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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)

CLARIFICATION ANNOUNCEMENT

MAJOR TRANSACTIONS:

- (1) SUBSCRIPTION OF M DREAM CHINA SHARES**
(2) ACQUISITION OF VASINA SHARES

AND

RESUMPTION OF TRADING

CLARIFICATION

The Directors wish to clarify certain matters as reported in the Article appearing in Hong Kong Daily News on 7 February 2005 regarding the alleged reorganisation of the Company and the alleged acquisition in Global Crossing.

The Board noted the increase in the trading price of the Shares on 7 February 2005 and wishes to state that the Board is not aware of any reasons for such increase in the price except the transactions in relation to the Subscription and the Acquisition, details of which are set out in this announcement.

SUBSCRIPTION AGREEMENT

The Directors are pleased to announce that on 4 February 2005, Inworld International and M Dream China entered into the Subscription Agreement, pursuant to which Inworld International has subscribed for the M Dream China Shares at the total Subscription Price of HK\$5,000,000. The M Dream China Shares represent 25.27% of the issued share capital of M Dream China immediately prior to the Subscription and approximately 20.17% of the enlarged issued share capital of M Dream China immediately after completion of the Subscription.

* *for identification purpose only*

The Subscription Price was satisfied by way of the transfer of the entire issued share capital of M Dream MEL from Inworld International to M Dream China. Completion of the Subscription has taken place immediately after the signing of the Subscription Agreement.

ACQUISITION AGREEMENT

The Directors further announce that on 4 February 2005, the Company and the Vendors entered into the Acquisition Agreement, pursuant to which and subject to the terms and conditions thereof, the Company has acquired from the Vendors the Vasina Shares, representing 55.31% of the issued share capital of Vasina, at the Acquisition Price of US\$700,000 (equivalent to approximately HK\$5,460,000).

MAJOR TRANSACTIONS

As the accounting year end date of the Company had been changed from 30 June to 31 December (as disclosed in the announcement dated 18 November 2003 issued by the Company), the 2003 Annual Report only covered the six-month period from 1 July 2003 to 31 December 2003. In this connection and based on other reasons, the Company considers that it is inappropriate and not meaningful to adopt the figures from the 2003 Annual Report (being its latest published audited accounts) as denominators for calculating the profit and revenue ratios (under Rule 19.07(3) of the GEM Listing Rules). Having considered a number of meaningful alternative tests to the calculation of the profit and revenue ratios, the Directors are of the view that the Acquisition and the Subscription should be classified as discloseable transactions of the Company. In the circumstances, pursuant to Rule 19.20 of the GEM Listing Rules, the Company has submitted various alternative tests which the Directors consider meaningful and the results of these alternative tests indicate that the Acquisition and the Subscription are discloseable transactions. On this basis, the Acquisition and the Subscription have been completed immediately upon signing of the Acquisition Agreement and the Subscription Agreement respectively. However, the Stock Exchange has indicated that it has reservation about this classification and that in its opinion, the Subscription and Acquisition constitute major transactions of the Company.

In light of the aforesaid, the Company will comply with all necessary requirements for a major transaction under the GEM Listing Rules, including preparation of a circular to convene an EGM to seek the approval of the Shareholders, and hence subject to the foregoing, a circular containing further information on (a) the Subscription Agreement and the Subscription; (b) the Acquisition Agreement and the Acquisition; and (c) consequences if the Acquisition and the Subscription are voted down by the Shareholders, together with the notice of the EGM will be despatched to the Shareholders as soon as practicable, and in any event within 21 days after publication of this announcement. Further announcement will be published by the Company in the event that Shareholders' approval is not obtained at the EGM.

RESUMPTION OF TRADING

Trading in the Shares was suspended at 9:30 a.m. on 8 February 2005 upon request by the Company pending release of this announcement and application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 23 February 2005.

1. CLARIFICATION

The Directors wish to clarify certain matters as reported in the Article regarding (i) the alleged share consolidation of the Company by the end of February 2005; (ii) the alleged share placement and/or rights issue exercise of the Company; and (iii) the alleged acquisition of 61.5% interest in Global Crossing from Singapore Technologies Telemedia Pte Limited, a shareholder interested in 19.48% of the issued share capital of the Company (together, the “**Alleged Transactions**”).

