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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)

**POSSIBLE CHANGE IN THE STRUCTURE OF  
THE MAJOR TRANSACTIONS:  
(1) SUBSCRIPTION OF M DREAM CHINA SHARES  
(2) ACQUISITION OF VASINA SHARES  
AND**

**POSTPONEMENT OF DESPATCH OF CIRCULAR**

The Board wishes to inform the Shareholders that due to the delay in convening the EGM to approve the Acquisition, the Company is considering revising the structure of the transactions by terminating the Acquisition Agreement. The Company has commenced negotiation with the Vendors on the terms of the proposed termination since August 2005. Despite the various meetings held with the Vendors to discuss the logistics of terminating the Acquisition Agreement, the Company has not been able to reach a final agreement with the Vendors, in particular regarding the amount of possible compensation to be made. The Company plans to complete the negotiation in January 2006. The Company will, once an agreement has been reached with the Vendors, make a further announcement on the outcome of its decision on the possible changes, including (if any) the revised structure of the transactions and the timing of despatching the circular on the revised structure.

In light of the possible change in circumstances, the major transaction Circular has not been despatched by 29 July 2005 as announced on 29 July 2005.

Trading in the shares of the Company was suspended on 4 October 2005 and remain suspended pending the release of an announcement relating to the proposed change of domicile, capital reorganization, open offer and bonus issue of shares in the Company.

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, 20 May 2005, 26 May 2005, 30 June 2005 and 29 July 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 of the Company dated 26 May 2005, an extraordinary general meeting ("**EGM**") will be convened for the independent Shareholders to consider and, if thought fit, to approve the Subscription and the Acquisition by way of a poll. Given the Company has decided to convene the EGM, the parties to the Acquisition Agreement have agreed to postpone the payment by the Company of the second installment of the Acquisition Price, being US\$450,000 (equivalent to approximately HK\$3,510,000), after the EGM if the Acquisition is approved by the Shareholders. Due to the delay in convening the EGM, the Vendors have approached the Company to explore the possibility of terminating the Acquisition Agreement. The Company has commenced negotiation with the Vendors on the terms of the proposed termination since August 2005. Despite the various meetings held with the Vendors to discuss the logistics of terminating the Acquisition Agreement, the Company has not been able to reach a final agreement with the Vendors, in particular regarding the amount of possible compensation to be made. The directors of the Company (the "**Directors**") are not aware of any material change to the negotiation with the Vendors which is brought about by the suspension in trading of the shares of the Company. The Company plans to complete the negotiation in January 2006. The Company will, once an agreement has been reached with the Vendors, make a further announcement on the outcome of its decision on the possible changes, including (if any) the revised structure of the transactions and the timing of despatching the circular on the revised structure.

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 29 July 2005.

Due the possible change in the deal structure, the major transaction Circular has not been despatched by 29 July 2005 as announced on 29 July 2005.

Trading in the shares of the Company was suspended on 4 October 2005 and remain suspended pending the release of an announcement relating to the proposed change of domicile, capital reorganization, open offer and bonus issue of shares in the Company.

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

Hong Kong, 8 December 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. Wong Shui Fun and Dr. Choong Ying Chuan, being the executive Directors, Mr. Peter Tay Yew Beng, Mr. Wong Kean Li and Dr. Lee Siu Lung, James, being non-executive Directors and Ms. Hilda Sung, Mr. Leigh Man Sung, Camballaw and Mr. Ng Wing Hang, Partick, 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.*

*This announcement will remain on the GEM website [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting.*