DREAM INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 1126)

Results Announcement for the year ended 31 December 2008

The Board of Directors of Dream International Limited (the "company") announce that the consolidated results of the company and its subsidiaries (the "group") for the year ended 31 December 2008 are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	**2008** *HK$'000*	2007 *HK$'000*
Turnover	*3, 4*	**1,048,589**	946,328
Cost of sales		**(861,252)**	(798,360)
Gross profit		**187,337**	147,968
Other revenue	*5(a)*	**13,430**	9,473
Other net (loss)/gain	*5(b)*	**(3,570)**	2,395
Distribution costs		**(80,876)**	(37,444)
Administrative expenses		**(145,979)**	(134,459)
Impairment of fixed assets		**(5,837)**	—
Loss from operations		**(35,495)**	(12,067)
Finance costs	*6(a)*	**(6,888)**	(8,132)
Share of loss of associates		**(509)**	(16)
Loss before taxation	*6*	**(42,892)**	(20,215)
Income tax (expense)/credit	*7*	**(13,427)**	11,986
Loss for the year		**(56,319)**	(8,229)
Attributable to:			
Equity shareholders of the company		**(41,929)**	(4,831)
Minority interests		**(14,390)**	(3,398)
Loss for the year		**(56,319)**	(8,229)
Dividend	*8*	**—**	—
Loss per share			
Basic	*9(a)*	**6.27¢**	0.72¢
Diluted	*9(b)*	**N/A**	N/A

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Fixed assets			
— Interest in leasehold land held for own use under operating leases		**21,396**	15,153
— Other property, plant and equipment		**171,933**	182,022
		193,329	197,175
Intangible assets		**12,516**	16,623
Investments in associates		**950**	1,373
Other financial assets		**—**	76,284
Deferred tax assets		**503**	3,826
		207,298	295,281
Current assets			
Inventories		**132,909**	156,637
Trade and other receivables	*10*	**199,889**	168,393
Current tax recoverable		**255**	591
Other financial assets		**73,954**	—
Cash and cash equivalents		**122,370**	107,222
		529,377	432,843
Current liabilities			
Trade and other payables	*11*	**198,332**	149,845
Bank loans		**145,692**	113,884
Current tax payable		**6,976**	2,467
		351,000	266,196
Net current assets		**178,377**	166,647
Total assets less current liabilities		**385,675**	461,928
Non-current liabilities			
Bank loans		**—**	780
Net defined benefit retirement obligation		**6,978**	10,689
Deferred tax liabilities		**—**	248
		6,978	11,717
NET ASSETS		**378,697**	450,211

	Note	2008 HK$'000	2007 HK$'000
CAPITAL AND RESERVES			
Share capital		**52,019**	52,019
Reserves		**322,123**	379,972
Total equity attributable to equity shareholders of the company		**374,142**	431,991
Minority interests		**4,555**	18,220
TOTAL EQUITY		**378,697**	450,211

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial information for the year ended 31 December 2008 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in associates.

The consolidated financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. This financial information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

The measurement basis used in the preparation of the financial information is the historical cost basis except that financial assets and financial liabilities are stated at their fair value.

2. THE ADOPTION OF NEW/REVISED HKFRS

The HKICPA has issued the following new Interpretation and amendments to HKFRSs that are first effective for the current accounting period of the group and the company:

— HK(IFRIC) 14, *HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction.*

— Amendment to HKAS 39, *Financial instruments: Recognition and measurement, and HKFRS 7, Financial instruments: Disclosures — Reclassification of financial assets.*

These HKFRS development have had no material impact on the group's financial statements as they were consistent with accounting policies already adopted by the group. The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER

The principal activities of the group are the design, development, manufacture and sale of plush stuffed and, steel and plastic toys. Turnover represents the sales value of goods supplied to customers and excludes value added tax or other sales taxes and is after deduction of any trade discounts.

4. SEGMENT REPORTING

Segment information is presented in respect of the group's business and geographical segment. Business segment information is chosen as the primary reporting format because this is more relevant to the group's internal financial reporting.

Business segments

Plush stuffed toys	—	the design, development, manufacture and sale of such toys.
Steel and plastic toys	—	the design, development, manufacture and sale of such toys.

