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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)

#### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the “Board”) of Dream International Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015 together with comparative figures for the corresponding period in 2014. The interim results for the six months ended 30 June 2015 have not been audited, but have been reviewed by KPMG.

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2015 – UNAUDITED

	Notes	Six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	3	755,553	662,977
Cost of sales		(584,316)	(519,386)
<b>Gross profit</b>		<b>171,237</b>	143,591
Other revenue		4,504	13,394
Other net income/(loss)		1,269	(4,158)
Distribution costs		(23,517)	(21,225)
Administrative expenses		(89,348)	(87,894)
<b>Profit from operations</b>		<b>64,145</b>	43,708
Finance costs	4(a)	(190)	(393)
Share of profits less losses of associates		–	(243)
<b>Profit before taxation</b>	4	<b>63,955</b>	43,072
Income tax	6	(19,708)	(15,173)
<b>Profit for the period</b>		<b>44,247</b>	27,899
<b>Attributable to:</b>			
Equity shareholders of the Company		44,965	31,199
Non-controlling interests		(718)	(3,300)
<b>Profit for the period</b>		<b>44,247</b>	27,899
<b>Earnings per share</b>	8		
Basic and diluted		<b>HK6.6 cents</b>	HK4.6 cents

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2015 – UNAUDITED**

		<b>Six months ended 30 June</b>	
		<b>2015</b>	<b>2014</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the period</b>		<b>44,247</b>	27,899
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>			
Item that will not be reclassified to profit or loss:			
Remeasurement of net defined benefit retirement obligation		<b>(92)</b>	(114)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		<b>(2,510)</b>	3,797
Available-for-sale securities: net movement in the fair value reserve	5	<b>–</b>	(49)
		<b>(2,510)</b>	3,748
<b>Other comprehensive income for the period</b>		<b>(2,602)</b>	3,634
<b>Total comprehensive income for the period</b>		<b>41,645</b>	31,533
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>42,366</b>	34,808
Non-controlling interests		<b>(721)</b>	(3,275)
<b>Total comprehensive income for the period</b>		<b>41,645</b>	31,533

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2015 – UNAUDITED**

		At <b>30 June</b> <b>2015</b> <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Interests in leasehold land held for own use under operating leases	<i>10</i>	<b>47,638</b>	48,310
Other property, plant and equipment	<i>10</i>	<b>316,464</b>	276,189
Long term receivables and prepayments		<b>13,387</b>	12,464
Other intangible assets		<b>9,324</b>	9,400
Goodwill		<b>2,753</b>	2,753
Deferred tax assets		<b>9,566</b>	12,425
Other financial assets	<i>9</i>	<b>33,896</b>	25,691
		<u><b>433,028</b></u>	<u>387,232</u>
<b>Current assets</b>			
Inventories	<i>11</i>	<b>253,252</b>	236,368
Trade and other receivables	<i>12</i>	<b>234,940</b>	328,591
Current tax recoverable		<b>100</b>	103
Other financial assets	<i>9</i>	<b>–</b>	10,930
Time deposits		<b>63,994</b>	23,037
Cash and cash equivalents		<b>250,817</b>	241,567
		<u><b>803,103</b></u>	<u>840,596</u>
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>240,273</b>	229,325
Bank loans		<b>19,227</b>	35,001
Current tax payable		<b>20,615</b>	15,253
		<u><b>280,115</b></u>	<u>279,579</u>
<b>Net current assets</b>		<u><b>522,988</b></u>	<u>561,017</u>
<b>Total assets less current liabilities</b>		<u><b>956,016</b></u>	<u>948,249</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
*AS AT 30 JUNE 2015 – UNAUDITED*

	At <b>30 June</b> <b>2015</b> <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
<i>Notes</i>		
<b>Non-current liabilities</b>		
Net defined benefit retirement obligation	<u>856</u>	<u>891</u>
<b>NET ASSETS</b>	<b><u>955,160</u></b>	<b><u>947,358</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>236,474</b>	236,474
Reserves	<u>721,076</u>	<u>712,553</u>
<b>Total equity attributable to equity shareholders of the Company</b>	<b>957,550</b>	949,027
<b>Non-controlling interests</b>	<u>(2,390)</u>	<u>(1,669)</u>
<b>TOTAL EQUITY</b>	<b><u>955,160</u></b>	<b><u>947,358</u></b>

## NOTES TO THE INTERIM FINANCIAL RESULTS

### 1. General information and basis of preparation

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

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Unit 501 & 6/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 24 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

### 2. Changes in accounting policies

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Group and the Company.

