DREAM INTERNATIONAL LIMITED
德林國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1126)

2012 INTERIM RESULTS

The Board of Directors (the "Board") of Dream International Limited (the "company") hereby announce the unaudited consolidated results of the company and its subsidiaries (the "group") for the six months ended 30 June 2012 as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012 – UNAUDITED

		Six months ended 30 June	
		2012	2011
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**589,239**	460,934
Cost of sales		**(448,994)**	(343,363)
Gross profit		**140,245**	117,571
Other revenue		**7,117**	5,981
Other net (loss)/gain		**(631)**	1,763
Distribution costs		**(23,754)**	(25,032)
Administrative expenses		**(69,514)**	(71,110)
Profit from operations		**53,463**	29,173
Finance costs	*3(a)*	**(602)**	(496)
Share of losses of associates		**(328)**	(268)
Profit before taxation	*3*	**52,533**	28,409
Income tax	*4*	**(12,499)**	(2,933)
Profit for the period		**40,034**	25,476
Attributable to:			
Equity shareholders of the company		**43,215**	25,985
Non-controlling interests		**(3,181)**	(509)
Profit for the period		**40,034**	25,476
Earnings per share	*6*		
Basic and diluted		**HK6.4 cents**	HK3.9 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012 – UNAUDITED

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Profit for the period	**40,034**	25,476
Other comprehensive income for the period (after tax adjustments):		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**(237)**	10,033
Available-for-sale securities: net movement in the fair value reserve	**(53)**	(10)
	(290)	10,023
Total comprehensive income for the period	**39,744**	35,499
Attributable to:		
Equity shareholders of the company	**43,003**	35,642
Non-controlling interests	**(3,259)**	(143)
Total comprehensive income for the period	**39,744**	35,499

CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2012 – UNAUDITED

	Note	**At 30 June 2012 *HK$'000***	At 31 December 2011 *HK$'000*
Non-current assets			
Fixed assets	*8*		
– Interests in leasehold land held for own use under operating leases		**22,560**	22,884
– Other property, plant and equipment		**174,380**	158,686
		196,940	181,570
Long term receivables		**2,327**	2,796
Prepayments		**1,988**	1,990
Intangible assets		**12,330**	12,191
Interest in associates		**359**	690
Net defined benefit retirement asset		**1,706**	2,619
Deferred tax assets		**9,468**	11,625
Other financial assets	*7*	**29,860**	23,048
		254,978	236,529
Current assets			
Inventories	*9*	**273,313**	231,565
Trade and other receivables	*10*	**191,058**	240,083
Current tax recoverable		**3,010**	4,125
Other financial assets	*7*	**13,674**	13,339
Time deposits		**109,288**	38,000
Cash and cash equivalents		**191,652**	177,115
		781,995	704,227
Current liabilities			
Trade and other payables	*11*	**254,874**	201,343
Bank loans		**25,117**	17,900
Current tax payable		**7,604**	9,554
		287,595	228,797
Net current assets		**494,400**	475,430
Total assets less current liabilities		**749,378**	711,959

CONSOLIDATED BALANCE SHEET (CONTINUED)
AT 30 JUNE 2012 – UNAUDITED

	At 30 June 2012 HK$'000	At 31 December 2011 HK$'000
Non-current liabilities		
Bank loans	**2,331**	4,924
Deferred tax liabilities	**67**	22
	2,398	4,946
NET ASSETS	**746,980**	707,013
CAPITAL AND RESERVES		
Share capital	**52,303**	52,303
Reserves	**686,144**	642,918
Total equity attributable to equity shareholders of the company	**738,447**	695,221
Non-controlling interests	**8,533**	11,792
TOTAL EQUITY	**746,980**	707,013

NOTES TO THE INTERIM FINANCIAL RESULTS

1. General information

The principal activities of the group are the design, development, manufacture and sale of plush stuffed toys, ride-on toys and plastic figures.

The company is a limited liability company incorporated in Hong Kong. The address of its registered office is 8th Floor, Tower 5, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

2. Segment reporting

The group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. In a manner consistent with the way in which information is reported internally to the group's most senior executive management for the purposes of resource allocation and performance assessment, the group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Plush stuffed toys: this segment is involved in the design, development, manufacture and sale of plush stuffed toys. These products are either sourced externally or are manufactured in the group's manufacturing facilities located primarily in the People's Republic of China (the "PRC") and Vietnam.

