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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this document or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Dream International Limited, you should at once hand this document to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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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)

**PROPOSED GENERAL MANDATES  
TO ISSUE SHARES AND REPURCHASE SHARES  
AND  
RE-ELECTION OF RETIRING DIRECTORS**

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A notice convening the annual general meeting of Dream International Limited to be held at Imperial Room III, Towers Wing, Mezzanine Floor, The Royal Pacific Hotel and Towers Hong Kong, 33 Canton Road, China Hong Kong City, Tsimshatsui, Kowloon, Hong Kong on 30 May 2008 at 10:30 a.m. is set out in the annual report for the year ended 31 December 2007 to be despatched to shareholders together with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the registered office of the Company at 8th Floor, Tower 5, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent shareholders from attending and voting at the meeting if they so wish.

28 April 2008

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Annual General Meeting”	the annual general meeting of the Company to be held on 30 May 2008 at 10:30 a.m. at Imperial Room III, Towers Wing, Mezzanine Floor, The Royal Pacific Hotel and Towers Hong Kong, 33 Canton Road, China Hong Kong City, Tsimshatsui, Kowloon, Hong Kong, or any adjournment thereof
“Articles of Association”	the articles of association of the Company
“C & H Korea”	C & H Co., Ltd., a company established in the Republic of Korea and is the holding company of the Company
“Code”	the Hong Kong Code on Takeovers and Mergers
“Companies Ordinance”	the Companies Ordinance of Hong Kong (Chapter 32)
“Company”	Dream International Limited
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 April 2008, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting the Proposed Repurchase Mandate
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of US\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

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

*Registered Office:*

8th Floor, Tower 5,  
China Hong Kong City  
33 Canton Road, Tsimshatsui  
Kowloon, Hong Kong

*Independent Non-executive Directors:*

Mr. Valiant, Kin Piu Cheung  
Professor Cheong Heon Yi  
Dr. Chan Yoo

28 April 2008

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSED GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES AND RE-ELECTION OF RETIRING DIRECTORS**

#### **INTRODUCTION**

On 18 April 2008, the Directors of the Company announced the audited consolidated results of the Company for the year ended 31 December 2007. The purpose of this circular is to provide you with information regarding the general mandates to issue shares and to repurchase shares which are proposed to be granted to the Directors and the proposed re-election of the Directors who are due to retire. These ordinary resolutions will be proposed at the Annual General Meeting of the Company to be held on 30 May 2008.

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## **LETTER FROM THE BOARD**

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### **GENERAL MANDATE TO ISSUE SHARES**

In order to ensure flexibility to the Directors, in the event that it becomes desirable to issue any share, approval is to be sought from Shareholders, pursuant to the Listing Rules, for a general mandate to issue Shares. At the Annual General Meeting, an ordinary resolution no. 5(1) will be proposed to grant a general mandate to the Directors to exercise the powers of the Company to allot and issue new shares in the share capital of the Company up to 10 per cent. of the aggregate nominal amount of the Company in issue as at the date of passing of the resolution in relation to such general mandate. As at the Latest Practicable Date, the number of Shares of the Company in issue was 668,529,000. Subject to the passing of the resolution granting the general mandate to the Directors to exercise the powers of the Company to allot and issue new shares in the share capital of the Company and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to allot a maximum of 66,852,900 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting. In addition, subject to a separate approval of the ordinary resolution no. 5(3), the number of Shares purchased by the Company under ordinary resolution no. 5(2) will also be added to the 10 per cent. general mandate as mentioned in the ordinary resolution no. 5(1).

### **GENERAL MANDATE TO REPURCHASE SHARES**

In addition, an ordinary resolution no. 5(2) will be proposed to provide the Directors with the authority to exercise the powers of the Company to repurchase shares representing up to 10 per cent. of the aggregate nominal amount of share capital in issue as at the date of passing of the resolution in relation to such Proposed Repurchase Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate is set out in the Appendix to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions at the Annual General Meeting.