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments. No operating segments have been aggregated to form the following reportable segments.

(a) **Information about profit or loss, assets and liabilities**

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2015 is set out below.

	Plush stuffed toys		Plastic figures		Ride-on toys		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>For the six months ended 30 June</i>								
Revenue from external customers	540,545	572,201	213,556	66,232	1,452	24,544	755,553	662,977
Inter-segment revenue	23,848	14,513	1,958	431	–	–	25,806	14,944
<b>Reportable segment revenue</b>	<b>564,393</b>	<b>586,714</b>	<b>215,514</b>	<b>66,663</b>	<b>1,452</b>	<b>24,544</b>	<b>781,359</b>	<b>677,921</b>
<b>Reportable segment profit/(loss)(adjusted EBITDA)</b>	<b>61,795</b>	<b>85,589</b>	<b>32,004</b>	<b>(12,709)</b>	<b>(2,655)</b>	<b>(8,823)</b>	<b>91,144</b>	<b>64,057</b>
<i>As at 30 June/31 December</i>								
Reportable segment assets	833,716	889,603	264,048	252,073	34,226	32,417	1,131,990	1,174,093
Reportable segment liabilities	231,833	211,977	230,735	225,562	42,117	62,095	504,685	499,634

The measure used for reporting segment profit is “adjusted EBITDA” i.e. “adjusted earnings before interest, taxes, depreciation and amortisation”, where “interest” is regarded as including investment income and “depreciation and amortisation” is regarded as including impairment losses on non-current assets. To arrive at the adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

(b) **Reconciliations of reportable segment profit or loss**

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Reportable segment profit	91,144	64,057
Share of profits less losses of associates	–	(243)
Impairment loss on club memberships	–	(5)
Interest income	2,618	5,835
Depreciation and amortisation	(17,589)	(14,762)
Finance costs	(190)	(393)
Unallocated head office and corporate expenses	(12,028)	(11,417)
<b>Consolidated profit before taxation</b>	<b>63,955</b>	<b>43,072</b>

#### 4. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
<b>(a) Finance costs</b>		
Interest expense on bank borrowings wholly repayable within five years	<u>190</u>	<u>393</u>
<b>(b) Other items</b>		
Amortisation of land lease premium	474	380
Depreciation	17,115	14,382
Operating lease charges: minimum lease payments in respect of property rentals	14,634	14,208
Inventories write-down and losses	895	4,203
Reversal of write-down of inventories	(743)	(5,402)
Bank interest income	(2,047)	(5,213)
Interest income from other financial assets	(571)	(622)
Net realised and unrealised (gain)/loss on other financial assets	(159)	40
Net (gain)/loss on disposal of other property, plant and equipment	<u>(119)</u>	<u>31</u>

#### 5. Other comprehensive income

##### Available-for-sale securities

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Reclassification adjustment for amounts transferred to profit or loss: – disposal	<u>–</u>	<u>(49)</u>

#### 6. Income tax

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current tax – Hong Kong Profits Tax	7,467	7,705
Current tax – Outside Hong Kong	9,429	7,349
Deferred taxation	<u>2,812</u>	<u>119</u>
	<u>19,708</u>	<u>15,173</u>

## 7. Dividends

### (a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared and paid after the interim period of HK 3 cents per ordinary share (six months ended 30 June 2014: HK 3 cents per ordinary share)	<u>20,306</u>	<u>20,306</u>

The interim dividend has not been recognised as a liability at the end of the reporting period.

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK 5 cents per ordinary share (six months ended 30 June 2014: HK 5 cents per ordinary share)	<u>33,843</u>	<u>33,843</u>

## 8. Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$44,965,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$31,199,000) and the weighted average number of ordinary shares of 676,865,000 shares (six months ended 30 June 2014: 675,067,000 shares) in issue during the interim period.

### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$44,965,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$31,199,000) and the weighted average number of ordinary shares of 676,865,000 shares for the six months ended 30 June 2015 (six months ended 30 June 2014: 676,865,000 shares).