The Board has no knowledge of the source of the information on which the Article was based and would like to clarify that the contents in relation to the Alleged Transactions as reported in the Article were entirely inaccurate. The Board would like to further clarify that the Company has no present intention to implement any of the Alleged Transactions nor has it entered into any negotiations or agreements relating to the Alleged Transactions.

The Board noted the increase in the trading price of the Shares on 7 February 2005 and wishes to state that the Board is not aware of any reasons for such increase in the price except the transactions in relation to the Subscription and the Acquisition, details of which are set out in this announcement.

The Board confirms that save as disclosed in this announcement:

- (a) there is no further information relevant to the Article that should be brought to the attention of the Shareholders and the Stock Exchange under the requirement of Rule 17.11 of the GEM Listing Rules; and
- (b) there are no negotiations or agreements relating to the intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules which is or may be of a price-sensitive nature.

Shareholders of the Company and public investors are advised to exercise caution when dealing in the Shares.

2. MAJOR TRANSACTIONS

THE SUBSCRIPTION AGREEMENT

Date

4 February 2005

Parties

Subscriber: Inworld International

Issuer: M Dream China

M Dream China Shares

Subject to the terms and conditions of the Subscription Agreement, Inworld International has subscribed for the M Dream China Shares. The M Dream China Shares represent 25.27% of the issued share capital of M Dream China immediately prior to the Subscription and approximately 20.17% of the enlarged issued share capital of M Dream China immediately after completion of the Subscription.

Completion

Completion of the Subscription has taken place immediately after the signing of the Subscription Agreement.

Subscription Price

The Subscription Price paid by Inworld International to M Dream China for the M Dream China Shares is HK\$5,000,000, which was satisfied by way of the transfer of 200 shares of US\$1.00 each in the capital of M Dream MEL (being its entire issued share capital) from Inworld International to M Dream China. Upon completion of the Subscription, M Dream MEL ceased to be a subsidiary of the Company.

The Subscription Price was negotiated between the parties on an arm's length basis and represented approximately a multiple of 0.846 times of the unaudited net tangible assets value of M Dream China attributable to the M Dream China Shares as at 31 December 2004 amounting to approximately HK\$5,909,000. The Subscription Price of HK\$5,000,000 represents 3.71 times of the net asset value of M Dream MEL in the amount of HK\$1,584,000 as of 30 September 2004.

The Subscription Price was determined after lengthy discussion between M Dream China and the Company after considering the anticipated growth of the PRC mobile phone market and the future prospects of M Dream China.

M Dream MEL, through its wholly-owned subsidiary, M Dream Zone, is principally engaged in the development, distribution, provision and supply of gaming services and various downloadable applications for wireless mobile games. As M Dream MEL and M Dream China are both in the business of provision of mobile gaming and value added service to the PRC market, the Directors considered it more effective and efficient in terms of costs and administration to combine the two companies into one operation, namely merging M Dream MEL into the group of M Dream China. In this connection, the entire issued share capital of M Dream MEL equity was used to satisfy the Subscription Price in order to achieve the aforesaid overall business restructuring of the Group's mobile gaming and value added service operation.

Taking into account the nature of the business of M Dream China and M Dream MEL, the potential growth and the synergy of M Dream China's business with that of the Group and the benefits (business and otherwise) that the Subscription may bring to the Group, and in particular, the immediate short term benefit to the Company (the Subscription Price represents 3.71 times of the net asset value of M Dream MEL as of 30 September 2004) as well as the long term benefit to the Company that the Directors believe that M Dream MEL would still be contributing towards the net profit position of the Company despite that it ceases to be the Company's subsidiary after the Subscription, the Directors consider that the Subscription Price, the settlement method and the basis thereof to be fair and reasonable.

THE ACQUISITION AGREEMENT

Date

4 February 2005

Parties

Vendors: (i) Gao Zheng;
(ii) Ye Jianding;
(iii) Shen Beilun;
(iv) Yang Chongyu;
(v) Lu Wenxiong; and
(vi) Wang Zhiyong.

