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DREAM INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1126)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the "Board") of Dream International Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 together with comparative figures for the corresponding period in 2016. The interim results for the six months ended 30 June 2017 have not been audited, but have been reviewed by KPMG.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2017 – UNAUDITED

		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**1,154,044**	899,575
Cost of sales		**(861,636)**	(662,349)
Gross profit		**292,408**	237,226
Other revenue		**6,358**	7,648
Other net (loss)/income		**(2,472)**	3,871
Distribution costs		**(23,451)**	(25,686)
Administrative expenses		**(121,821)**	(112,849)
Profit from operations		**151,022**	110,210
Finance costs	*4(a)*	**(222)**	(180)
Profit before taxation	*4*	**150,800**	110,030
Income tax	*5*	**(28,718)**	(28,062)
Profit for the period		**122,082**	81,968
Attributable to:			
Equity shareholders of the Company		**123,094**	83,052
Non-controlling interests		**(1,012)**	(1,084)
Profit for the period		**122,082**	81,968
Earnings per share	*7*		
Basic and diluted		**HK$0.182**	HK$0.123

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017 – UNAUDITED

		Six months ended 30 June	
		2017	2016
	Notes	***HK$'000***	*HK$'000*
Profit for the period		**122,082**	81,968
Other comprehensive income for the period (after tax adjustments):			
Item that will not be reclassified to profit or loss:			
Remeasurement of net defined benefit retirement obligation		**(103)**	(82)
Items that may be or are reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong		**15,911**	437
Reclassification of accumulated exchange differences to profit or loss upon deregistration of a subsidiary		**(725)**	–
Available-for-sale securities: net movement in the fair value reserve		**(188)**	(168)
		14,998	269
Other comprehensive income for the period		**14,895**	187
Total comprehensive income for the period		**136,977**	82,155
Attributable to:			
Equity shareholders of the Company		**137,975**	83,231
Non-controlling interests		**(998)**	(1,076)
Total comprehensive income for the period		**136,977**	82,155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017 – UNAUDITED

	Notes	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Non-current assets			
Investment property	*9*	**1,285**	1,313
Interests in leasehold land held for own use under operating leases	*9*	**96,080**	86,042
Other property, plant and equipment	*9*	**609,093**	512,914
Long term receivables and prepayments		**30,102**	28,509
Other intangible assets		**6,948**	6,688
Goodwill		**2,753**	2,753
Deferred tax assets		**3,613**	3,779
Other financial assets	*8*	**13,763**	20,852
		763,637	662,850
Current assets			
Inventories	*10*	**280,728**	240,300
Trade and other receivables	*11*	**416,863**	348,376
Current tax recoverable		**97**	1,418
Other financial assets	*8*	**7,701**	–
Time deposits		**91,861**	108,232
Cash and cash equivalents		**315,918**	316,370
		1,113,168	1,014,696
Current liabilities			
Trade and other payables	*12*	**397,223**	330,802
Bank loans		**46,626**	23,252
Current tax payable		**20,423**	27,864
		464,272	381,918
Net current assets		**648,896**	632,778
Total assets less current liabilities		**1,412,533**	1,295,628

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2017 – UNAUDITED

	Notes	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Non-current liabilities			
Deferred tax liabilities		**1,156**	1,147
Provision for reinstatement costs		**1,195**	1,154
Net defined benefit retirement obligation		**1,627**	1,443
		3,978	3,744
NET ASSETS		**1,408,555**	1,291,884
CAPITAL AND RESERVES			
Share capital		**236,474**	236,474
Reserves		**1,180,263**	1,062,594
Total equity attributable to equity shareholders of the Company		**1,416,737**	1,299,068
Non-controlling interests		**(8,182)**	(7,184)
TOTAL EQUITY		**1,408,555**	1,291,884

NOTES TO THE INTERIM FINANCIAL RESULTS

1. General information and basis of preparation

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

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Unit 501 & 6/F, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong.

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

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 25 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) (the "Companies Ordinance") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

2. Changes in accounting policies

The HKICPA has issued several amendments to Hong Kong Financial Reporting Standards ("HKFRSs") that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*
- Amendments to HKAS 12, *Income tax: Recognition of deferred tax assets for unrealised losses*
- *Annual improvements to HKFRSs 2014-2016 Cycle*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. 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 identified three reportable segments. No operating segments have been aggregated to form the following reportable segments.