	Plush stuffed toys		Steel and plastic toys		Unallocated		Total	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**875,499**	801,339	**173,090**	144,989	**—**	—	**1,048,589**	946,328
Other revenue from external customers	**7,200**	3,681	**1,207**	1,017	**5,023**	4,775	**13,430**	9,473
Total	**882,699**	805,020	**174,297**	146,006	**5,023**	4,775	**1,062,019**	955,801
Segment result	**4,444**	(9,230)	**(44,962)**	(7,612)	**5,023**	4,775	**(35,495)**	(12,067)
Loss from operations							**(35,495)**	(12,067)
Finance costs							**(6,888)**	(8,132)
Share of loss of associates	**(509)**	(16)	**—**	—	**—**	—	**(509)**	(16)
Loss before taxation							**(42,892)**	(20,215)
Income tax (expense)/credit							**(13,427)**	11,986
Loss after taxation							**(56,319)**	(8,229)
Depreciation for the year	**23,345**	23,398	**7,205**	6,707	**—**	—	**30,550**	30,105
Impairment of fixed assets	**—**	—	**(5,837)**	—	**—**	—	**(5,837)**	—
Amortisation for the year								
— interest in leasehold land	**315**	337	**111**	103	**—**	—	**426**	440
— intangible assets	**—**	—	**676**	676	**—**	—	**676**	676

	Plush stuffed toys		Steel and plastic toys		Total	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**427,692**	401,473	**110,951**	137,355	**538,643**	538,828
Investments in associates	**950**	1,373	**—**	—	**950**	1,373
Unallocated assets					**197,082**	187,923
Total assets					**736,675**	728,124
Segment liabilities	**148,881**	105,222	**56,429**	55,312	**205,310**	160,534
Unallocated liabilities					**152,668**	117,379
Total liabilities					**357,978**	277,913
Capital expenditure incurred during the year	**36,077**	11,536	**1,575**	2,992	**37,652**	14,528

Geographical segments

The group's business is managed on a worldwide basis but participates in six principal economic environments. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of assets.

	Revenue from external customers		Segment assets		Capital expenditure incurred during the year	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
North America	**433,999**	419,357	**12,182**	505	**98**	65
Japan	**333,774**	283,074	**4,067**	4,182	**—**	—
Europe	**170,826**	170,576	**—**	—	**—**	—
South Korea	**869**	5,272	**29,512**	43,362	**110**	630
Hong Kong and the rest of the PRC	**107,715**	65,363	**396,420**	429,379	**4,690**	11,996
Vietnam	**—**	185	**96,462**	61,400	**32,754**	1,837
Others	**1,406**	2,501	**—**	—	**—**	—
	1,048,589	946,328	**538,643**	538,828	**37,652**	14,528

5. OTHER REVENUE AND NET (LOSS)/GAIN

(a) Other revenue

	2008	2007
	HK$'000	*HK$'000*
Bank interest income	**1,882**	3,116
Interest income from other financial assets	**3,141**	1,659
Reversal of trade and other payables	**—**	1,065
Interest income from tax certificates	**—**	846
Commission income	**5,193**	341
Sales of scrap materials	**988**	163
Sundry income	**2,226**	2,283
	13,430	9,473

(b) Other net (loss)/gain

	2008	2007
	HK$'000	*HK$'000*
Net (loss)/gain on disposal of property, plant and equipment	**(4,206)**	469
Net loss on disposal of leasehold land	**—**	(1,278)
Net realised and unrealised (loss)/gain on other financial assets	**(1,419)**	5,947
Net exchange gain/(loss)	**1,646**	(3,982)
Loss on disposal of club memberships	**(106)**	(32)
Others	**515**	1,271
	(3,570)	2,395

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

		2008	2007
		HK$'000	*HK$'000*
(a)	Finance costs		
	Interest expense on bank borrowings wholly repayable within five years	**6,888**	8,132
(b)	Other items		
	Amortisation		
	— land lease premium	**426**	440
	— intangible assets	**676**	676
	Depreciation	**30,550**	30,105
	Impairment losses		
	— trade receivables	**14,509**	3,163
	— other receivables	**300**	—
	— fixed assets	**5,837**	—
	— intangible assets	**173**	10
	— other financial assets	**911**	2,315
	Reversal of impairment loss on trade receivables	**(2,199)**	(462)
	Auditors' remuneration	**3,670**	3,922
	Operating lease charges: minimum lease payments in respect of property rentals	**22,196**	22,684
	Cost of inventories#	**861,252**	798,360

\# Cost of inventories includes HK$207,454,000 (2007: HK$205,253,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above for each of these types and expenses.