– Ride-on toys (formerly known as steel and plastic toys): this segment is involved in the design, development, manufacture and sale of ride-on toys. These products are manufactured in the PRC and sold to customers mainly located in the PRC and Japan.

– Plastic figures: this segment is involved in the design, development, manufacture and sale of plastic figures. These products are manufactured in the group's manufacturing facilities located primarily in the PRC and Vietnam.

(a) Segment results, assets and liabilities

In accordance with HKFRS 8, *Operating segments,* segment information disclosed in the interim financial results has been prepared in a manner consistent with the information used by the group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of intangible assets, interest in associates, investments in financial assets, deferred tax assets, current tax recoverable and other corporate assets. Segment liabilities include trade creditors and accruals attributable to the manufacturing and sales activities of the individual segments and bank loans managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA the group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and finance costs from cash balances and loans managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Information regarding the group's reportable segments as provided to the group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Plush stuffed toys		**Ride-on toys**		**Plastic figures**		**Total**	
Six months ended 30 June	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**551,342**	418,046	**32,796**	42,888	**5,101**	–	**589,239**	460,934
Inter-segment revenue	**1,528**	349	**–**	–	**–**	–	**1,528**	349
Reportable segment revenue	**552,870**	418,395	**32,796**	42,888	**5,101**	–	**590,767**	461,283
Reportable segment profit/(loss) (adjusted EBITDA)	**85,100**	45,298	**(8,442)**	1,462	**(6,841)**	–	**69,817**	46,760
Reportable segment assets	**575,303**	572,042	**111,654**	101,992	**44,523**	20,412	**731,480**	694,446
Additions to non-current segment assets during the period	**3,974**	9,365	**355**	3,577	**23,172**	14,955	**27,501**	27,897
Reportable segment liabilities	**210,289**	166,089	**79,200**	64,183	**29,533**	4,894	**319,022**	235,166

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**590,767**	461,283
Elimination of inter-segment revenue	**(1,528)**	(349)
Consolidated turnover	**589,239**	460,934

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Profit		
Reportable segment profit	**69,817**	46,760
Share of losses of associates	**(328)**	(268)
Interest income	**2,762**	1,793
Depreciation and amortisation	**(11,142)**	(12,321)
Finance costs	**(602)**	(496)
Unallocated head office and corporate expenses	**(7,974)**	(7,059)
Consolidated profit before taxation	**52,533**	28,409

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**731,480**	694,446
Elimination of inter-segment receivables	**(64,148)**	(33,823)
	667,332	660,623
Intangible assets	**12,330**	12,191
Interest in associates	**359**	690
Other financial assets	**43,534**	36,387
Deferred tax assets	**9,468**	11,625
Current tax recoverable	**3,010**	4,125
Unallocated head office and corporate assets	**300,940**	215,115
Consolidated total assets	**1,036,973**	940,756

	At 30 June 2012 HK$'000	At 31 December 2011 HK$'000
Liabilities		
Reportable segment liabilities	**319,022**	235,166
Elimination of inter-segment payables	**(64,148)**	(33,823)
	254,874	201,343
Deferred tax liabilities	**67**	22
Current tax payable	**7,604**	9,554
Unallocated head office and corporate liabilities	**27,448**	22,824
Consolidated total liabilities	**289,993**	233,743

3. Profit before taxation

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

	Six months ended 30 June 2012 HK$'000	2011 HK$'000
(a) Finance costs		
Interest expense on bank loans wholly repayable within five years	**602**	496
(b) Other items		
Amortisation of land lease premium	**270**	205
Depreciation	**10,872**	12,116
Operating lease charges: minimum lease payments in respect of property rentals	**11,459**	11,139
Inventories write-down and losses	**2,062**	2,748
Reversal of write-down of inventories	**(2,183)**	(747)
Bank interest income	**(2,694)**	(1,284)
Interest income from other financial assets	**(68)**	(509)
Net realised and unrealised loss on other financial assets	**300**	77

4. Income tax

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax	**1,183**	1,136
Current tax – Outside Hong Kong	**9,448**	1,188
Deferred taxation	**1,868**	609
	12,499	2,933

5. Dividends

(a) Dividends payable to equity shareholders attributable to the interim period

The Board did not recommend a payment of interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: HK nil cents per ordinary share).

