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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF PROPOSED ACQUISITION OF ASSETS

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Board announces that after trading hours on 1 April 2016, Dream Textile entered into the MOU with C & H Enterprise in relation to the Proposed Acquisition.

Subject to the terms of the formal definitive agreement, if the Proposed Acquisition is effected, the Proposed Acquisition constitutes a connected transaction for the Company under the Listing Rules. In this regard, the Company will comply with the relevant reporting, announcement and/or independent Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, no formal definitive agreement in relation to the Proposed Acquisition has been entered into and the Proposed Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

INTRODUCTION

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING

The Board announces that after trading hours on 1 April 2016, Dream Textile entered into the MOU with C & H Enterprise in relation to the Proposed Acquisition.

Pursuant to the MOU, the Target Assets are the land use right and assets attached to the land of C & H Enterprise, including but not limited to land use right, factory, and certain buildings, machines and equipments. The consideration of the Proposed Acquisition in respect of the Target Assets is VND45,612,500,000 (equivalent to approximately HK\$15,871,000) and will be payable in cash. The consideration in respect of the Target Assets was determined by Dream Textile and C & H Enterprise after arm's length negotiations with reference to the total appraised net asset value of the Target Assets, being VND47,411,572,000 (equivalent to approximately HK\$16,497,000), as at 31 December 2015. The appraisal was conducted by BTCValue Valuation Joint Stock Company, an independent professional valuer in Vietnam, by using the cost approach. The consideration may be adjusted under mutual agreement when the parties come into sign a formal definitive agreement.

Furthermore, C & H Enterprise, at its own costs and expenses, shall complete the company liquidation procedure and shall work closely with the landlord in order that Dream Textile can continue lease the land use right from the landlord with existing terms and conditions and that Dream Textile can set up its branch on the Target Assets.

REASONS FOR THE PROPOSED ACQUISITION

The principal business of Dream Textile is the manufacture and sale of fabrics and dyeing. The principal business of C & H Enterprise is the manufacture and sale of fabrics and textiles. The Group is of the view that the Proposed Acquisition can further expand its existing operation and to avoid potential conflict of interests with C & H Group. The Directors consider that the entering into of the MOU is in the interests of the Group and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Kyoo Yoon Choi, the Chairman, Chief Executive Officer and the controlling shareholder of the Company, together with his wife, Ms. 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. C & H Enterprise is also deemed to be a connected person of the Company.

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INFORMATION ON THE GROUP

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

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”	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
“C & H Enterprise”	C & H Enterprise Co., Ltd., a company incorporated in Vietnam with limited liability and a wholly owned subsidiary of C & H, being the vendor under the MOU
“C & H Group”	C & H and its subsidiaries
“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
“Director(s)”	the director(s) of the Company
“Dream Textile”	Dream Textile Co., Ltd., a company incorporated in Vietnam with limited liability and a wholly owned subsidiary of the Company, being the purchaser under the MOU
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	the memorandum of understanding dated 1 April 2016 entered into by Dream Textile and C & H Enterprise in relation to the Proposed Acquisition
“Proposed Acquisition”	the proposed acquisition by Dream Textile from C & H Enterprise of the Target Assets
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	the ordinary share(s) in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	the land use right and assets attached to the land of C & H Enterprise to be acquired by Dream Textile
“Vietnam”	Socialist Republic of Vietnam
“VND”	Vietnamese Dong, the lawful currency of Vietnam
“%”	per cent

The exchange rate adopted in this announcement for reference only is HK\$1 to VND2,874.

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

Hong Kong, 5 April 2016

As at the date of this announcement, the Directors 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