7. INCOME TAX (EXPENSE)/CREDIT

Taxation in the consolidated income statement represents:

	2008	2007
	HK$'000	*HK$'000*
Current tax - Hong Kong profits tax		
Provision for the year	**2,319**	1,140
Under/(over)-provision in respect of prior years	**706**	(12,942)
	3,025	(11,802)
Current tax - Outside Hong Kong		
Provision for the year	**7,371**	2,081
Over-provision in respect of prior years	**—**	(1,744)
	7,371	337
Deferred tax		
Origination and reversal of temporary differences	**3,031**	(521)
Income tax expense/(credit)	**13,427**	(11,986)

In February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the group's operations in Hong Kong as from the year ended 31 December 2008. This decrease is taken into account in the preparation of the group's and the company's 2008 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year and the opening balance of deferred tax has been re-estimated accordingly.

Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law (the "new tax law") of The People's Republic of China ("the PRC") which became effective on 1 January 2008. Under the new tax law, the statutory income tax rate applicable to the PRC subsidiaries has changed from 33% to 25%.

Under the new tax law, a 10% withholding tax will also be levied on dividends declared to foreign investors from the PRC, however, only the dividends attributable to the profits of the financial period starting from 1 January 2008 will be subject to the withholding tax. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investor. Pursuant to a double tax arrangement between the PRC and Hong Kong, the group is subject to a withholding tax at the rate of 5% for any dividend payments from the group's PRC subsidiaries.

At 31 December 2008, temporary differences relating to the undistributed profits of subsidiaries based in Mainland China amounted to HK$38,626,000 (2007: HK$Nil). Deferred tax liabilities of HK$1,931,000 (2007: HK$Nil) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

8. DIVIDEND

The board of directors do not declare or propose any dividend for the year ended 31 December 2008 (2007: HK$Nil).

9. LOSS PER SHARE

(a) Basic

The calculation of the basic loss per share is based on the loss attributable to ordinary equity shareholders of the company of HK$41,929,000 (2007: HK$4,831,000) and the 668,529,000 ordinary shares (2007: 668,529,000 ordinary shares) in issue during the year.

(b) Diluted

The diluted loss per share is not presented as the company did not have dilutive potential ordinary shares outstanding during both 2007 and 2008.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Current	**135,716**	95,243
Less than l month past due	**5,373**	6,735
1 to 3 months past due	**6,378**	5,001
More than 3 months past due but less than 12 months past due	**1,468**	691
More than 12 months past due	**25**	797
	148,960	108,467

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors are due within thirty to sixty days from the date of billing. Debtors with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. Normally, the group does not obtain collateral from customers.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2008	2007
	HK$'000	*HK$'000*
Due within month	**59,984**	42,216
Due after 1 month but within 3 months	**31,484**	17,726
Due after 3 months but within 6 months	**—**	8,718
Due after 6 months but within 1 year	**—**	713
Over due for more than 1 year	**110**	903
	91,578	70,276

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Having to face severe cost pressure in the first half year because of significant increase in raw material prices and labour costs, the full year performance of the group was affected. However, the efforts of the group in the past few years to restructure its business have started to bear fruit. The group's business bottomed out in the second half year and has been improving steadily since then.

Although turnover in the first half year dropped markedly when compared with the corresponding prior period because the group stopped taking small volume and low margin orders, significant business growth was recorded in the second half year leading to an overall growth of 10.8% in turnover for the full year to HK$1,048.6 million (2007: HK$946.3 million). However, because of the significant loss incurred in the first half year, loss attributable to equity shareholders for the full year was approximately HK$41.9 million (2007: HK$4.8 million).

In the second half year, the group's performance rebounded significantly. Thanks to the rapid growth of the licensing business, turnover recorded a year-on-year growth of 33.4% to HK$708.6 million (2H 2007: HK$531.3 million) during the six months. With an enhanced product mix and production costs having stabilised, gross profit for the second half year was 143.9 million, almost double that of the corresponding prior period (2H 2007: HK$74.5 million). The group managed to turn around its business with an operating profit of HK$11.9 million (2H 2007: loss of HK$5.2 million) and net profit attributable to equity shareholders of the company of HK$9.1 million (2H 2007: loss of HK$8.0 million) during the second half year, a notable improvement from the loss of HK$51.0 million for the first six months.