### **RE-ELECTION OF RETIRING DIRECTOR**

In accordance with articles 101 and 92 of the Articles of Association, Mr. Young M. Lee, Mr. James Wang, Mr. Valiant Kin Piu Cheung, Mr. Jung Kuk Lee and Mr. Hyun Ho Kim, the directors of the Company, shall retire from office by rotation at the Annual General Meeting and Mr. Young M. Lee and Mr. James Wang, Mr. Jung Kuk Lee and Mr. Hyun Ho Kim being eligible, offer themselves for re-election at the Annual General Meeting. Mr. Valiant Kin Piu Cheung does not offer himself for re-election and accordingly will cease to be Director on conclusion of the Annual General Meeting.

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## LETTER FROM THE BOARD

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### DETAILS OF RETIRING DIRECTORS BEING PROPOSED FOR RE-ELECTION AT ANNUAL GENERAL MEETING

The biographical information of the retiring directors eligible for re-election at the Annual General Meeting is set out below:

**(i) Mr. Young M. Lee**

Mr. Young M. Lee, aged 52, is the Executive Managing Director and the Chief Financial Officer of the Company. Mr. Lee has 20 years of working experience in US in the areas of accounting and finance such as public accounting, consulting to financial institutions, mergers and acquisitions, corporate controllership and investment banking. Prior to joining the Group in May 2001, Mr. Lee was the Managing Director of Kohap (Hong Kong) Ltd., which is the trading and financing arm of a Korean conglomerate, Kohap Ltd.. He is responsible for the overall financial management, strategic and business planning of the Group.

Other than the directorate of the Company, Mr. Lee is also the director of the following members of the Company's group: J.Y. Toys Co., Ltd., J.Y. International Company Ltd. and C & H HK Corp., Ltd. Mr. Lee has not held any other directorships in listed public companies in the last three years.

Pursuant to the service contract entered between the Company and Mr. Lee, Mr. Lee was appointed as an executive director of the Company with no specific term of service and is terminable by the Company giving not less than three months written notice or payment in lieu thereof, subject to the retirement and re-election provisions under the Articles of Association. Mr. Lee is entitled to receive emoluments of HK\$1,507,000 per annum as determined by the Board with reference to the Company's current standard emoluments for executive directors and prevailing market rate together with discretionary bonus based on his performance.

Mr. Lee does not have any relationships with any Directors, senior management, substantial or controlling Shareholders of the Company (as defined in the Listing Rules).

As at the Latest Practical Date, Mr. Lee was beneficial owner of 1,740,000 Shares of the Company and the outstanding share options of 1,360,000 ordinary Shares granted on 7 February 2002 under the share option scheme adopted on 22 January 2002 of the Company, pursuant to Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is disclosed pursuant to the requirements of Rule 13.51(2) (h) to (v) of the Listing Rules.

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## LETTER FROM THE BOARD

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**(ii) Mr. James Wang**

Mr. James Wang, aged 46, is the Managing Director of Dream International USA, Inc. (“Dream USA”). He joined Dream USA on 1 July 1991 and has been in charge of the Group’s marketing function in the USA. Mr. Wang graduated from the University of California, Los Angeles, with a bachelor degree in business administration in 1986. Prior to joining the Group, Mr. Wang had extensive experience in the fields of logistics and trading from his previous employments with Trans-union Line, KAL Trading Co. and Daewoo America Corp. He was appointed as an Executive Director on 1 April 2005.

Other than the directorate of the Company and Dream USA, Mr. Wang does not hold any position with the Company or any member of the Company’s group. In addition, Mr. Wang has not held any other directorships in listed public companies in the last three years.

Pursuant to the service contract entered between the Company and Mr. Wang, Mr. Wang was appointed as an executive director of the Company on 1 April 2005 with no specific term of service and is terminable by the Company giving not less than three months written notice or payment in lieu thereof, subject to the retirement and re-election provisions under the Articles of Association. Mr. Wang is entitled to receive emoluments of HK\$856,000 per annum as determined by the Board with reference to the Company’s current standard emoluments for executive directors and prevailing market rate together with discretionary bonus based on his performance.