(b) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2012	2011
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the interim period, of HK nil cents per ordinary share (six months ended 30 June 2011: HK4 cents per ordinary share)	**–**	26,887

6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the company of HK$43,215,000 (six months ended 30 June 2011: HK$25,985,000) and the weighted average number of ordinary shares of 672,165,000 shares (six months ended 30 June 2011: 672,165,000 shares).

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share for both six months ended 30 June 2012 and 2011 as the potential ordinary shares in respect of outstanding share options are anti-dilutive.

7. Other financial assets

	At 30 June 2012 HK$'000	At 31 December 2011 HK$'000
Non-current		
Equity-linked securities *(notes (i) & (vi))*	**9,722**	3,132
Available-for-sale debt securities – unlisted *(note (ii))*	**6,538**	6,516
Available-for-sale equity securities – unlisted *(note (iii))*	**13,600**	13,400
	29,860	23,048
Current		
Equity-linked securities *(notes (iv) & (vi))*	**13,674**	10,165
Held-to-maturity debt securities – unlisted *(note (v))*	**–**	3,174
	13,674	13,339
	43,534	36,387

Notes:

(i) Equity-linked securities as at 30 June 2012 represent three structured funds placed with investment banks in Korea, amounting to HK$3,101,000 (31 December 2011: HK$3,132,000), HK$3,323,000 (31 December 2011: HK$Nil) and HK$3,298,000 (31 December 2011: HK$Nil), with guaranteed principal and variable interest linked to the Korea Composite Stock Price Index 200, the Korea Composite Stock Price Index 200, and the Hang Seng China Enterprises Index and the Korea Composite Stock Price Index 200 and maturity date of 8 February 2014, 3 September 2013 and 3 September 2013, respectively.

(ii) Available-for-sale debt securities – unlisted represents an investment in bonds issued by an investment bank in Korea with a maturity date of 30 March 2039. Management has no intention to hold the investment to maturity.

(iii) Available-for-sale equity securities – unlisted represents an investment in a Korean private company which carried at cost.

(iv) Equity-linked securities as at 30 June 2012 represent three structured funds placed with an investment bank in Korea, amounting to HK$3,356,000, HK$6,982,000 and HK$3,336,000, with guaranteed principal and variable interest linked to the Korea Composite Stock Price Index 200, the Korea Composite Stock Price Index 200, and the Hang Seng China Enterprises Index and the Korea Composite Stock Price Index 200 and maturity date of 5 March 2013, 10 August 2012 and 5 March 2013, respectively.

Equity-linked securities as at 31 December 2011 represented two structured funds placed with investment banks in Korea, amounting to HK$3,366,000 and HK$6,799,000, with guaranteed principal and variable interest linked to the Korea Composite Stock Price Index 200 and maturity date of 25 May 2012 and 10 August 2012, respectively.

(v) Held-to-maturity debt securities – unlisted as at 31 December 2011 represented an investment in commercial paper with a maturity date of 12 January 2012 and interest-bearing at 6.50% per annum which carried at amortised cost.

(vi) The equity-linked securities are hybrid instruments that include non-derivative host contracts and embedded derivatives. Upon inception, the financial instruments are designated as fair value through profit or loss with changes in fair value recognised in the income statement.

(vii) None of the above other financial assets are past due or impaired.

8. Fixed assets

During the six months ended 30 June 2012, the group acquired items of fixed assets with a cost of HK$27,501,000 (six months ended 30 June 2011: HK$11,742,000). Items of fixed assets with a net book value of HK$383,000 were disposed of during the six months ended 30 June 2012 (six months ended 30 June 2011: HK$6,820,000), resulting in a gain on disposal of HK$175,000 (six months ended 30 June 2011: HK$7,008,000).

On 15 April 2011, a subsidiary of the company in Suzhou, the PRC disposed of a warehouse together with the associated land use right (the "Land and Warehouse") in Suzhou, at a cash consideration of RMB10,933,000 (equivalent to HK$13,010,000) plus a right to occupy the Land and Warehouse from 1 May 2011 to 31 December 2012. The transaction is considered as a sales and operating leaseback arrangement and recorded a gain on disposal of RMB5,865,000 (equivalent to HK$6,980,000) in other net gain for the period ended 30 June 2011.

9. Inventories

During the six months ended 30 June 2012, an amount of HK$2,183,000 (six months ended 30 June 2011: HK$747,000) has been recognised as a reversal of write-down of inventories. The reversal arose upon disposal of these inventories.

