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DREAM INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1126)

VERY SUBSTANTIAL DISPOSAL OF PRC PROPERTY AND RESUMPTION OF TRADING

The Board is pleased to announce that the Vendor, a wholly owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser on 9 January 2009 after trading hours. Pursuant to the Disposal Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the PRC Property, subject to fulfillment of the Condition Precedent.

As the transactions under the Disposal Agreement constitute a very substantial disposal of the Company under the Listing Rules, the Disposal Agreement and the transactions contemplated thereunder are subject to the approval of the Shareholders in the EGM. A circular containing details of the Disposal Agreement, financial information relating to the PRC Property, a valuation report and a notice of EGM will be despatched to Shareholders as soon as possible.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 9:30 a.m. on 12 January 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 13 January 2009.

VERY SUBSTANTIAL DISPOSAL

The Board is pleased to announce that the Vendor entered into the Disposal Agreement with the Purchaser relating to the Disposal on 9 January 2009 after trading hours.

THE DISPOSAL AGREEMENT

Date

9 January 2009

Parties to the Disposal Agreement

- (i) C&H Toys (Suzhou) Co., Ltd. (希安琦玩具(蘇州)有限公司), a wholly-owned subsidiary of the Company, as the vendor; and

- (ii) 江蘇省太倉經濟開發區管理委員會, a local authority of the PRC government in Jiangsu province, as the purchaser.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is a government entity belonging to the PRC government responsible for the local management of the economic development zone of Taicang City, Jiangsu Province and an Independent Third Party and does not hold any Shares.

Sale of PRC Property

Pursuant to the Disposal Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase, subject to fulfillment of the Condition Precedent, the PRC Property.

Disposal Consideration

The consideration of the sale and purchase of the PRC Property is RMB53,000,000 (approximately HK\$59.36 million).

Pursuant to the Disposal Agreement, the Consideration is payable as follows:—

1. RMB15,000,000 (approximately HK\$16.8 million) by 30 January 2009;
2. as to the balance of the Consideration by monthly instalment of RMB5,000,000 (approximately HK\$5.6 million) until full payment from February to September 2009 where the last instalment will be RMB3,000,000 (approximately HK\$3.92 million).

The Consideration was determined after arm's length negotiations between the parties to the Disposal Agreement after taking into consideration the fair market value of the PRC Property based on the valuation of RMB50,330,000 (approximately HK\$56.37 million) made by a PRC valuer, which is an Independent Third Party, as of 2 December 2008 and 5 December 2008 for the building and land, respectively, comprising in the PRC property.

Condition Precedent

Completion of the sale and purchase of the PRC Property is conditional upon the approval of the Disposal Agreement and the transactions contemplated hereunder by the Shareholders in accordance with the Listing Rules.

Disposal Completion

Subject to fulfilment of the Condition Precedent, completion of the Disposal Agreement shall take place upon full payment of the Consideration which is expected to be around September 2009.

INFORMATION ON THE PRC PROPERTY

The PRC Property comprising a land of approximately 48,000 square meters and a factory building of approximately 43,600 square meters is situated at Liutai Lukou, Banmao Road, Banqiao Jiedaoban, Taicang City, Jiangsu Province, PRC and is owned by the Vendor. It used to be one of the Group's factories for manufacturing plush fabrics and plush stuffed toys. Since December 2008, it has ceased production which has been moved to another new factory in inland China.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As mentioned in the annual report of the Company for the financial year ended 31 December 2007, in an attempt to control production cost, the Group shifted a larger portion of its production and those in coastal areas to inland China where labour costs are relatively lower. The Disposal is in line with the Group's direction while allowing the Group an opportunity to realize some assets to enhance its cashflow position for further development.

The Directors, including the independent non-executive Directors, consider that the terms of the Disposal Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at 31 December 2008, the value of the PRC Property based on its net book value was approximately RMB35,844,159 (approximately HK\$40.15 million). Based on the difference between gross proceeds and carrying value of the PRC Property being RMB35,844,159 (approximately HK\$40.15 million), the gain which is expected to accrue to the Group due to the Disposal is estimated to be approximately HK\$19 million.

The proceeds of RMB53,000,000 (HK\$59.36 million) from the Disposal will be used for general working capital of the Group.

THE EGM

As the transactions under the Disposal Agreement constitute a very substantial disposal of the Company under the Listing Rules, the Disposal Agreement and the transactions contemplated thereunder are subject to the approval of the Shareholders in the EGM. The Company will convene a EGM to seek such approval. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Disposal Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting at the EGM.

GENERAL

A circular containing, among other things, (i) details of the Disposal Agreement and the transactions contemplated thereunder, (ii) financial information relating to the PRC Property (iii) a valuation report, and (iv) the notice of the EGM will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

The Group is principally engaged in business of manufacture and trading of toy products.

SUSPENSION AND RESUMPTION OF TRADING OF SHARES

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended since 9:30 a.m. on 12 January 2009 pending release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:30 a.m. on 13 January 2009.

DEFINITIONS

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings:—

“Board”	the board of Directors;
“Company”	Dream International Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the main board of the Stock Exchange;
“Director”	a director of the Company and “Directors” include all directors of the Company;
“Disposal”	the disposal of the PRC Property by the Vendor in accordance with the terms of the Disposal Agreement;
“Disposal Agreement”	the agreement dated 9 January 2009 entered into between the Vendor and the Purchaser relating to the sale and purchase of the PRC Property;
“Condition Precedent”	the condition precedent to the completion of the Disposal Agreement;
“Consideration”	the total consideration for the sale and purchase of the PRC Property in the sum of RMB53,000,000 (approximately HK\$59.36 million)
“EGM”	an extraordinary general meeting of the Company to be convened for approving the Disposal Agreement and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	a third party who is, and whose ultimate beneficial owners are, independent of the Company and connected persons (as defined in the Listing Rules) of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	江蘇省太倉經濟開發區管理委員會, a local authority of the PRC government in Jiangsu province
“PRC”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“PRC Property”	the property comprising a land of approximately 48,000 square meters and a factory building of approximately 43,600 square meters situated at Liutai Lukou, Banmao Road, Banqiao Jiedaoban, Taicang City, Jiangsu Province, PRC and is owned by the Vendor;

“RMB”	renminbi yuan, the lawful currency of the PRC;
“Shareholders”	holders of Shares;
“Shares”	ordinary share(s) of USD0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	C&H Toys (Suzhou) Co., Ltd. (希安琦玩具(蘇州)有限公司), a wholly foreign owned enterprise established in the PRC, wholly owned by the Company.

For and on behalf of the Board
Dream International Limited
Young M. Lee
Executive Managing Director

Hong Kong, 12 January 2009

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

Executive directors:

Mr. Kyoo Yoon Choi (*Chairman*)
Mr. Young M. Lee
Mr. James Wang
Mr. Hyun Ho Kim
Mr. Sang Hee Jung

Independent non-executive directors:

Professor Cheong Heon Yi
Professor Byong Hun Ahn
Mr. Oliver, Shing Kay Wong