Purchaser: The Company

Vasina Shares

Subject to the terms and conditions of the Acquisition Agreement, the Company has acquired from the Vendors the Vasina Shares, representing approximately 55.31% of the issued share capital of Vasina. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the remaining 44.69% of the issued share capital of Vasina is held by third parties independent of the Vendors (and their respective associates) (save that the Vendors and the remaining shareholders of Vasina were co-shareholders of Vasina immediately before the completion of the Acquisition), the Company and its subsidiaries and connected persons of the Company. The table below sets out the percentage shareholding of each of the Vendors and other shareholders in Vasina immediately before the execution of the Acquisition Agreement:

Vendors	Percentage shareholding
Gao Zheng	16.27%
Ye Jianding	10.16%
Shen Beilun	10.16%
Yang Chongyu	6.24%
Lu Wenxiong	6.24%
Wang Zhiyong	6.24%
Other shareholders	44.69%
Total:	<u>100.00%</u>

Upon completion of the Acquisition, the Vendors ceased to hold any shares in Vasina.

Completion

Completion of the Acquisition has taken place immediately after the signing of the Acquisition Agreement.

Acquisition Price

The Acquisition Price payable by the Company to the Vendors for the Vasina Shares shall be US\$700,000 (equivalent to approximately HK\$5,460,000), which has been and will be satisfied in the following manner:

- (a) as to US\$250,000 (equivalent to approximately HK\$1,950,000) paid in cash immediately upon signing of the Acquisition Agreement; and
- (b) as to US\$450,000 (equivalent to approximately HK\$3,510,000) payable in cash on or before 30 April 2005.

The Acquisition Price was negotiated between the parties on an arm's length basis and was determined by reference to unaudited net tangible asset value of M Dream China, being its only asset as at the date of this announcement, as well as the anticipated growth of the PRC mobile phone market and the future prospects of M Dream China. The Acquisition Price of US\$700,000 (equivalent to approximately HK\$5,460,000) represents approximately a multiple of 0.668 times of the unaudited net tangible assets value of M Dream China as at 31 December 2004 attributable to the effective percentage held by the Vendors, which amounts to approximately HK\$8,174,000.

The percentage of the effective interests of M Dream China that the Company acquired upon completion of the Subscription and the Acquisition is approximately 42.44%.

The Company will consider appointing representative(s) to the respective boards of directors of Vasina and M Dream China as and when appropriate.

The Directors consider that the Acquisition Price and the basis thereof are fair and reasonable.

INFORMATION ON THE RELEVANT PARTIES

Inworld International

Inworld International is a limited liability company incorporated under the laws of the British Virgin Islands, being a wholly-owned subsidiary of the Company. Inworld International is an investment holding company of the Company. Through its subsidiaries, Inworld International is principally engaged in the business of mobile and online game operation and development, mobile value added service and information technology service. The mobile and online game operation and development include the provision of games over the mobile networks, operation of online games, including massively multi-user online role play games (“MMORPG”), casual games and other role play games.

M Dream China

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, M Dream China and its ultimate beneficial owners are, at the time of signing the Subscription Agreement, third parties independent of the Company and connected persons of the Company within the meaning of the GEM Listing Rules.

The consolidated unaudited value of the net tangible assets of M Dream China was approximately HK\$29,296,000 as of 31 December 2004. For the year ended 31 December 2004, the unaudited (i) gross profits, (ii) net profits before tax; and (iii) net profits after tax and extraordinary items of M Dream China were approximately HK\$3,167,000, HK\$398,000 and HK\$398,000 respectively.

M Dream China is an exempted company incorporated in the Cayman Islands in December 2003 for the purpose of investing in the wireless mobile games and entertainment industry. Prior to completion of the Subscription, its principal asset is 100% equity interests in M Dream Co. M Dream China is also beneficially interested in 45% of the issued share capital of Equity Global Enterprises Limited, an investment holding company incorporated in the British Virgin Islands engaging in, among others, the provision and development of mobile games. Other shareholders of Equity Global Enterprises Limited are Wang Sheng (22%), Tang Jianbo (17%) and Xu Lu (17%) who are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, third parties independent of the Company and its subsidiaries and connected person(s) of the Company.

M Dream Co is a wholly foreign-owned enterprise established in the PRC in December 2003. It is principally engaged in high level gaming software research and development, including research and development on network topology such as max min flow control and super Nth dimension hypercube, to improve accessibility and controllability to multiple users under simultaneous multi-user game environment on the mobile platform.

M Dream MEL

Immediately prior to the completion of the Subscription, M Dream MEL was a wholly-owned subsidiary of Inworld International. M Dream MEL is an investment holding company incorporated in February 2004 and its only asset is the 100% equity interests in M Dream Zone.

M Dream Zone is a wholly foreign-owned enterprise established in the PRC which is principally engaged in the development, distribution, provision and supply of gaming services and various downloadable applications for wireless mobile games.