Mr. Wang does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

As at the Latest Practicable Date, Mr. Wang was not interested or deemed to be interested in any shares or underlying shares, save the outstanding share options of 520,000 ordinary Shares granted on 7 February 2002 under the share option scheme adopted on 22 January 2002 of the Company, pursuant to Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is disclosed pursuant to the requirements of Rule 13.51(2) (h) to (v) of the Listing Rules.

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## LETTER FROM THE BOARD

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**(iii) Mr. Jung Kuk Lee**

Mr. Jung Kuk Lee, aged 46, has been acting as the managing director of Dream Vina Co., Ltd. (“Dream Vina”), a wholly owned subsidiary of the Company, since 1 July 2004. He pioneered to set up the Dream Vina successfully in Ho Chi Ming City of Vietnam in 2004. He firstly joined C&H Co., Ltd., the immediate holding company of the Company, in 1989 and was specified in sales and marketing function. In 1995, he was relocated to Shenzhen factory to be in-charge of the sales and quality control functions of the Company before relocated to Vietnam. Prior to joining C&H Co., Ltd., Mr. Lee acquired a year of working experience in Mun-Kyung Savings & Loan Association in South Korea. Mr. Lee graduated from the Kyung-Buk University in South Korea, with a bachelor degree of German literature in 1988.

Other than the directorate of the Company and Dream Vina, Mr. Lee does not hold any position with the Company or any member of the Company’s group. In addition, Mr. Lee has not held any other directorships in listed public companies in the last three years.

Pursuant to the service contract entered between the Company and Mr. Lee, Mr. Lee was appointed as an executive director of the Company on 31 May 2007 with no specific term of service and is terminable by the Company giving not less than three months written notice or payment in lieu thereof, subject to the retirement and re-election provisions under the Articles of Association. Mr. Lee is entitled to receive emoluments of HK\$479,000 per annum as determined by the Board with reference to the Company’s current standard emoluments for executive directors and prevailing market rate together with discretionary bonus based on his performance.

Mr. Lee does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

As at the Latest Practical Date, Mr. Lee was beneficial owner of 170,000 Shares of the Company and the outstanding share options of 520,000 ordinary Shares granted on 7 February 2002 under the share option scheme adopted on 22 January 2002 of the Company, pursuant to Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is disclosed pursuant to the requirements of Rule 13.51(2) (h) to (v) of the Listing Rules.



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## LETTER FROM THE BOARD

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### (iv) Mr. Hyun Ho Kim

Mr. Hyun Ho Kim, aged 42, is currently the head of accounting department of the Company. He joined the accounting department of C&H Co., Ltd. in 1994. After nine years of service, Mr. Kim was gradually promoted to the position of general manager before he was relocated to Hong Kong to take charge of the accounting department of the Company in October 2003. Prior to joining C&H Co., Ltd., Mr. Kim acquired eight years comprehensive accounting experience in Poong Han Co., Ltd., a manufacturer of fabric and yarn, in South Korea. Mr. Kim graduated from the Seok-Yeong University in South Korea, with a bachelor degree of Economics in 1995.

Other than the directorate of the Company, Mr. Kim does not hold any position with the Company or any member of the Company's group. In addition, Mr. Kim has not held any other directorships in listed public companies in the last three years.

Pursuant to the service contract entered between the Company and Mr. Kim, Mr. Kim was appointed as an executive director of the Company on 31 May 2007 with no specific term of service and is terminable by the Company giving not less than three months written notice or payment in lieu thereof, subject to the retirement and re-election provisions under the Articles of Association. Mr. Kim is entitled to receive emoluments of HK\$497,000 per annum as determined by the Board with reference to the Company's current standard emoluments for executive directors and prevailing market rate together with discretionary bonus based on his performance.

Mr. Kim does not have any relationships with any Directors, senior management, substantial or controlling shareholders of the Company (as defined in the Listing Rules).

