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## **DREAM INTERNATIONAL LIMITED**

### **德林國際有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 1126)

#### **CONTINUING CONNECTED TRANSACTIONS RENEWAL OF TENANCY AGREEMENT**

Reference is made to the announcement of the Company dated 6 August 2013 regarding the Current TA entered into by Dream INKO and C & H relating to the rental of Premises in Korea from C & H.

On 1 August 2014, Dream INKO, as the tenant, entered into the New TA with C & H, as the landlord, for renewal of the Current TA for a term of one year commencing on 1 August 2014 and ending on 31 July 2015.

Mr. Kyoo Yoon Choi, being the Chairman, Chief Executive Officer and the controlling shareholder of the Company, together with his wife, Mrs. Woul Hee Cha, hold approximately 61.95% of the issued share capital of C & H. According to the Listing Rules, C & H is an associate of Mr. Kyoo Yoon Choi and thus a connected person of the Company.

The transactions contemplated under the New TA shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Since the aggregate charges payable by the Company under the New TA for the relevant years represent less than 5% for the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Company, the transactions are subject to the reporting and announcement requirements but exempted from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 6 August 2013 regarding the Current TA.

On 6 August 2013, Dream INKO and C & H entered into the Current TA relating to the rental of Premises in Korea by Dream INKO from C & H.

On 1 August 2014, Dream INKO, as the tenant entered into the New TA, with C & H, as the landlord, for renewal of the Current TA for a term of one year commencing on 1 August 2014 and ending on 31 July 2015.

Mr. Kyoo Yoon Choi, being the Chairman, Chief Executive Officer and the controlling shareholder of the Company, together with his wife, Mrs. Woul Hee Cha, hold approximately 61.95% of the issued share capital of C & H. According to the Listing Rules, C & H is an associate of Mr. Kyoo Yoon Choi and thus a connected person of the Company.

The transactions contemplated under the New TA shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Accordingly, the Company makes this announcement in accordance with Chapter 14A of the Listing Rules.

## **OFFICE LEASE AGREEMENT**

### **Date**

1 August 2014

### **Parties**

- (1) C & H, as the landlord
- (2) Dream INKO, as the tenant

C & H is an associate of Mr. Kyoo Yoon Choi and thus a connected person of the Company under the Listing Rules. The principal business activities of the C & H Group are sale of toy and tarpaulin products.

Dream INKO was the previous plush toys business arm of C & H. It became the wholly-owned subsidiary of the Group since 18 July 2003. Since then, it has been continuing to specialize in design, development and trading of the plush toys business of the Group.

### **Premises**

Floors 9th and 10th, and part of the 1st and 3rd basements of C & H Building, 154-8, Samsung-Dong, Gangnam-Gu, Seoul, Korea used as business office of Dream INKO (total gross floor area of 1,917 square meters).

### **Term**

From 1 August 2014 to 31 July 2015 (both dates inclusive)

### **Rental and administrative expenses**

Totally Korean Won 36,739,560 (approximately equivalent to HK\$282,895) per month for the period from 1 August 2014 to 31 July 2015 including rental payment of Korean Won 20,674,620 (approximately equivalent to HK\$159,195) per month, which shall be payable in cash to the landlord on or before the last day of each month and administrative expense of Korean Won 16,064,940 (approximately equivalent to HK\$123,700) per month which shall be payable in cash to the landlord fifteen days before the start of each month.

The amounts of rental and administrative expenses have been determined at the rates comparable to other independent tenants in the same building. Rental payment will be paid out of the Group's internal resources.

### **Caps of Charges**

The aggregate charges payable by the Group under the Current TA and the New TA from 1 January 2014 to 31 July 2015 are as follows:–

1 January 2014 to 31 December 2014	Korean Won 430,769,800 (approximately equivalent to HK\$3,316,931)
1 January 2015 to 31 July 2015	Korean Won 257,176,920 (approximately equivalent to HK\$1,980,264)

The above aggregate charges are derived from the fixed amount of the total rental and administrative expenses under the Current TA and the New TA, where applicable, for the lease period proportionally. The Directors (including the independent non-executive Directors) have determined the above caps on the basis of the relevant charges (namely rental and administrative expenses) as set out in the Current TA and the New TA.