The consolidated unaudited value of the net tangible assets of M Dream MEL was approximately HK\$1,348,000 as of 30 September 2004. For the nine months ended 30 September 2004, the unaudited (i) gross profits, (ii) net profits before tax; and (iii) net profits after tax and extraordinary items of M Dream MEL were approximately HK\$1,584,000, HK\$411,000 and HK\$411,000 respectively.

The Vendors

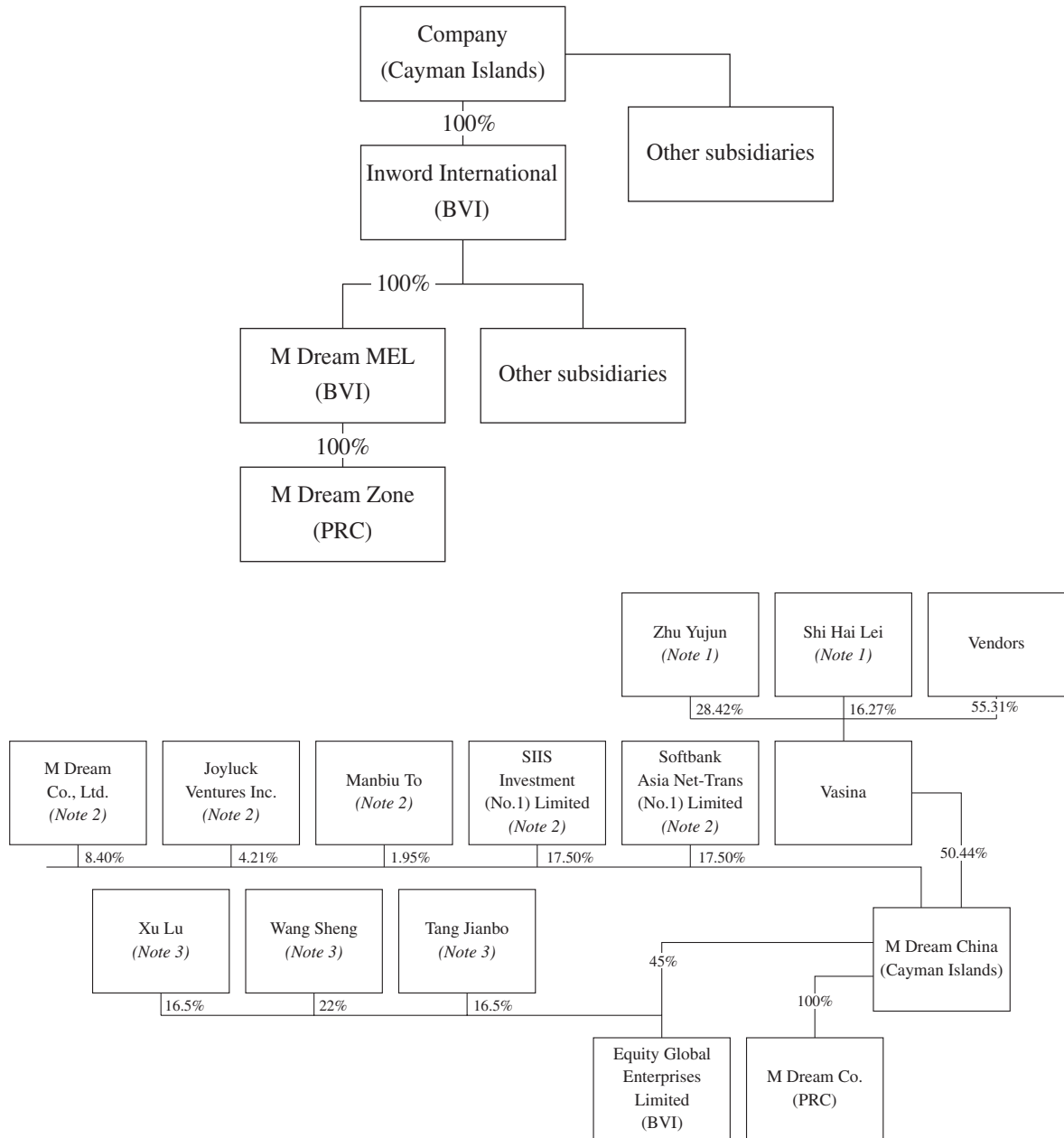
To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors are, at the time of signing the Acquisition Agreement, third parties independent of the Company and connected persons of the Company within the meaning of the GEM Listing Rules.

