



## **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)

### **ANNOUNCEMENT**

The Board of the Company announces that MDO and Nako Interactive Co., Limited of Korea had entered into a licensing agreement on 5 October 2004 for the massively multi-user online role playing game “Last Chaos” for the amount of US\$3 million.

The board of directors (the “Board”) of M Dream Inworld Limited (the “Company”) announces that M Dream Online Limited (“MDO”), a wholly-owned subsidiary of the Company, and Nako Interactive Co., Limited of Korea had entered into a licensing agreement on 5 October 2004 for the massively multi-user online role playing game “Last Chaos” for the amount of US\$3 million. The licensing fee will be settled by cash installments.

The Board considers that the licensing of “Last Chaos” is an ordinary and usual course of business of the Group in online gaming operations. The online gaming operation of the Group started in May 2004. The principal business of MDO is the trading of game licenses. As disclosed in the interim report of the Company for the six months ended 30 June 2004, the Group sub-licensed game license for an amount of US\$1.25 million and accounted for 80.4% of the consolidated turnover for the period.

Taking into consideration each of Notes 4(a) to (d) to Rule 19.04(g) of the GEM Listing Rules, the Board considered that the licensing of “Last Chaos” was a transaction of revenue in nature because:

- (a) previous transactions of game licensing have been recorded into the books of MDO as operating inventory and ordinary turnover in accordance with its principal business activity of trading of game licenses. None of the transactions have been treated as notifiable transactions;
- (b) the historical accounting treatment of previous transactions of the same nature have been recorded in the same way by MDO and disclosed as ordinary

turnover in the interim report of the Group. The Board confirms that it is the sole intention for MDO to sell “Last Chaos”;

- (c) in accordance with the generally acceptable accounting standards, since the principal business of MDO is trading of game licenses, it is considered proper for MDO to record games licenses obtained as part of its inventory and consider them revenue in nature. Upon consolidation, the Group will incorporate the accounting treatment of MDO and consider game licenses as part of the inventory of the Group; and
- (d) since MDO is incorporated in The British Virgin Islands, it is normally not subject to tax filing requirements.

As at the time of this submission, the Board is not aware of any matter discloseable under Chapter 19 and 20 of the GEM Listing Rules, neither is the Board aware of any other matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of price sensitive nature.

Made by the order of the Board, the directors of which collectively and individually accept responsibility for the accuracy of this announcement.

By Order of the Board  
**M Dream Inworld Limited**  
**Koh Tat Lee, Michael**  
*Chairman*

Hong Kong, 8 October 2004

*\* For identification purpose only*

*As at the date hereof, the executive directors of the Company are Mr. Koh Tat Lee, Michael, Mr. Xu Hanjie and Mr. Wong Shui Fun; the non-executive directors of the Company are Mr. Wong Kean Li and Mr. Ng Yat Cheung; the independent non-executive directors of the Company are Mr. Domingo Chen and Mr. Robert Wong.*

*This announcement, for which the directors of the Company 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: - (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) 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 “Latest Company Announcement” page of the GEM website for at least 7 days from the date of its publication.*