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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)

CONNECTED TRANSACTION – ACQUISITION OF ASSETS

Reference is made to the announcement of the Company dated 5 April 2016 regarding the MOU in respect of the Proposed Acquisition.

The Board announces that after trading hours on 22 April 2016, Dream Textile entered into the Transfer Agreement with C & H Enterprise, pursuant to which Dream Textile has agreed to acquire the Target Assets at a total consideration of VND45,612,500,000 (equivalent to approximately HK\$15,871,000).

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.

The transaction contemplated under the Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Transfer Agreement are less than 5%, the transaction is 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 5 April 2016 regarding the MOU in respect of the Proposed Acquisition.

The Board announces that after trading hours on 22 April 2016, Dream Textile entered into the Transfer Agreement with C & H Enterprise, pursuant to which Dream Textile has agreed to acquire the Target Assets at a total consideration of VND45,612,500,000 (equivalent to approximately HK\$15,871,000).

Set out below is a summary of the principal terms of the Transfer Agreement:

TRANSFER AGREEMENT

Date

22 April 2016

Parties

- (i) Dream Textile, the transferee
- (ii) C & H Enterprise, the transferor

Target Assets

Pursuant to the Transfer Agreement, 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.

According to the information provided by C & H Enterprise, the financial information of the Target Assets is as follows:

	Original cost	Book value as at 31 December 2015	Appraised value as at 31 December 2015
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Land use right	4,933,000	4,709,000	4,903,000
Factory and certain buildings	11,094,000	10,480,000	10,833,000
Machines and equipments	785,000	623,000	761,000
	<u>16,812,000</u>	<u>15,812,000</u>	<u>16,497,000</u>

Consideration

The consideration of the Acquisition in respect of the Target Assets is VND45,612,500,000 (equivalent to approximately HK\$15,871,000).

The consideration of VND45,612,500,000 (equivalent to approximately HK\$15,871,000) shall be payable in cash by Dream Textile using its internal resources, in the following manner:

- (i) 20% of the consideration in the amount of VND9,122,500,000 (equivalent to approximately HK\$3,174,000) shall be payable within 5 working days as of the date of the Transfer Agreement;

- (ii) 20% of the consideration in the amount of VND9,122,500,000 (equivalent to approximately HK\$3,174,000) shall be payable within 5 working days as of the date which C & H Enterprise completes liquidation procedure at the governmental authority of Vietnam;
- (iii) 20% of the consideration in the amount of VND9,122,500,000 (equivalent to approximately HK\$3,174,000) shall be payable within 5 working days as of the date which Dream Textile enters into the land sub-lease agreement with the landlord and such land sub-lease agreement is certified by Binh Phuoc province Economic Zone Authority and/or Vietnam Notary Office;
- (iv) 20% of the consideration in the amount of VND9,122,500,000 (equivalent to approximately HK\$3,174,000) shall be payable within 5 working days as of the date which investment registration certificate and branch operation registration certificate are granted for Dream Textile; and
- (v) 20% of the consideration in the amount of VND9,122,500,000 (equivalent to approximately HK\$3,174,000) shall be payable within 5 working days as of the date which the land use right certificate is granted to Dream Textile.

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, using the cost approach.

Completion

Completion of the Acquisition shall take place upon settlement of the total consideration and receipt of the investment registration certificate, branch operation registration certificate and land use right certificate by Dream Textile.

REASONS FOR ENTERING INTO THE TRANSFER AGREEMENT

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 Acquisition can further expand its existing operation and to avoid potential conflict of interests with C & H Group. The Directors (including the independent non-executive Directors) are of the view that the terms of the Transfer Agreement are entered into on normal commercial terms and are fair and reasonable and 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.

Except for Mr. Kyoo Yoon Choi, who is also a director of C & H, none of the Directors have any material interest in the transactions. Mr. Kyoo Yoon Choi has abstained from voting on the Board resolution(s) approving the Transfer Agreement.

The transaction contemplated under the Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transaction contemplated under the Transfer Agreement are less than 5%, the transaction is subject to the reporting and announcement requirements but exempted from Independent Shareholders' approval requirement under Chapter 14A 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, plastic figures and ride-on toys.

DEFINITIONS

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

“Acquisition”	the acquisition by Dream Textile from C & H Enterprise of the Target Assets
“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 transferor under the Transfer Agreement
“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 transferee under the Transfer Agreement
“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
“Transfer Agreement”	the land use right, factory, assets transfer agreement dated 22 April 2016 entered into by Dream Textile and C & H Enterprise in relation to the Acquisition
“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, 22 April 2016

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