The Vendors collectively owned a total of 55.31% of the issued share capital of Vasina immediately before the signing of the Acquisition Agreement. The remaining issued share capital of Vasina is owned by independent third parties who are not a connected person of the Company within the meaning of the GEM Listing Rules as at the date of the Acquisition Agreement.

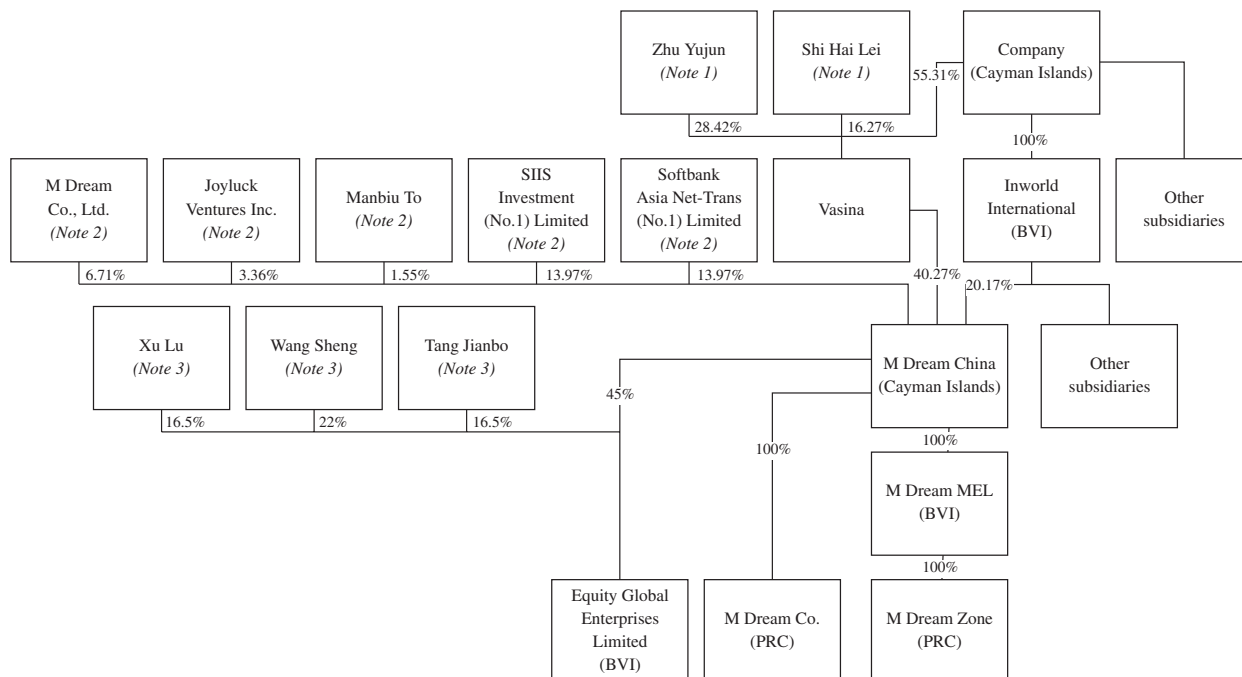
Vasina

Vasina is a company incorporated in the British Virgin Islands. Vasina owns approximately 50.44% of the issued share capital of M Dream China. So far as the Directors are aware, Vasina is an investment holding company which does not carry on any business other than its investment in M Dream China.

The following diagram illustrates the structure of the Group and M Dream China immediately prior to the Subscription and the Acquisition:



The following diagram illustrates the structure of the Company and M Dream China immediately after completion of the Subscription and the Acquisition:



Notes:

1. Zhu Yujin and Shi Hai Lei are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, immediately prior to the completion of the Acquisition, third parties independent of the Vendors (and their respective associates) (save that Zhu Yujin, Shi Hai Lei and the Vendors were co-shareholders of Vasina immediately before the completion of the Acquisition), the Company and its subsidiaries and connected persons of the Company.
2. They, together with their respective ultimate beneficial owners, are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, immediately prior to the completion of the Subscription, third parties independent of the Company and its subsidiaries and connected person(s) of the Company.
3. Wang Sheng, Tang Jianbo and Xu Lu are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, immediately prior to the completion of the Subscription, third parties independent of the Company and its subsidiaries and connected person(s) of the Company.