### **Reason for and benefits of entering into the New TA**

Dream INKO, which was the previous plush toys business arm of C & H, has been occupying the Premises owned by C & H before and after its acquisition by the Group on 18 July 2003. In order to avoid unnecessary moving cost and business interruption, the Board considered it most favourable for Dream INKO to retain the existing Premises and to renew the Current TA. The administrative expenses represent utilities, building management fee and other office administrative services provided by C & H and they are determined by total rental area. The caps for rental and administrative expenses payable under the Current TA and the New TA will be Korean Won 430,769,800 (approximately equivalent to HK\$3,316,931) and Korean Won 257,176,920 (approximately equivalent to HK\$1,980,264) for the years 2014 and 2015 respectively. The terms of the New TA are on terms substantially the same as those of the Current TA, and are comparable to the terms offered to other independent tenants in the same building. The New TA will be subject to renewal upon its expiry and the Company will ensure compliance with the Listing Rules requirements upon renewal of the New TA.

The Directors (including the independent non-executive Directors) consider that the New TA is made on normal commercial terms and on terms no less favourable to the Group than those available from independent third parties, the terms are fair and reasonable and in the ordinary and usual course of business of the Group, and are in the interests of the Group and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

Mr. Kyoo Yoon Choi, being the Chairman, Chief Executive Officer and the controlling shareholder of the Company, together with his wife, Mrs. Woul Hee Cha, hold approximately 61.95% of the issued share capital of C & H. According to the Listing Rules, C & H is an associate of Mr. Kyoo Yoon Choi and thus a connected person of the Company.

The transactions contemplated under the New TA shall constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Since the aggregate charges payable by the Company under the New TA for the relevant years represent less than 5% for the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rule) in respect of the Company, the entering into the New TA is subject to reporting and announcement requirements, but is exempt from the Independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

## **INFORMATION ON THE GROUP**

The principal business of the Group is the design, development, manufacture and sale of plush stuffed toys, ride-on toys and plastic figures.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate(s)”, “connected person(s)” and “controlling shareholder”	have the meanings ascribed to them in the Listing Rules
“Board”	the board of Directors
“C & H Group”	C & H and its subsidiary
“C & H”	C & H Co., Ltd., a limited liability company incorporated in the Republic of Korea, of which approximately 61.95% of the issued share capital were held by Mr. Kyoo Yoon Choi and his wife
“Company”	Dream International Limited, a company incorporated in Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Current TA”	the current office lease agreement dated 6 August 2013 entered into by C & H and Dream INKO in respect of the Premises for the period of 1 August 2013 to 31 July 2014
“Directors”	the directors of the Company
“Dream INKO”	Dream INKO Co., Ltd., a limited liability company incorporated in the Republic of Korea, which is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Kyoo Yoon Choi and its associates
“Korean Won”	Korean Won, the lawful currency of the Republic of Korea
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New TA”	the new office lease agreement dated 1 August 2014 entered into by C & H and Dream INKO in respect of the Premises for the period of 1 August 2014 to 31 July 2015
“Premises”	the subject premises of the Current TA and the New TA of Floors 9th and 10th, and part of the 1st and 3rd basements of C & H Building, 154-8, Samsung-Dong, Gangnam-Gu, Seoul, Korea
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**Dream International Limited**  
**Young M. Lee**  
*Executive Director*

Hong Kong, 1 August 2014

As at the date of this announcement, the Directors are:

*Executive Directors*

Mr. Kyoo Yoon Choi (*Chairman*)  
Mr. Young M. Lee  
Mr. James Chuan Yung Wang  
Mr. Hyun Ho Kim

*Independent Non-executive Directors*

Professor Cheong Heon Yi  
Professor Byong Hun Ahn  
Mr. Tae Woong Kang

*The rate of HK\$1 = Korean Won 129.87 is adopted for illustration purpose in this announcement.*