## 9. Other financial assets

	At 30 June 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
<b><i>Non-current</i></b>		
Equity-linked security ( <i>notes (i) and (vi)</i> )	6,930	6,951
Structured debt securities ( <i>notes (ii) and (vi)</i> )	13,055	13,244
Available-for-sale debt securities – unlisted ( <i>note (iii)</i> )	8,493	–
Available-for-sale equity security – unlisted ( <i>note (iv)</i> )	5,418	5,496
	<u>33,896</u>	<u>25,691</u>
<b><i>Current</i></b>		
Equity-linked security ( <i>notes (v) and (vi)</i> )	–	10,930
	<u>33,896</u>	<u>36,621</u>

### *Notes:*

- (i) Equity-linked security represents an equity-linked bond placed with an investment bank in Korea with guaranteed principal and variable interest linked to the Korea Composite Stock Price Index 200, with a maturity date on 6 October 2016.
- (ii) Structured debt securities represent: (a) a debt investment placed with an investment bank in Korea, amounting to HK\$5,392,000 with fixed interest rate at 6.25% per annum and redeemable by the debt issuer on or after 15 April 2024; and (b) a debt investment placed with an investment bank in Korea, amounting to HK\$7,663,000 with fixed interest rate at 4.63% per annum and redeemable by the debt issuer on or after 30 January 2018.
- (iii) Available-for-sale debt securities – unlisted represent: (a) an investment in bond amounting to HK\$1,537,000 with fixed interest rate at 3.95% and a maturity date on 30 January 2043; and (b) an investment in bond amounting to HK\$6,956,000 with fixed interest rate at 5.88% and a maturity date on 28 February 2049. Management has no intention to hold the investments to maturity.
- (iv) Available-for-sale equity security – unlisted represents an investment in a Korean private company and is carried at cost less impairment loss.
- (v) Equity-linked security as at 31 December 2014 represented an equity-linked bond placed with an investment bank in Korea with guaranteed principal and variable interest linked to the Korea Composite Stock Price Index 200, with a maturity date on 8 May 2015. The security was disposed of during the six months ended 30 June 2015.

- (vi) Structured debt securities and equity-linked securities are hybrid instruments that include non-derivative host contracts and embedded derivatives. Upon inception, the financial instruments are designated as fair value through profit or loss with changes in fair value recognised in the consolidated statement of profit or loss.
- (vii) None of the above other financial assets are past due or impaired, except for the available-for-sale equity security (see note (iv)). No further impairment loss was recognised during the six months ended 30 June 2015.

## 10. Leasehold land and other property, plant and equipment

During the six months ended 30 June 2015, the Group acquired items of other property, plant and equipment with a cost of HK\$58,781,000 (six months ended 30 June 2014: leasehold land and other property, plant and equipment of HK\$72,594,000). Items of other property, plant and equipment with a net book value of HK\$288,000 were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$242,000), resulting in a net gain on disposal of HK\$119,000 (six months ended 30 June 2014: net loss of HK\$31,000).

## 11. Inventories

During the six months ended 30 June 2015, HK\$743,000 (six months ended 30 June 2014: HK\$5,402,000) has been recognised as a reversal of write-down of inventories. The reversal arose upon disposal of these inventories.

## 12. Trade and other receivables

As at 30 June 2015, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Within 1 month	91,251	135,446
1 to 2 months	47,640	54,523
2 to 3 months	12,897	27,890
3 to 4 months	253	9,440
Over 4 months	770	4,241
Trade debtors and bills receivable, net of allowance for doubtful debts	152,811	231,540
Other receivables and prepayments	75,856	90,120
Amounts due from related companies	6,273	6,931
	<b>234,940</b>	<b>328,591</b>

Trade debtors and bills receivable are due within 30 to 60 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted.

### 13. Trade and other payables

As at 30 June 2015, the ageing analysis of trade creditors (which is included in trade and other payables), based on the due date, is as follows:

	At <b>30 June</b> <b>2015</b> <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Due within 1 month or on demand	78,532	80,702
Due after 1 month but within 3 months	27,672	12,999
Due after 3 months but within 6 months	12	10,202
Due after 6 months but within 1 year	957	5
	<hr/>	<hr/>
Trade creditors	107,173	103,908
Accrued charges and other payables	133,100	125,415
Amount due to a related company	–	2
	<hr/>	<hr/>
	<b>240,273</b>	<b>229,325</b>
	<hr/> <hr/>	<hr/> <hr/>

## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Review

During the first half of 2015, the global economy as a whole was on the road to gradual recovery. The European and North American markets have seen an improvement in consumer sentiment while Japan enjoyed relatively stable economic conditions, driving the Group's sustained growth during the period under review.