INFORMATION ON THE GROUP AND REASONS FOR THE SUBSCRIPTION AND THE ACQUISITION

The Company is an investment holding company. Through its subsidiaries, the Group is principally engaged in the business of mobile and online game operation and development, mobile value added service and information technology service. The mobile and online game operation and development include the provision of games over the mobile networks, operation of online games, including MMORPG, casual games and other role play games. The information technology service of the Group includes but not limited to information technology consultation and information technology infrastructure services. By providing such services, the Group is engaged in, among other things, hardware and software design and installation, computer system integration, system programming, server collocation, server building, computer system building and computer network building.

Since the opening of the k-Java mobile gaming market in the PRC by mobile market operators in or about July 2004, M Dream Co has been supplying k-Java mobile games developed by it to mobile network operators in China for revenue. K-Java mobile games are usually one time downloadable games for mobile phones. These games are usually played on a standalone basis by individual users after downloading.

The Board sees the great potential of the k-Java mobile gaming market in the PRC and believes that it is in the best interests of the Company and the Shareholders as a whole to invest into this particular industry in the PRC. Through M Dream Co's research in network topology, it has achieved a very high standard in its development of k-Java mobile games. The expertise developed by M Dream Co will propel the Company's technology in the China game market arena and greatly assist the Company's further expansion in the mobile and online gaming industry and other parts of the world, in particular, the Southeast Asia market, which the Company has established a strong presence after its acquisition of Elipva Limited in October 2004.

As M Dream Co is a wholly-owned subsidiary of M Dream China, the Company (a) subscribed for approximately 20.17% of the equity interests in M Dream China; and (b) acquired approximately 55.31% equity interests of Vasina which in turn holds approximately 50.44% equity interests in M Dream China due to the following reasons:

1. the Subscription and the Acquisition will allow the Company to expand its business in the k-Java mobile gaming industry to the PRC through M Dream Co;
2. several k-Java mobile games offered by M Dream Co, such as King of Fighters, Metalslugs, are ranked among Top 5 k-Java Games in the PRC; and
3. the Company will increase its research and development capacity by acquiring the expertise in gaming industry of M Dream Co.

In addition, the disposal of M Dream MEL would result in (i) an immediate short term benefit to the Company (the Subscription Price represents 3.71 times of the net asset value of M Dream MEL as of 30 September 2004) as well as (ii) a long term benefit to the Company that the Directors believe that M Dream MEL would still be contributing towards the net profit position of the Company despite that it ceases to be the Company's subsidiary after the Subscription.

Immediately after completion of the Subscription and the Acquisition, M Dream MEL ceased to be a subsidiary of the Company, whilst the Company still remains to be the single largest shareholder of M Dream MEL through its interest in M Dream China.

Having regard to the above factors, the Directors consider that the terms and conditions of the Subscription Agreement and the Acquisition Agreement are fair and reasonable and that the Subscription and the Acquisition are on normal commercial terms and are in the interest of the Group and the Shareholders as a whole.

GENERAL

As the accounting year end date of the Company had been changed from 30 June to 31 December (as disclosed in the announcement dated 18 November 2003 issued by the Company), the 2003 Annual Report only covered the six-month period from 1 July 2003 to 31 December 2003. In this connection and based on other reasons, the Company considers that it is inappropriate and not meaningful to adopt the figures from the 2003 Annual Report (being its latest published audited accounts) as denominators for calculating the profit and revenue ratios (under Rule 19.07(3) of the GEM Listing Rules). Having considered a number of meaningful alternative tests to the calculation of the profit and revenue ratios, the Directors are of the view that the Acquisition and the Subscription should be classified as discloseable transactions of the Company. In the circumstances, pursuant to Rule 19.20 of the GEM Listing Rules, the Company has submitted various alternative tests which the Directors consider meaningful and the results of these alternative tests indicate that the Acquisition and the Subscription are discloseable transactions. On this basis, the Acquisition and the Subscription have been completed immediately upon signing of the Acquisition Agreement and the Subscription Agreement respectively. However, the Stock Exchange has indicated that it has reservation about this classification and that in its opinion, the Subscription and Acquisition constitute major transactions of the Company.

