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Inworld Group Limited
活力世界控股有限公司*

(incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

**SUPPLEMENTARY ANALYSIS ON THE INTERIM
RESULTS ANNOUNCEMENT AND INTERIM REPORT
FOR THE SIX MONTHS ENDED 31ST DECEMBER, 2001**

This announcement is made further to the interim result announcement (the “Previous Announcement”) dated 8th February, 2002 and the interim report (the “Interim Report”) for the six months ended 31st December, 2001. Pursuant to rule 18.41 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), the Company is required to disclose supplementary analysis in the sections headed “Financial Review” in respect of (i) the capital structure, funding and treasury policies of the Group; (ii) details of material acquisitions and disposals of subsidiaries and affiliated companies in the course of the period under review; (iii) details of charges on Group assets; (iv) details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes; and (v) details of future plans for material investments or capital assets and their expected sources of funding in the coming year. Such information has not been disclosed in the Previous Announcement and Interim Report as required.

Supplementary analysis

This announcement is made further to the Previous Announcement and the Interim Report. Pursuant to rule 18.41 of the Gem Listing Rules, the Company is required to disclose supplementary analysis in the sections headed “Financial Review” in respect of (i) the capital structure, funding and treasury policies of the Group; (ii) details of material acquisitions and disposals of subsidiaries and affiliated companies in the course of the period under review; (iii) details of charges on Group assets; (iv) details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes; and (v) details of future plans for material investments or capital assets and their expected sources of funding in the coming year. Such information has not been disclosed in the Previous Announcement and Interim Report as required.

(i) The capital structure, funding and treasury policies of the Group

As disclosed in the Interim Report, the Group did not have any bank borrowing or long-term debts as at 31st December, 2001. Also, the Group was not granted any banking facilities during the six months ended 31st December, 2001. More than 99% of the Group’s cash and cash equivalents are denominated in HK dollars. Other than the 96,000,000 shares of the Company, which have been issued under the Share Offer (as defined in the prospectus of the Company (the “Prospectus”) dated 18th December, 2001), the capital structure of the Group did not materially change from the information disclosed in the Prospectus. As at 31st December, 2001, the Group’s operations were financed mainly by the Group’s internal resources. In the foreseeable future, the Group intends to finance its operation with its internal resources and net proceeds from the New Issue (as defined in the Prospectus).

The Group's assets and liabilities are mainly denominated in Hong Kong dollars. The business activities of the Group are not exposed to material fluctuations in exchange rates except the operation through its subsidiary in Singapore, which is subject to fluctuation in exchange rate between Singapore dollars and Hong Kong dollars. In view of the fact that the Group's business transactions are mainly denominated in Hong Kong dollars, the Directors do not consider that the Group is significantly exposed to any foreign currency exchange risk. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group does not employ any financial instruments for the hedging purposes and does not engage in foreign currency speculative activities.

As at 31st December, 2001, the Group held 24,629,125 shares in Rainbow International Holdings Limited, whose shares are listed on GEM. Such investment had a carrying value of HK\$1.8 million as at 31st December, 2001. It is the Group's treasury policy to manage its disposal and acquisition of investment in listed securities depending on the market environment and the availability of funding. The Group currently intends to hold the listed security as long term investment.

(ii) Details of material acquisitions and disposals of subsidiaries and affiliated companies in the course of the period under review

Apart from the reorganization of the Group as set out in the paragraph headed "Corporate reorganization" in appendix IV to the Prospectus, there has been no material acquisitions and disposals of subsidiaries and affiliated companies undertaken by the Group during the six months ended 31st December, 2001. During the corresponding period in 2000, the Group did not have any acquisition and disposals of subsidiaries and affiliated companies.

(iii) Details of charges on Group assets

During the six months ended 31st December, 2001 and the corresponding period in 2000, no assets of the Group was pledged.

(iv) Details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes

The number of employees increased from 23 as at 31st December, 2000 to 26 as at 31st December, 2001 due to the expansion of the Group's operation. Also, adjustment of remuneration was made to recognize certain employees' contribution to the Group, the remuneration of employees therefore, increased by 83% up to approximately HK\$2,017,000 as compared to the corresponding period in 2000. Save as disclosed in the Interim Report, the employee policies and employee benefits have not materially changed from the information disclosed in the Prospectus.

(v) Details of future plans for material investments or capital assets and their expected sources of funding in the coming year

To implement the business objective as disclosed in the Prospectus, the Group is now exploring and identifying investment and acquisition opportunities in the Internet market, and the Group intends to finance the expansion by the Group's internal resources and net proceeds from the New Issue (as defined in the Prospectus).

The Stock Exchange reserves its position in this matter.

By order of the Board
Ngai Kwok Kin, Kevin
Chairman

Hong Kong, 14 March, 2002

This announcement, for which the directors of Inworld Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the

Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Inworld Group Limited. 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.

The announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.