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DREAM INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1126)

REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS

References are made to the announcements of the Company dated 1 April 2016, 29 September 2016, 7 December 2016 and 16 June 2017 regarding the Supply Agreement with C & H for the sale of goods and processing services from the Group to the C & H Group and revision of annual caps, respectively.

In view of the business growth of the C & H Group, additional promotional orders expecting to be received from the C & H Group and its business estimates for the fourth quarter of the year, the Directors anticipate that the Annual Caps of HK\$39,000,000 will not be sufficient to meet the expected purchases volume of the C & H Group. The Directors therefore propose that the Annual Caps be revised and increased to the Revised Annual Caps. The Revised Annual Caps will be HK\$50,000,000 for each of the two years ending 31 December 2018.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Revised Annual Caps of the transactions are less than 5%, 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

References are made to the announcements of the Company dated 1 April 2016, 29 September 2016, 7 December 2016 and 16 June 2017 regarding the Supply Agreement with C & H for the sale of goods and processing services from the Group to the C & H Group and revision of annual caps, respectively.

Pursuant to the Supply Agreement, among other things, the Company agreed that any member of the Group shall supply of plush stuffed toys, plastic figures, ride-on toys and other toy related products, and processing services as may be ordered by any member of the C & H Group at such prices as the parties may agree from time to time, subject to the terms of the Supply Agreement.

As disclosed in the Announcements, the Annual Caps for the Supply Agreement were set at HK\$39,000,000. The Annual Caps have not been exceeded as of the date of this announcement.

REVISION OF THE ANNUAL CAPS

In view of the business growth of the C & H Group, additional promotional orders expecting to be received from the C & H Group and its business estimates for the fourth quarter of the year, the Directors anticipate that the Annual Caps of HK\$39,000,000 will not be sufficient to meet the expected purchases volume of the C & H Group. The Directors therefore propose that the Annual Caps be revised and increased to the Revised Annual Caps. The Revised Annual Caps will be HK\$50,000,000 for each of the two years ending 31 December 2018.

The Revised Annual Caps are determined with reference to (i) the historical transactions between the Group and the C & H Group, (ii) the estimated demand of the C & H Group and (iii) seasonal factors of these transactions.

The Directors (including the Independent Non-executive Directors) are of the view that the basis of determining the Revised Annual Caps is fair and reasonable.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS AND THE TRANSACTIONS

The Directors have been carefully monitoring the historical transacted amounts and estimated demand of the C & H Group regarding the continuing connected transactions. Due to the business growth of the C & H Group, additional promotional orders expecting to be received from the C & H Group and its business estimates for the fourth quarter of the year, the Directors anticipate that the aggregate value of the continuing connected transactions for each of the two years ending 31 December 2018 would exceed the Annual Caps. The Directors therefore propose to revise and increase the Annual Caps.

The Supply Agreement was entered to secure the Company's income and business growth. The transactions were normal sale of goods and processing services entered into in the ordinary course of business of the Group and enabled the Group to profit therefrom and the proceeds of sale and processing services will be used for general working capital purpose.

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 resolutions approving the Revised Annual Caps.

The Directors (including the Independent Non-executive Directors) are of the view that the Revised Annual Caps are fair and reasonable and in the interests of the Group and the 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 as at the date of this announcement. According to the Listing Rules, C & H is an associate of Mr. Kyoo Yoon Choi and thus a connected person of the Company. Each member of the C & H Group is also deemed to be a connected person of the Company. Therefore, the transactions contemplated under the Supply Agreement constitute continuing connected transactions for the Company.

Pursuant to the Listing Rules, if the Company proposes to revise the annual cap for a continuing connected transaction, the Company must re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transaction.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Revised Annual Caps of the transactions are less than 5%, the transactions are 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.

“Announcements” the announcements of the Company dated 1 April 2016, 29 September 2016, 7 December 2016 and 16 June 2017 regarding the Supply Agreement with C & H for the sale of goods and processing services from the Group to the C & H Group and revision of annual caps, respectively

“Annual Caps” the annual caps of sale of goods and processing services under the Supply Agreement for each of the two years ending 31 December 2018 according to the Announcements

“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 Korea, of which approximately 61.95% of the issued share capital were held by Mr. Kyoo Yoon Choi and his wife
“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
“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 of Hong Kong Limited
“Revised Annual Caps”	the revised annual caps of sale of goods and processing services under the Supply Agreement for each of the two years ending 31 December 2018 according to this announcement
“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

“Supply Agreement”

the supply agreement dated 1 April 2016 entered into by the Company and C & H for supply of plush stuffed toys, plastic figures, ride-on toys and other toy related products, and processing services

“%”

per cent

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

Hong Kong, 29 September 2017

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

Executive Directors:

Mr. Kyoo Yoon Choi (*Chairman*)
Mr. Young M. Lee
Mr. Hyun Ho Kim
Mr. Sung Sick Kim

Independent non-executive Directors:

Professor Cheong Heon Yi
Mr. Tae Woong Kang
Dr. Chan Yoo