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*This circular, for which the directors (“**Directors**”) of Inworld Group Limited (“**Company**”) collectively and individually accept full responsibility, including particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirmed that, to the best of their knowledge and belief, (i) the information contained in the circular are accurate and complete in all material aspects and not misleading; (ii) there are no other facts the omission of which would make any statement herein misleading; and (iii) opinions expressed in this circular have been arrived at after due and careful consideration on the basis and assumptions of reasonableness and fairness.*

***If you are in doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.*

***If you have sold** all your shares in the Company, you should at once hand this circular and accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.*



INWORLD GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

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

30th September, 2002



INWORLD GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Ngai Kwok Kin, Kevin
Chan Wai Lun
Mak Chee Yeong

Independent non-executive Directors:

Mr. Cheng Koon Cheung
Mr. Leung Chun Cheng

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Hong Kong

30th September, 2002

To the shareholders

Dear Sir or Madam

GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES

INTRODUCTION

At the annual general meeting (“AGM”) of Inworld Group Limited (“Company”) to be held at 3/F, Chinese Club Building, 21-22 Connaught Road Central, Central, Hong Kong on 23rd October, 2002 at 11:00a.m. , resolutions will be proposed to grant to the directors (“Directors”) of the Company, inter alia, general mandates to issue shares and to repurchase shares of the Company. This circular contains the explanatory statement in compliance with the Rules Governing the Listing of Securities (“**GEM Listing Rules**”) on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and to give all the information reasonably necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolutions to grant to the Directors of the Repurchase Mandates (as defined below).

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be granted a general mandate (“**Repurchase Mandate**”) to exercise all powers of the Company to repurchase issued and fully paid shares of HK\$0.01 each in the Company (“**Shares**”) up to a maximum of 10% of the

aggregate nominal amount of the issued share capital of the Company at the date of the passing of the resolution. The Repurchase Mandate allows the Company to make or agree to make repurchases only during the period ending on the earliest of (i) the date of the next annual general meeting; (ii) the date by which the next annual general meeting of the Company is required to be held by law or by its articles of association; or (iii) the date upon which such authority is revoked, or varied or renewed by an ordinary resolution of the shareholders in a general meeting of the Company.

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be granted a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the resolution, and another ordinary resolution will also be proposed to extend to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to the exercise of the Repurchase Mandate.

EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix to this circular. The information in the explanatory statement is provided to you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

GENERAL INFORMATION

The notice for the AGM has been despatched to shareholders of the Company.

Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying proxy form to the Company's branch share registrars in Hong Kong, Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the AGM. The return of the proxy form will not preclude you from attending and voting in person if you so wish.

RECOMMENDATION

The Directors consider that the granting of the general mandate to issue Shares and the Repurchase Mandate is in the interests of the Company and recommend you to vote in favour of the resolutions at the forthcoming AGM.

Yours faithfully,
By order of the Board
Inworld Group Limited
Ngai Kwok Kin, Kevin
Chairman

APPENDIX — EXPLANATORY STATEMENT

This is an explanatory statement given to all shareholders of the Company, as required by the GEM Listing Rules, to provide requisite information of the Repurchase Mandate.

1. GEM LISTING RULES FOR REPURCHASES OF SHARES

The GEM Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their fully-paid shares on GEM subject to certain restrictions, which are summarised below:

(a) Shareholders' approval

All proposed repurchase of securities on the Stock Exchange by a company with primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by special approval of a particular transaction.

(b) Share capital

Under the Repurchase Mandate, the number of Shares that the Company may repurchase shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of the passing of the relevant resolution granting the Repurchase Mandate. The Company's authority is restricted to purchases made on GEM in accordance with the GEM Listing Rules. On 23rd September, 2002 (the "**Latest Practicable Date**"), being the latest practicable date prior to printing of this circular, there were in issue an aggregate of 578,632,000 Shares. Exercise in full of the Repurchase Mandate, on the basis that no further Shares would be issued or repurchased prior to the date of the AGM, would accordingly result in up to 57,863,200 Shares (representing 10% in the issued share capital of the Company) being repurchased by the Company. The Shares repurchased by the Company shall, subject to applicable law, be automatically cancelled upon such repurchase.

(c) Reasons for repurchase

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase as and when appropriate and is beneficial to the Company. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its assets and/or its earnings per Share. As compared with the financial position of the Company as at 31st December, 2001 (being the date of its latest audited accounts), the Directors consider that there would not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be made in full at any time during the proposed repurchase period. In the circumstances, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would have a material adverse impact on the working capital or gearing ratio of the Company.

(d) Funding of repurchases

Repurchase of the Shares will be funded out of funds legally available for such purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of the Cayman Islands.

The Company is empowered by its memorandum and articles of association to repurchase its Shares. The Cayman Islands law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium of the Company. Under the Cayman Islands law, the repurchased Shares will remain part of the authorised but unissued share capital.

(e) Connected persons

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the GEM Listing Rules) of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by the Company's shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares.

The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to make repurchase pursuant to the Repurchase Mandate in the proposed resolution and in accordance with the GEM Listing Rules, the memorandum and articles of association of Company and any applicable laws of the Cayman Islands.

(f) Effect of takeovers code and minimum public float

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("Code"). As a result, a shareholder, or a group of shareholders acting in concert (within the meaning under the Code), depending on the level of increase in the shareholder's interests, could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Code.

As at the Latest Practicable Date, the register of the substantial shareholders maintained by the Company pursuant to 16(1) of the Securities (Disclosure of Interests) Ordinance showed that the Company has been notified of the following interests, being 10% or more of the Company's issued share capital:

Name of substantial shareholder	Number of shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Dynamate Limited	150,163,200	25.95%	28.83%
Joyview International Limited	84,283,200	14.57%	16.18%
City Lion Worldwide Limited	187,012,800	32.32%	35.91%

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above substantial shareholders would be increased to approximately the respective percentages shown in the last column above and such increase will give rise to an obligation for City Lion Worldwide Limited and the parties acting in concert with it to make a mandatory offer under Rule 26 of the Code. The Directors have no intention to exercise the Repurchase Mandate to such an extent.

Assuming that there is no issue of Shares in the Company between that Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Stock Exchange. The Directors have no intention to exercise the Repurchase Mandate to an extent as may result in a public shareholding of less than such prescribed minimum percentage.

2. SHARE PURCHASE MADE BY THE COMPANY

No repurchase of Share has been made by the Company during the previous six months immediately preceding the Latest Practicable Date.

3. SHARE PRICES

From December 2001, the month that the Shares became listed on GEM to the month immediately preceding the date of this circular, the highest and lowest traded prices for the Shares on GEM were as follows:

Month	Per Share	
	Highest HK\$	Lowest HK\$
2001		
December*	0.43	0.37
2002		
January	0.465	0.325
February	0.36	0.29
March	0.33	0.246
April	0.32	0.26
May	0.33	0.28
June	0.315	0.275
July	0.29	0.224
August	0.237	0.16

* Dealing in the Shares on the Stock Exchange commenced on 31st December, 2001.