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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)

FURTHER DELAY IN THE DESPATCH OF CIRCULAR

MAJOR TRANSACTIONS:

(1) SUBSCRIPTION OF M DREAM CHINA SHARES

(2) ACQUISITION OF VASINA SHARES

The Company has made an application to the Stock Exchange for a further extension of time limit for the despatch of the Circular to 30 June 2005.

Reference is made to the Company's announcements dated 22 February 2005 (the "**Announcement**"), 16 March 2005, 30 March 2005, 18 April 2005, 9 May 2005 and 20 May 2005 respectively. Terms used herein shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

As set out in the Announcement, a circular ("**Circular**") containing further information on (a) the Subscription Agreement and the Subscription, (b) the Acquisition Agreement and the Acquisition, and (c) consequences if the Subscription and the Acquisition 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 the Announcement. The time limit for the despatch of the Circular had been extended to 26 May 2005.

The Board wishes to inform the Shareholders that in order to provide the shareholders with an independent opinion on the Acquisition and the Subscription, the Board has decided that an independent financial adviser will be appointed to advise on the fairness and reasonableness of the terms of the Subscription and the Acquisition. An independent board committee comprising Mr Robert Wong, Ms Hilda Sung and Mr Leigh Man Sung, Camballaw (all being independent non-executive Directors), will also be formed to advise whether in its view the terms of the Subscription and the Acquisition are fair and reasonable. A letter from each of the independent financial adviser and the independent board committee will be included in the Circular to be despatched to the Shareholders. The resolution approving the Subscription and the Acquisition will be put to the vote by the independent shareholders at the EGM by way of a poll.

As additional time will be required by the independent financial adviser to prepare its letter of advise for inclusion in the Circular, the despatch of the Circular will be further postponed. The Directors currently expect that the Circular could be despatched to the Shareholders on or before 30 June 2005. An application has been made by the Company to the Stock Exchange to further extend the time limit for despatch of the Circular from 26 May 2005 to 30 June 2005. The Board will appoint the independently financial adviser as soon as practicable and will closely liaise with the independently financial adviser. The Board will use its best endeavour to ensure that the Circular could be despatched to the Shareholders as soon as possible.

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

Hong Kong, 26 May 2005

** for identification purpose only*

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, Mr. Peter Tay Yew Beng, Mr. Wong Kean Li, Mr. Ng Yat Cheung and Dr. Lee Siu Lung, James, being non-executive Directors and Mr. Robert Wong, Ms. Hilda Sung and Mr. Leigh Man Sung, Camballaw, 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:- (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.

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