The group maintained a balanced financial position with cash and cash equivalents of HK$122.4 million (2007: HK$107.2 million) as at 31 December 2008 and bank loans totalling HK$145.7 million (2007: HK$114.7 million).

BUSINESS REVIEW

2008 was a challenging year for the toy industry with severe cost pressure in the first half year and the global economic recession spreading during the second half year. However, the group, which has been restructuring its business in the past few years, was prepared for the testing period. To broaden its product portfolio and revenue streams, the group secured one more licensing agreement with Disney. It also shifted focus on to higher value products to enjoy better profit margin. Furthermore, it relocated its plants in coastal areas to inland China and also expanded the production base in Vietnam for more effective application of resources and saving costs. All these moves contributed to the business turnaround of the group in the latter half of the year compared to the prior year.

Product Analysis

Plush stuffed toy segment

Plush stuffed toys recorded sales of HK$875.5 million, representing 83.5% of the group's total turnover for the year ended 31 December 2008. Original Equipment Manufacturing ("OEM") and licensing business was the core business of the group, accounting for 81.0% of the sales of the plush stuffed toy segment. During the year, the group secured a renowned US entertainment company as a new customer and expanded the products for this customer to bath items in addition to infant toys in the second half year. In the fourth quarter, the group secured a Japanese customer and the first shipment of products was made before the end of the year. Stable orders are expected from this customer in 2009.

In the first half of 2008, the group signed a licence agreement with Disney covering design as well as manufacture of plush and soft toys of various popular Disney characters. The first shipment of basic plush toys was made in the second half year. The group also enriched its product mix with teenagers items featuring High School Musical and Hanna Montana brands, and sold them to major retailers in the US, including Wal-Mart, Target, K-Mart, Toys"R"Us and Walgreens. With the licence giving it the flexibility to decide the different aspects of a product from on the drawing board to up on the store shelf, the group will seek to fully realise the potential of the products and capture various opportunities in the market.

Original Design Manufacturing ("ODM") business accounted for 19.0% of the sales of the plush stuffed toys segment. During the year, the group continued to manufacture interactive educational electronic plush stuffed toys carrying the "CALTOY" brand for a US retailer. It also became a major toy manufacturer of another US retailer in 2008. The group will strive to maintain close cooperation with profitable customers with the aim of securing more orders from them in the future.

Steel and plastic toy segment

Sales of the steel and plastic toy segment grew by 19.4% year-on-year to HK$173.1 million, accounting for 16.5% of the group's total turnover. During the year, the group secured additional orders to manufacture high-end products such as tricycles with electronic sound mechanism on the handle bar for a US marketing company. The products were well received in the US. During the second half year, the group promoted a series of new scooters developed with its own patented technology and drew the interest of mass retailers in the US and European markets. Furthermore, it also strengthened presence in China by restructuring its sales network for scooters and inline skates of its own "Great" and "Far Great" brands in the market with chain stores in Shanghai and other metropolitan areas as a strategic focus.

During the year, the group manufactured scooters and ride-on products under another licence agreement with Disney to penetrate the China market. During the second half year, the group cooperated with a Tianjin bicycle company to promote bicycle and tricycle products associated with a renowned Japanese character. The group was also devoted to developing new bicycle, tricycle and ride-on toy designs during the year to broaden its product range.

Market Analysis

For the year ended 31 December 2008, thanks mainly to contributions from the new licence business from Disney, North America continued to be the group's largest market with sales accounting for 41.4% of the group's total turnover. Japan and Europe were two other major markets, representing 31.8% and 16.3% of the total turnover of the group respectively.

Operational Analysis

As at 31 December 2008, the group operated eight plants in all, six of which were in China and two in Vietnam, running at an average utilisation rate of above 80%. To combat the challenging operating environment with high cost pressure, the group continued to restructure and relocate its production regime to either inland or Vietnam for better production efficiency and cost-effectiveness. A steel and plastic toy plant in Shenzhen and a plush toy plant near Shanghai were closed during the year and all production was relocated to three inland factories in and around Auhui province. The move has allowed the group to better utilise the facilities and enjoy economies of scale. To exploit the relatively lower labour cost in Vietnam, the group expanded its production base in the country. Apart from the existing plush toy plant and a plant equipped with 1,000 sewing machines which began operation during the year, a new fabric factory there has commenced trial production and is expected to be in full operation in 2009.

PROSPECTS

As the global financial crisis continues to impact economies, the group expects poor market sentiment to stay in the coming year and affect the overall performance of the toy industry. However, the group also sees factors working in its favour, hence is cautiously optimistic about the prospects of its business.

