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DREAM INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1126)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF PROPOSED ACQUISITION OF TARPAULIN BUSINESS

This announcement is made pursuant to Rule 13.09(2)(a) 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 13 September 2019, the Company entered into the MOU with the Vendors in relation to the Proposed Acquisition.

Subject to the terms of the formal definitive agreement, if the Proposed Acquisition is effected, the Proposed Acquisition will constitute 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. Further announcement(s) will be made by the Company as and when appropriate in accordance with 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.

INTRODUCTION

This announcement is made pursuant to Rule 13.09(2)(a) 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 13 September 2019, the Company entered into the MOU with the Vendors in relation to the Proposed Acquisition.

Pursuant to the MOU, the Company will acquire from the Vendors the entire issued share capital of the Target Companies. The consideration in respect of the Proposed Acquisition will be determined by the Company and the Vendors after arm's length negotiations with reference to, among other things, the appraisal letter from an independent appraisal company appointed by both parties. The payment schedule of the consideration shall be subject to mutual agreement when the parties sign a formal definitive agreement. The MOU shall take effect from the signing date and be terminated upon mutual agreement in writing by both parties.

The MOU does not create legally binding obligations on the parties on substantive terms in relation to the Proposed Acquisition (including consideration and payment schedule of the consideration) but is legally binding as to some miscellaneous and general terms relating to confidentiality, expenses, termination, and governing laws contained therein,

INFORMATION OF THE TARGET COMPANIES

C & H Vina, incorporated in Vietnam with limited liability, is principally engaged in the manufacture and sales of tarpaulin. C & H Vina has issued share capital of VND46,480,000,000. In particular, C & H holds 99.8% of the share capital of C & H Vina; Mr. Tae Sub Choi holds 0.1% of the share capital of C & H Vina; and Mr. Jae Dong Shin holds 0.1% of the share capital of C & H Vina. Mr. Tae Sub Choi and Mr. Jae Dong Shin are the president and managing director of C & H Vina respectively.

C & H Tarps, incorporated in Vietnam with limited liability, is principally engaged in the manufacture and sales of tarpaulin. C & H Tarps is a wholly-owned subsidiary of C & H with issued share capital of VND67,908,000,000.

REASONS FOR THE PROPOSED ACQUISITION

As disclosed in the Company's interim report for the six months ended 30 June 2019, the Group will consider investment opportunities for acquisition of suitable companies with growth potential to boost revenue and profit. Having considered the increasing volatility of global economy, in particular the uncertainty brought by the US-China trade war, and the recent performance of the Target Companies operating in Vietnam, the Group is of the view that the Proposed Acquisition provides an attractive investment opportunity which will accelerate the growth of the Group's revenue and profit.

Moreover, the Group has been providing processing services to C & H Vina, which constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Upon completion of the Proposed Acquisition, each of C & H Vina and C & H Tarps will become a subsidiary of the Company and the provision of processing services to C & H Vina will cease to be continuing connected transactions of the Group.

The Directors consider that the entering into of the MOU is 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, Executive Director, 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.

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

INFORMATION ON THE GROUP

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

DEFINITIONS

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

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| “associate(s)”, “connected person(s)” and “controlling shareholder” | have the meanings ascribed to them in the Listing Rules |
| “Board” | the board of Directors of the Company |
| “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, being one of the Vendors under the MOU |
| “C & H Tarps” | C & H Tarps Co., Ltd., a company incorporated in Vietnam with limited liability and a wholly-owned subsidiary of C & H, being one of the Target Companies under the MOU |

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| “C & H Vina” | C & H Vina Joint Stock Company (formerly known as C & H Vina Co., Ltd.), a company incorporated in Vietnam with limited liability and a 99.8% owned subsidiary of C & H, being one of the Target Companies under the MOU. It is owned as to 0.1% by each of Mr. Tae Sub Choi and Mr. Jae Dong Shin |
| “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, being the purchaser under the MOU |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “MOU” | the memorandum of understanding entered into by the Company and the Vendors in relation to the Proposed Acquisition on 13 September 2019 |
| “Proposed Acquisition” | the proposed acquisition by the Company from the Vendors of the entire issued share capital of the Target Companies |
| “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 Companies” | C & H Vina and C & H Tarps |
| “Vendors” | C & H, Mr. Tae Sub Choi and Mr. Jae Dong Shin |

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| “Vietnam” | Socialist Republic of Vietnam |
| “VND” | Vietnamese Dong, the lawful currency of Vietnam |
| “%” | per cent |

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

Hong Kong, 13 September 2019

The Directors as at the date of this announcement are as follows:

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
Mr. Chan Yoo