company. Mr. Wong does not have any interests in the Company. Mr. Wong does not have any relationship with any Directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company. The Directors confirmed that there are no other matters that need to be brought to the attention of Shareholders.

Change of Company Name

In addition, the Directors announce that, following the passing of resolution by Shareholders at the EGM to change the name of the Company on 17 May 2004, with effect from 20 May 2004, the name of the Company was changed from "Inworld Group Limited" to "M Dream Inworld Limited" and the Chinese name of "聯夢活力世界有限公司" was adopted for identification purposes. The change of name has obtained the approval of the Registrar of Companies in the Cayman Islands. The Company will carry out necessary filing procedures with the Registrars of Companies in the Caymans Islands and Hong Kong to obtain new certificates of incorporation under its new name.

Further announcement on arrangements for trading in the securities of the Company on the Stock Exchange under new stock short name will be made.

The change of Company name did not affect any of the rights of Shareholders. Share certificates will be issued under the new name of "M Dream Inworld Limited" from 24 May 2004. However, all existing Share certificates in issue bearing the former name of the Company shall continue to be legal and valid evidence of title to the Shares held in the Company and shall continue to be valid for trading, settlement and registration purposes.

Holders of existing Share certificates may exchange for new share certificates free of charge within the period from 24 May, 2004 to 4 June, 2004 (both dates inclusive) for each Share certificate issued or cancelled by delivering the existing Share certificates to the Company's Hong Kong branch share registrar, Tengis Limited at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, between 9:00 a.m. and 4:00 p.m. (except Saturdays, Sundays and public holidays). Any exchange of certificates for new share certificates after the aforesaid period will be effected only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate issued or cancelled.

By Order of the board of Directors
M Dream Inworld Limited
Koh Tat Lee, Michael
Chairman

Hong Kong, 21 May 2004

As at the date hereof, the executive directors of the Company are Mr. Koh Tat Lee, Michael, Mr. Wong Shui Fun and Mr. Xu Hanjie; the non-executive directors of the Company are Mr. Ng Yat Cheung and Mr. Wong Kean Li; the independent non-executive directors of the Company are Mr. Leung Chun Cheung and Mr. Cheong Mun Hong.

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 (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

** For identification purpose only*