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:

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
Current	**111,988**	144,055
Less than 1 month past due	**17,575**	35,567
1 to 3 months past due	**3,242**	421
More than 3 months but less than 12 months past due	**400**	1,439
More than 12 months past due	**319**	90
Trade debtors and bills receivable, net of allowance for doubtful debts	**133,524**	181,572
Other receivables and prepayments	**54,125**	53,406
Amount due from ultimate holding company	**3,409**	5,105
	191,058	240,083

Trade debtors and bills receivable are due within 30 days to 60 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted.

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:

	At 30 June 2012	At 31 December 2011
	HK$'000	*HK$'000*
Due within 1 month or on demand	**54,496**	40,013
Due after 1 month but within 3 months	**27,010**	24,889
Due after 3 months but within 6 months	**2,313**	245
Due after 6 months but within 1 year	**618**	101
Trade creditors	**84,437**	65,248
Accrued charges and other payables	**147,733**	119,888
Loan from holder of non-controlling interests	**13,961**	13,979
Amount due to ultimate holding company	**4,984**	783
Amount due to a fellow subsidiary	**2,508**	820
Amount due to an associate	**1,251**	625
	254,874	201,343

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

Growth in the global economy remained essentially stagnant during the first half of 2012, while Europe continued to struggle with the tumultuous conditions of the sovereign debt crisis and the US economy only witnessed a gradual pick up at a sluggish pace. Nevertheless, with Japan, the largest market of Dream International Limited (the "Company") and its subsidiaries (collectively the "Group"), experiencing a recovery from the disaster that struck the country in 2011, the Group's financial results returned to the normal level during the period under review.

For the six months ended 30 June 2012, the Group's turnover grew to HK$589.2 million (2011: HK$460.9 million), representing an increase of 27.8% over the same period last year, while gross profit improved by 19.3% to HK$140.2 million (2011: HK$117.6 million). The increases were primarily driven by the recovery of the Japanese economy in parallel with improving consumer sentiment. Gross margin adjusted slightly at 23.8% (2011: 25.5%) mainly due to the Group shifting its focus from licensing to Original Equipment Manufacturing ("OEM") business to utilise its resources more effectively. The Group benefited from stringent and effective cost-control measures which enhanced operational efficiencies and reduced its distribution and administrative expenses despite the turnover growth. Operating profit was thus soared to HK$53.5 million (2011: HK$29.2 million), whereas profit attributable to equity shareholders surged to HK$43.2 million (2011: HK$26.0 million), an increase of 66.3% when compared with the corresponding period last year. Net margin amounted to 7.3% (2011: 5.6%).

The Group maintained a healthy financial position with cash and bank deposits of HK$300.9 million (31 December 2011: HK$215.1 million) as at 30 June 2012.

Business Review

Product Analysis

Plush stuffed toys segment

During the first six months of 2012, the plush stuffed toys business recorded an improved turnover of HK$551.3 million, accounting for 93.6% of the Group's total turnover. OEM remained as the core business of the Group, representing 86.7% of the sales of plush stuffed toys. The growth of this segment, validating its strategy in reallocating resources to OEM operations, was attributable to orders from Japanese customers that have gradually returned to a normal level after the 311 earthquake and tsunami last year. To further expedite business expansion, the Group introduced a number of new iconic characters from Korea and Japan during the New York Toy Fair in February 2012. Based on the highly encouraging feedback received from visitors at the toy fair, the Group targets to launch toys based on these characters in the first half of 2013.

The Original Design Manufacturing ("ODM") business also recorded an increase of turnover, contributing 13.3% of the sales of plush stuffed toys, in line with the improved consumer sentiment in the US. Further to the successful debut of its newly established self-owned brand "Dream, Made to Love, Made to Hug" with great response at the New York Toy Fair early this year, the Group further refined product designs and features and plans to introduce the series to the high-end market by the first half of 2013, backed by various promotional campaigns. In addition, orders from renowned US retailers for its other self-owned brand "CALTOY" products remained stable during the period.

Ride-on toys segment

Sales volume of ride-on toys was adversely affected by the deteriorating market sentiment in Europe. Turnover of this segment was HK$32.8 million, making up 5.6% of the Group's total turnover. To capture better opportunities and enhance overall performance, the Group continued to diversify into the high-end market segment, especially within China. A higher-margin new tricycle product line for a Japanese customer was launched during the period, which enjoyed an overwhelming response from the market. The Group is in the process of developing a newer version of this best-selling tricycle with enhanced features to boost sales volume in China as well as tap the overseas market.