In light of the aforesaid, the Company will comply with all necessary requirements for a major transaction under the GEM Listing Rules, including preparation of a circular to convene an EGM to seek the approval of the Shareholders, and hence subject to the foregoing, a circular containing further information on (a) the Subscription Agreement and the Subscription; (b) the Acquisition Agreement and the Acquisition; and (c) consequences if the Acquisition and the Subscription are

voted down by the Shareholders, together with the notice of the EGM will be despatched to the Shareholders for their information as soon as practicable, and in any event within 21 days after publication of this announcement. Further announcement will be published by the Company in the event that Shareholders' approval is not obtained at the EGM.

3. RESUMPTION OF TRADING

Trading in the Shares was suspended at 9:30 a.m. on 8 February 2005 upon request by the Company pending release of this announcement and application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 23 February 2005.

4. DEFINITIONS

In this announcement, the following expressions have the meanings as set out below unless the context requires otherwise:

“2003 Annual Report”	the annual report of the Company for the six months ended 31 December 2003
“%”	per cent
“Acquisition”	the acquisition of approximately 55.31% equity interests in Vasina by the Company from the Vendors pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 4 February 2005 and entered into between the Company and the Vendors in relation to the Acquisition
“Acquisition Price”	US\$700,000, being the acquisition price of the Vasina Shares payable by the Company to the Vendors pursuant to the Acquisition Agreement
“Article”	the article appearing in Hong Kong Daily News on 7 February 2005 regarding the Alleged Transactions
“Board”	the board of Directors
“Company”	M Dream Inworld Limited, an exempted company incorporated in the Cayman Islands with limited liability and whose shares are listed on GEM

“Directors”	the Directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the terms of the Subscription Agreement and the Acquisition Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Global Crossing”	Global Crossing Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Inworld International”	Inworld International Limited, a limited liability company incorporated under the laws of the British Virgin Islands, being a wholly-owned subsidiary of the Company
“M Dream China”	M Dream China (Holdings) Ltd (聯夢中國(控股)有限公司), a company incorporated under the laws of the Cayman Islands
“M Dream China Shares”	2,527 new shares of US\$1.00 each in the share capital of M Dream China allotted and issued by M Dream China to Inworld International pursuant to the Subscription Agreement
“M Dream Co”	杭州聯夢娛樂軟件有限公司 (Hangzhou M Dream Co. Ltd.), a wholly foreign-owned enterprise established in the PRC, the sole shareholder of which is M Dream China
“M Dream MEL”	M Dream Mobile Entertainment Limited, a limited liability company incorporated under the laws of the British Virgin Islands, being a wholly-owned subsidiary of Inworld International immediately prior to the Subscription

“M Dream Zone”	杭州聯夢地帶軟件有限公司 (Hangzhou M Dream Zone Co., Ltd.), a wholly foreign-owned enterprise established in the PRC which is principally engaged in the development, distribution, provision and supply of gaming services and various downloadable applications for wireless mobile games
“PRC”	the People’s Republic of China and, for the purpose of this announcement, excluding Hong Kong
“Shares”	shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the Subscription of the M Dream China Shares by Inworld International pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 4 February 2005 and entered into between Inworld International and M Dream China in relation to the Subscription
“Subscription Price”	HK\$5,000,000, being the subscription price of the M Dream China Shares payable by Inworld International to the M Dream China pursuant to the Subscription Agreement
“Vasina”	Vasina Limited, a company incorporated under the laws of the British Virgin Islands
“Vasina Shares”	5,531 shares of US\$1.00 each in the share capital of Vasina disposed of by the Vendors to the Company pursuant to the Acquisition Agreement

“Vendors”

Messrs. Gao Zheng, Ye Jianding, Shen Beilun, Yang Chongyu, Lu Wenxiong and Wang Zhiyong, all are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, third parties independent of the Company and its subsidiaries and connected person(s) of the Company

By order of the board of Directors

M Dream Inworld Limited

Koh Tat Lee, Michael

Chairman

Hong Kong, 22 February 2005

As at the date of this announcement, the board of Directors consists of Mr. Koh Tat Lee, Michael, Mr. Domingo Chen, Mr. Xu Hanjie, Mr. Wong Shui Fun and Dr. Choong Ying Chuan, being the executive Directors, Messrs. Peter Tay Yew Beng, Wong Kean Li and Ng Yat Cheung, being non-executive Directors and Messrs. Robert Wong, Hilda Sung and Anthony Yeung, being the independent non-executive Directors.

In this announcement, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1 = HK\$7.80.

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:- (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 GEM website www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.