As at the Latest Practicable Date, Mr. Kim was not interested or deemed to be interested in any shares or underlying shares of the Company pursuant to Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is disclosed pursuant to the requirements of Rule 13.51(2) (h) to (v) of the Listing Rules.

### FORM OF PROXY

A form of proxy for use at the Annual General Meeting is enclosed with the annual report for the year ended 31 December 2007 of the Company which will be despatched to the members on or before 28 April 2008. Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy and return it to the Company in accordance with the instruction printed thereon not less than 48 hours before the time fixed for the holding of the Annual General Meeting. Completion and delivery of the form of proxy will not prevent the Shareholders from attending and voting at the Annual General Meeting if they so wish.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the proposed ordinary resolutions for the granting to the Directors of the general mandate to issue shares and the Proposed Repurchase Mandate and for the re-election of directors are in the interests of the Group and its Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

### RIGHT TO DEMAND A POLL

Pursuant to Article 73 of the Articles of Association of the Company, a resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

- (a) by the Chairman; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution. The demand for a poll may be withdrawn.

### GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,  
**For and on behalf of the Board**  
**Kyoo Yoon Choi**  
*Chairman*

*The following is the explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the Proposed Repurchase Mandate and also constitutes the memorandum required under Section 49BA of the Companies Ordinance.*

## **SHARE CAPITAL**

As at the Latest Practicable Date, the number of Shares of the Company in issue was 668,529,000. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 66,852,900 Shares, which represents 10 per cent. of the aggregate number of Shares in issue, during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

## **REASONS FOR REPURCHASE**

The Directors believe that the ability to repurchase Shares is in the interests of the Company and its Shareholders.

Repurchases may, depending on the circumstances, result in an increase in net assets per share and/or earnings per share. The Directors are seeking the grant of a general mandate to repurchase shares to give the Company the flexibility to do so if and when appropriate. The timing and the number(s), the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

## **FUNDING OF REPURCHASE**

Repurchases must be made out of funds which are legally available for such purpose in accordance with the Articles of Association and the laws of Hong Kong. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

There might be a material adverse effect on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the most recent published annual report of the Company for the financial year ended 31 December 2007) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the general mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing level which in the opinion of the Directors is from time to time appropriate for the Company.

**GENERAL**

To the best of their knowledge, having made all reasonable enquiries, none of the Directors nor any of their associates (as defined in the Listing Rules) currently intend to sell any Shares to the Company or its subsidiaries in the event that the general mandate is granted by Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate pursuant to the proposed resolution in accordance with the Listing Rules and the laws of Hong Kong.

The Company has received no notification from any of the connected persons (as defined in the Listing Rules) of the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any such Shares to the Company in the event that the Proposed Repurchase Mandate is granted.

If, on the exercise of the power to repurchase Shares pursuant to the Proposed Repurchase Mandate, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Code. As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Code.

As at the Latest Practicable Date, C & H Korea held 382,850,000 Shares, representing approximately 57.27% of the issued share capital of the Company. In the event that the Directors should exercise in full the Proposed Repurchase Mandate and the number of shares held by C & H Korea remain unchanged, the shareholding of C & H Korea in the Company will be increased to approximately 63.63% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Code as a result of any repurchases made under the Proposed Repurchase Mandate. The Directors do not propose to exercise the Proposed Repurchase Mandate to such extent that the public shareholding would be reduced to less than 25% of the issued share capital of the Company.

No purchase has been made by the Company of its Shares in the six months prior to the date of this circular.

## SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve calendar months preceding the Latest Practicable Date were as follows:

<b>Month</b>	<b>Highest trade price HK\$</b>	<b>Lowest trade price HK\$</b>
<b>2007</b>		
April	0.360	0.250
May	0.390	0.280
June	0.510	0.365
July	0.670	0.355
August	0.500	0.305
September	0.395	0.305
October	0.340	0.250
November	0.370	0.270
December	0.330	0.280
<b>2008</b>		
January	0.375	0.245
February	0.275	0.255
March	0.310	0.215
April (up to the Latest Practicable Date)	0.265	0.230

Source: *The Stock Exchange of Hong Kong Limited*