For the six months ended 30 June 2015, the Group's revenue rose by 14.0% year-on-year to HK\$755.6 million (six months ended 30 June 2014: HK\$663.0 million), mainly driven by the fast growing plastic figures segment which achieved a solid increase in sales volume. Gross profit rose strongly by 19.3% to HK\$171.2 million during the period (six months ended 30 June 2014: HK\$143.6 million), as the Group benefited from the enhanced efficiency of operation in Vietnam. The gross margin increased to 22.7% (six months ended 30 June 2014: 21.7%). Though escalating costs continue to put pressure on the entire toy industry, thanks to its established foundation and the implementation of cost control measures in the previous year which has started to bear fruit, the Group has recorded a profit attributable to equity shareholders of HK\$45.0 million (six months ended 30 June 2014: HK\$31.2 million), representing a surge of 44.1% with a net margin of 6.0% (six months ended 30 June 2014: 4.7%).

The Group maintained a healthy financial position with cash and cash equivalents and bank deposits of HK\$314.8 million as at 30 June 2015 (31 December 2014: HK\$264.6 million).

### Business Review

#### *Product Analysis*

##### *Plush stuffed toys segment*

During the period under review, the plush stuffed toys segment recorded a revenue of HK\$540.5 million (six months ended 30 June 2014: HK\$572.2 million), accounting for 71.5% of the Group's total revenue. The Original Equipment Manufacturing ("OEM") business under the plush stuffed toys segment remained as the core contributor of the Group's total revenue, accounting for 95.7% of total sales of plush stuffed toys. In the first half of 2015, the Group maintained stable performance under this segment thanks to its long-term business collaboration with well-known customers including globally-renowned cartoon character owners and licensors. Benefitting from a specialty store scheduled to open in Shanghai, China in 2016, the Group has started to receive orders of related products last year and additional orders were received during the period under review. The Group is positioned to seize more business opportunities from these clients in the future.

The Original Design Manufacturing (“ODM”) business recorded revenue of HK\$23.2 million during the six months ended 30 June 2015 (six months ended 30 June 2014: HK\$34.7 million), contributing 4.3% of the total sales of plush stuffed toys. With the successful establishment of its self-owned “Dream, made to love, made to hug” brand, the Group has fine-tuned its positioning to focus on the mass market which helps to further enhance its brand awareness among the public. In terms of product mix, the Group continues to strategically expand its selection of large-size plush stuffed toys to better enhance profitability, and is exploring opportunities to work for promotional campaigns in need of quality plush stuffed toys in large quantities.

#### *Plastic figures segment*

The plastic figures segment has continued its rapid growth, with revenue surging by 222% to HK\$213.6 million (six months ended 30 June 2014: HK\$66.2 million) during the period under review, contributing 28.3% of the Group’s total revenue. Capturing the cross-selling opportunities riding on its long term business relationships with existing top-tier customers, the Group has received both repeated and new orders thereby successfully boosting the sales of plastic figures with a particularly encouraging response in the US and European markets. A unique feature plastic figures licensor secured as a new customer last year increased its orders significantly in the first half of 2015, driving further growth of this segment.

#### *Ride-on toys segment*

During the period under review, sales generated from the ride-on toys segment were HK\$1.5 million (six months ended 30 June 2014: HK\$24.5 million). The Group has relocated its ride-on toys production facilities from China to Vietnam for better production efficiency. The Group has focused on smoothly preparing the new production plant in Vietnam which started operations in May this year. Subsequently, it will undertake arrangements for the new facility to engage in servicing large-volume customers. The Group plans to continue to optimise capacity utilisation under this segment.

#### ***Geographic Market Analysis***

For the six months ended 30 June 2015, North America becomes the largest geographic market of the Group, accounting for 45.8% of its total revenue. Japan accounted for 40.7% of the total revenue, followed by Europe at 8.8%, Hong Kong at 2.1% and China at 0.6%.

#### ***Operational Analysis***

As at 30 June 2015, the Group operated 13 plants in total, four of which were in China and nine in Vietnam, and in aggregate running at an average utilisation rate of 83%. In view of the rapid growth of the plastic figures segment and the relatively high utilisation rate of production capacity, the Group is constructing the third plant dedicated to that segment in Hanoi with construction expected to be completed in the fourth quarter of 2015 and to start production in 2016.

