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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)

CONNECTED TRANSACTION DISPOSAL OF ASSETS

On 9 October, 2007, Dream Vina, a wholly-owned subsidiary of the Company entered into the Agreement of Transfer of Assets with C&H Vina to dispose of the Assets to C&H Vina for an aggregate consideration of US\$1,170,000 (approximately HK\$9,126,000).

C&H Vina is a company wholly-owned by C&H Korea, which has interest in approximately 57.27% of the issued share capital of the Company and is therefore a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company.

As the highest applicable percentage ratio for the Disposal is above 2.5% but below 25% and the total consideration is less than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the Disposal is exempted from the independent shareholders' approval requirement and is only subject to the reporting and disclosure requirements in accordance with Rules 14A.45 to 14A.47 of the Listing Rules.

THE AGREEMENT OF TRANSFER OF ASSETS

Date: 9 October, 2007

Parties: Dream Vina (as vendor), a wholly-owned subsidiary of the Company; and
C&H Vina (as purchaser).

Asset to be disposed of

Pursuant to the Agreement of Transfer of Assets (the “Agreement”), Dream Vina agreed to sell to C&H Vina the fixed assets related to tarpaulin processing, comprising of the land use right in respect of the properties located in Uyen Hung Townlet, Tan Uyen District, Binh Duong Province, Vietnam with area of 17,030.9 square meters, the properties linked to the land with area of 7,742.5 square meters, machinery and vehicle.

Upon compliance with the applicable procedures under Vietnam law and relevant local government regulations to enable the Assets to be transferred to C&H Vina and conclusion of the Agreement, C&H Vina shall pay the consideration in full to Dream Vina together with evidence of such compliance.

Consideration

The consideration of US\$1,170,000 has been determined after arm’s length negotiation between the parties with reference to the appraised value of the properties as stated in a valuation report dated 5 October 2007 prepared by an independent professional valuer appointed by Dream Vina based on open market valuation.

Information on the Properties

The properties are located in Uyen Hung Townlet, Tan Uyen district, Binh Duang Province, Vietnam. The total usable area is 7,742.5 square meters. On 24 August 2005, Dream Vina obtained the Land Use Right certificate in respect of the properties for a term of 39 years which is due to expire in June 2043. The original cost of the properties for Dream Vina is US\$706,480 (HK\$5,510,544). The specified use of the properties is for production and business establishment.

REASON FOR THE DISPOSAL

The Group is principally engaged in design, development, manufacturing and sales of plush stuffed toys and steel and plastic toys. The principal business activities of C&H Vina are manufacturing and export of tarpaulin.

The Assets comprise land use right, properties, machinery and vehicle which represent the tarpaulin processing unit of Dream Vina. It was originally built for sub-contracting of Tarpulin processing from other companies. Taking into account of the restructuring process of the Group, the Group is of the opinion that the Disposal represents a good opportunity to dispose of the non-core business and to generate funds for development in the Group’s new fabric factory, which will supply main raw material to Dream Vina for it’s plush toy manufacturing business. The directors, including the independent non-executive Directors, consider that since the consideration has been determined after arm’s length negotiation between parties and is equal to the appraised value of the Assets prepared by an independent valuer based on open market valuation, the Agreement has been entered into on normal commercial terms and the terms are fair and reasonable and in the interest of the Company and the shareholders as a whole.

FINANCIAL EFFECT ON THE DISPOSAL

It is estimated that the Group will record a gain of approximately HK\$879,629 (being the excess of the consideration over the carrying value of the Assets of HK\$8,246,371 as a result of the Disposal).

The net proceeds from the Disposal of approximately HK\$9,126,000 will be used as for development of a new fabric factory in Vietnam.

CONNECTED RELATIONSHIP

C&H Vina is a company wholly-owned by C&H Korea, which has interest in approximately 57.27% of the issued share capital of the Company and is therefore a connected person of the Company pursuant to Rule 14A.11 of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company.

As the highest applicable percentage ratios for the Disposal is above 2.5% but below 25% and the total consideration involved is less than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the Disposal is exempted from the independent shareholders' approval requirement and is only subject to the reporting and disclosure requirements in accordance with Rules 14A.45 to 14A.47 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“Assets”	The fixed assets related to Tarpulin processing, comprising of the land use right in respect of the properties located in Uyen Hung Townlet, Tan Uyen District, Binh Duong Province, Vietnam with area of 17,030.9 square meters, the properties linked to the land with area of 7,742.5 square meters, machinery and vehicles
“Agreement of Transfer of Assets”	an agreement dated 9 October 2007 entered into between Dream Vina and C&H Vina in relation to the sale and purchase of the land use right, properties, machinery and vehicles
“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 Main Board of the Stock Exchange
“C&H Vina ”	C&H Vina Co., Ltd., a company incorporated in Vietnam with limited liability which is wholly-owned by C&H Korea

“C&H Korea”	C&H Co., Ltd., a company incorporated in the Republic of Korea and being the substantial shareholder of the Company holding 57.27% of the issued share capital of the Company
“Directors”	the directors of the Company
“Disposal”	the disposal of the land use right, properties, machinery and vehicle by Dream Vina to C&H Vina pursuant to the terms of the Agreement of Transfer of Assets
“Dream Vina”	Dream Vina Co. Limited, a company incorporated in Vietnam and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vietnam”	The Socialist Republic of Vietnam
“%”	per cent.

For the purpose of this announcement, translations of US\$ into HK\$ are made for illustration purposes only at the exchange rate of US\$1.0 = HK\$7.8

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

Hong Kong, 9 October 2007

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. Jung Kuk Lee

Mr. Hyun Ho Kim

Independent Non-Executive Directors

Mr. Kin Piu Cheung, Valiant

Professor Cheong Heon Yi

Dr. Chan Yoo