Plastic figures segment

The Group has achieved good progress in creating a new growth engine by advancing the plastic figures segment well on track. Leveraging its strong ties built with globally renowned toy brands, the Group has succeeded in securing strategically important customers for this new segment. Research and development commenced late last year and specific products were undergoing trial production. The shipment of the first batch of plastic figures was completed in the first half of 2012, and this product category is mainly sold in Japan and North America.

Market Analysis

For the six months ended 30 June 2012, as market sentiment recovered, Japan remained as the largest market for the Group, accounting for 49.4% of the Group's total turnover. Business in North America has picked up at a lingering pace and that market has accounted for 33.6% of total turnover, followed by the European market at 13.3%, while China's contribution has grown to 2.4%.

Operational Analysis

As at 30 June 2012, the Group operated a total of eight plants, of which four were in China and four in Vietnam, altogether running at an average utilisation rate of about 81.0%. To support the Group's launch of the plastic figures business and to realise more cost-effective production, the Group has set up a new plant in Hanoi, Vietnam. Construction of the first phase of the plant has been completed during the period. Trial production finished in June and full operation commenced in July. As orders are expected to gradually pick up in the second half of the year, traditionally the toy industry's peak season, the Group plans to outsource certain orders to reliable subcontractors in a flexible arrangement for added production capacity.

Prospects

The global financial instability triggered by the EURO zone sovereign debt crisis is expected to persist, putting a damper on consumer confidence worldwide. Despite the improving US economy and the recovering Japanese market, the operational environment for the toy industry remains challenging with rising production cost pressure. The tough conditions continue to facilitate industry consolidation with weaker players exiting. And the Group, as the world's largest manufacturer of plush toys, is committed to laying a solid foundation in order to take better advantage of its competitive edge for future growth.

On the one hand, the Group will strengthen its presence within its established businesses. Apart from broadening the client base, the Group will ride on its research and development capability to develop fun-filled new products utilising a variety of fabrics and innovative designs, and study the feasibility to extend its product categories to baby plastic products. The Group will also diligently embark on new initiatives to create new growth drivers. Seeing the abundant potential for plastic figures, the Group is accelerating the progress of business development in this field, and expects this new segment to start contributing sizeable revenue to the Group in the year 2013. With the initial success of its efforts to penetrate into the high-end market, the Group will devote more resources to its self-owned brand "Dream, Made to Love, Made to Hug" series as well as the higher-margin ride-on toys.

In the face of escalating labour and other production costs, the Group will continue to closely monitor market conditions and implement stringent cost controls to maintain profitability.

Number and Remuneration of Employees

At 30 June 2012, the Group had 9,012 employees (31 December 2011: 8,496) in Hong Kong, Mainland China, South Korea, US, Japan and Vietnam. The Group values 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.

Liquidity and Financial Resources and Gearing

The Group continued to maintain a reasonable liquidity position. As at 30 June 2012, the Group had net current assets of HK$494.4 million (31 December 2011: HK$475.4 million). The Group's total cash and cash equivalents as at 30 June 2012 amounted to HK$191.7 million (31 December 2011: HK$177.1 million). The total borrowings of the Group as at 30 June 2012 amounted to HK$27.4 million (31 December 2011: HK$22.8 million).

The Group's gearing ratio, calculated on the basis of total bank borrowings over total equity, was 3.7% at 30 June 2012 which was slightly higher than 3.2% at 31 December 2011.

Pledge on Group Assets

Bank borrowings are secured on the Group's buildings, plant and machinery and land use rights with a net book value as at 30 June 2012 of HK$33.4 million (31 December 2011: HK$33.5 million).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six-month period ended 30 June 2012, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six-month period ended 30 June 2012, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules regarding the Model Code. Based on specific enquires of the Company's directors, the directors have complied with the required standard set out in Model Code.

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2012 (30 June 2011: HK nil cents per ordinary share).

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters of the interim results for the six months ended 30 June 2012.

By order of the Board
Young M. LEE
Vice President

Hong Kong, 31 August 2012

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 Chuan Yung Wang
Mr. Hyun Ho Kim

Independent Non-Executive Directors
Professor Cheong Heon Yi
Professor Byong Hun Ahn
Mr. Tae Woong Kang