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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)

ANNOUNCEMENT

The Directors referred to the articles in Sing Tao Daily and Oriental Daily on 13 July 2005 in connection with a Writ of Summons instituted by Softbank against the Company and its Chairman, Mr. Koh Tat Lee, Michael. The Directors confirmed that the Writ had not been served to the Company but the Directors had contacted Softbank to obtain more information on the Writ. The Company had also been negotiating with Softbank on the refinancing of the loan. Further announcement will be made when details of the refinancing are finalised.

The directors (the “Directors”) of M Dream Inworld Limited (the “Company”) referred to the articles appearing in Sing Tao Daily and Oriental Daily on 13 July 2005 in connection with a Writ of Summons (the “Writ”) in High Court instituted by Softbank Investment International (Strategic) Limited (“Softbank”) dated 12 July 2005 against the Company and its Chairman, Mr. Koh Tat Lee, Michael. The Writ concerned a loan of US\$1 million (HK\$7.8 million equivalent) extended from Softbank to the Company plus interest accrued thereon of approximately HK\$390,000.

The Directors confirmed that the Writ had not been served to the Company but the Directors had contacted Softbank to obtain more information on the Writ. The Company had also been negotiating with Softbank on the refinancing of the loan. Further announcement will be made when details of the refinancing are finalised.

The Directors confirm that they are not aware of any adverse change in the financial or trading position of the Group, which is brought about by the pending litigation threatened against the Group.

The Directors wish to confirm that, apart from the above, they are not aware of any matter discloseable under the general obligations imposed by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited , which is or may be of a 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, 13 July 2005

** For identification purpose only*

As at the date hereof, the executive directors of the Company are Mr. Koh Tat Lee, Michael, Mr. Domingo Chen, Mr. Xu Hanjie, Mr. Wong Shui Fun and Dr. Choong Ying Chuan; the non-executive directors of the Company are Mr. Tay Yew Beng, Peter, Dr. Lee Siu Lung, James, Mr. Wong Kean Li and Mr. Ng Yat Cheung; the independent non-executive directors of the Company are Ms. Hilda Sung and Mr. Leigh Man Sung, Camballaw.

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.