The economic downturn has speeded up consolidation of the toy industry benefitting established players like the group in terms of landing more sales orders and enjoying stronger bargaining power. With the value of the Renminbi and material prices stabilising, and the impact of the new labour law in China already reflected in the current financial year, the group expects pressure on production costs to alleviate in 2009. Furthermore, with two plants closed in 2008, the group's overall labour costs and administrative expenses will decrease. The increased value-added tax rebate for toy exporters in Mainland China from 11% to 14% will also be reflected in the coming year.

Armed with the different licence agreements, the group will design and launch new products with market appeal to broaden its income sources and enhance overall profitability. For example, new bicycle and tricycle products associated with a renowned Japanese character will be launched in the second quarter of 2009 to meet market demand. The group will also invest more resources in product design and development. Scooters manufactured with patented technology will be developed and a series of new products will be launched with the support of more aggressive marketing strategies in the coming year. The group will also set up showrooms in Hong Kong and the US to promote its products. With trading activities around the world especially exports to the US slowing down because of the global economic downturn, the group will strengthen presence in China to capture business opportunities in the country.

In the coming year, the group will continue to tighten cost control. On top of enjoying relatively lower labour costs in inland China and Vietnam, with the new fabric plant in Vietnam to commence full operation in 2009, the group will have a vertically integrated production line that boasts lower production costs. These measures will enhance the group's production efficiency and cost effectiveness and thus help stabilise product prices and raise its competitiveness in tackling challenging market conditions.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The group's liquidity and financial resources position remained balanced. The group's cash and bank deposits as at 31 December 2008 amounted to HK$196.4 million (2007: HK$182.6 million). This amount included the long-term structured deposit of US$12 million at a major bank with a carrying amount of HK$74.0 million as at 31 December 2008 (2007: HK$75.4 million).

As at 31 December 2008, the ratio of current assets to current liabilities was 1.5 times (2007: 1.6 times). The total borrowings of the group as at 31 December 2008 amounted to HK$145.7 million (2007: HK$114.7 million). As a result, the group's net cash and bank position as at 31 December 2008 including the long-term structured deposit was maintained at a healthy level of HK$50.7 million (2007: HK$67.9 million).

The group's gearing ratio, calculated on the basis of total borrowings over the total shareholders' equity, was increased to 38.5% (2007: 25.5%). This is mainly due to increase in bank borrowing to finance the group's expansion in Vietnam.

PLEDGE ON GROUP ASSETS AND BANK COVENANTS

As at 31 December 2008, the banking facilities of certain subsidiaries were secured by mortgages over their land use rights, buildings and long-term structured deposit with an aggregate carrying value of HK$134.4 million (2007: HK$173.3 million). Such banking facilities were utilised to the extent of HK$49.2 million (2007: HK$67.2 million).

NUMBER AND REMUNERATION OF EMPLOYEES

At 31 December 2008, the group had 14, 5,783, 2,843, 45, 12 and 9 employees in Hong Kong, Mainland China, Vietnam, South Korea, US and Japan respectively. The group treasures its human resources and recognises the importance of attracting and retaining quality staff for its continuing success. Staff bonuses and share options are awarded based on individual performance and job nature.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The board of directors do not recommend a dividend for the year ended 31 December 2008 (2007: Nil). The Transfer books and Register of members will be closed from 27 May 2009 to 29 May 2009, both days inclusive. During this period, no transfer of shares will be registered. In order to qualify for the right to vote for and/or attend the forthcoming annual general meeting scheduled on 29 May 2009, all transfer forms accompanied by the relevant share certificates must be lodged with the company's Registrar, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m on 26 May 2009.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2008, neither the company nor any of its subsidiaries has purchased, sold or redeemed any of the company's shares.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting policies, principles and practices adopted by the group and discussed internal control and financial reporting matters, including a review of the annual results for year ended 31 December 2008.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2008, the company has fully complied with the Code on Corporate Governance Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES

The company has adopted a code of conduct regarding securities transactions by Directors as set out in Appendix 10 of the Listing Rules. The company has made specific enquiries of all Directors and all Directors have confirmed that they complied with the required standard of dealings set out therein during the year.

By order of the Board
Kyoo Yoon Choi
Chairman

Hong Kong, 28 April 2009

At the date of this announcement, the directors of the company are:

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