## **Prospects**

Various economic indicators have shown that the global economy is on the road to gradual recovery and that the Group's two major markets, Japan and the US, are experiencing gradual economic growth with an increase in individual consumption thereby providing a better backdrop for the Group's business development. And in fact, the Group is enjoying an improvement in its order volumes in general. Nonetheless, given the challenges including potential international geopolitical issues and rising costs encountered by every player in the manufacturing sector, the Group still remains cautiously optimistic about its prospects in the near future.

Over the years, as China has gradually been losing cost advantage as a production base when compared with some developing countries, the Group has engaged in starting another production base in Vietnam over a decade ago. Currently, the Group is operating nine plants in Vietnam as a strong support for its business expansion. In the second half of 2015, apart from growing its core plush stuffed toys business as well as the key growth driver plastic figures business, the Group is also focusing its resources on consolidating and improving the production flows aiming to enhance operational efficiency and profitability. The Group is considering further boosting production capacity in Vietnam to meet rising market demand for its products as and when appropriate.

In addition, the Group is open to new opportunities. Leveraging its well-established business foundation, the Group continues to actively foster new business opportunities across different geographic regions and product categories to strengthen its industry-leading position and maximise its market share.

## **Number and Remuneration of Employees**

As at 30 June 2015, the Group had 13,462 (31 December 2014: 13,426) employees in Hong Kong, China, Korea, the US, Japan and Vietnam. The Group values its human resources and recognises the importance of attracting and retaining quality staff for its continuing success. Staff bonuses and share options are awarded based on individual performance.

## **Liquidity and Financial Resources and Gearing**

The Group continued to maintain a reasonable liquidity position. As at 30 June 2015, the Group had net current assets of HK\$523.0 million (31 December 2014: HK\$561.0 million). The Group's total cash and cash equivalents as at 30 June 2015 amounted to HK\$250.8 million (31 December 2014: HK\$241.6 million). The total bank loans of the Group as at 30 June 2015 amounted to HK\$19.2 million (31 December 2014: HK\$35.0 million).

The Group's gearing ratio, calculated on the basis of total bank loans over total equity, was 2.0% at 30 June 2015 (31 December 2014: 3.7%).

## **Pledge on Group Assets**

Bank loans are secured on the Group's buildings, plant and machinery and land use rights with a net carrying value as at 30 June 2015 of HK\$23.7 million (31 December 2014: HK\$20.6 million).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

During the six months ended 30 June 2015, the Board considered that the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, save for the deviation from the code provision A.2.1.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separated and should not be held by the same individual. Mr. Kyoo Yoon Choi has been appointed as the CEO on 4 October 2012 and has performed both the roles as the chairman and CEO of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Kyoo Yoon Choi to hold both positions as it helps to maintain the continuity of the policies and stability of the operations of the Company. The Board including three independent non-executive directors has a fairly independent element in the composition and will play an active role to ensure a balance of power and authority.

## **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listing Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions on terms no less exacting than the required standard. Based on specific enquires of all the directors of the Company, all directors have confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2015.

## **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board declared an interim dividend of HK 3 cents per ordinary share for the six months ended 30 June 2015 (six months ended 30 June 2014: HK 3 cents per ordinary share). The interim dividend of HK\$20,306,000 (six months ended 30 June 2014: HK\$20,306,000) will be paid on 16 September 2015 to shareholders registered at the close of business on the record date, 7 September 2015.

The register of members will be closed for one day on 8 September 2015, during that day no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 7 September 2015.

## AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) has reviewed with the management of the Company with respect to the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters, including a review of the unaudited interim results for the six months ended 30 June 2015. The Audit Committee considered that the unaudited interim results for the six months ended 30 June 2015 were in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

## PUBLICATION OF 2015 INTERIM RESULTS AND INTERIM REPORT

The electronic version of this interim results announcement is published on the websites of the Company (<http://www.dream-i.com.hk>) and Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>). An interim report for the six months ended 30 June 2015 prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on above websites in due course.

By order of the Board  
**Dream International Limited**  
**Kyoo Yoon Choi**  
*Executive Director*

Hong Kong, 24 August 2015

As at the date of this announcement, the directors of the Company are as follows:

*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