(a) Information about profit or loss, assets and liabilities

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		**Plastic figures**		**Ride-on toys**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the six months ended 30 June								
Revenue from external customers	**629,424**	644,648	**497,737**	245,024	**26,883**	9,903	**1,154,044**	899,575
Inter-segment revenue	**11,068**	14,663	**1,445**	1,443	**276**	–	**12,789**	16,106
Reportable segment revenue	**640,492**	659,311	**499,182**	246,467	**27,159**	9,903	**1,166,833**	915,681
Reportable segment profit/ (loss)(adjusted EBITDA)	**87,144**	99,111	**103,941**	49,339	**(1,113)**	(3,148)	**189,972**	145,302
As at 30 June/31 December								
Reportable segment assets	**915,585**	1,013,740	**657,028**	444,686	**113,767**	75,685	**1,686,380**	1,534,111
Reportable segment liabilities	**378,544**	308,175	**358,457**	248,166	**129,944**	90,962	**866,945**	647,303

The measure used for reporting segment profit/(loss) 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 the adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

(b) **Reconciliations of reportable segment profit or loss**

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Reportable segment profit	**189,972**	145,302
Interest income	**3,169**	1,937
Depreciation and amortisation	**(27,935)**	(22,173)
Finance costs	**(222)**	(180)
Unallocated head office and corporate expenses	**(14,184)**	(14,856)
Consolidated profit before taxation	**150,800**	110,030

4. Profit before taxation

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
(a) Finance costs		
Interest expense on bank borrowings wholly repayable within five years	**222**	180
(b) Other items		
Amortisation of land lease premium	**974**	742
Depreciation	**26,961**	21,431
Operating lease charges: minimum lease payments in respect of property rentals	**12,649**	15,660
Inventories write-down	**940**	484
Reversal of write-down of inventories	**(3,135)**	(2,683)
Bargain purchase gain arising from acquisition of a subsidiary	**–**	(3,240)
Bank interest income	**(2,708)**	(1,405)
Interest income from other financial assets	**(461)**	(532)
Net realised and unrealised loss/(gain) on other financial assets	**421**	(264)
Net (gain)/loss on disposal of other property, plant and equipment	**(251)**	331

5. Income tax

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax	**11,860**	8,454
Current tax – Outside Hong Kong	**16,691**	17,216
Deferred taxation	**167**	2,392
	28,718	28,062

6. Dividends

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Interim dividend declared and paid after the interim period of HK1 cent per ordinary share (six months ended 30 June 2016: HK1 cent per ordinary share)	**6,769**	6,769

The interim dividend has not been recognised as a liability at the end of the reporting period.

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK3 cents per ordinary share (six months ended 30 June 2016: HKNil cents per ordinary share)	**20,306**	–

7. 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$123,094,000 (six months ended 30 June 2016: HK$83,052,000) and the weighted average number of ordinary shares of 676,865,000 shares (six months ended 30 June 2016: 676,865,000 shares) in issue during the interim period.

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the six months ended 30 June 2017 and 2016.

8. Other financial assets

	At 30 June 2017 HK$'000	At 31 December 2016 HK$'000
Non-current		
Structured debt security *(notes (i) and (iv))*	**–**	7,644
Available-for-sale debt securities – unlisted *(note (ii))*	**8,500**	8,255
Available-for-sale equity security – unlisted *(note (iii))*	**5,263**	4,953
	13,763	20,852
Current		
Structured debt security *(notes (i) and (iv))*	**7,701**	–
	21,464	20,852

Notes:

(i) Structured debt security as at 31 December 2016 represented a debt investment placed with an investment bank in Korea with fixed interest rate at 4.63% per annum and redeemable by the debt issuer on or after 30 January 2018. The security is classified under "current assets" as at 30 June 2017.

(ii) Available-for-sale debt securities – unlisted represent: (a) an investment in bond amounting to HK$1,560,000 (31 December 2016: HK$1,515,000) with fixed interest rate at 3.95% per annum and a maturity date on 11 January 2023, which management has no intention to hold to maturity; and (b) an investment in perpetual bond amounting to HK$6,940,000 (31 December 2016: HK$6,740,000) with fixed interest rate at 5.88% per annum.

(iii) Available-for-sale equity security – unlisted represents an investment in a Korean private company and is carried at cost less impairment loss. In prior years, an impairment loss of HK$8,705,000 was recognised in order to write down the available-for-sale equity security to its recoverable amount. No further impairment loss was recognised during the six months ended 30 June 2017 and 2016.

(iv) Structured debt security is a hybrid instrument that includes non-derivative host contracts and embedded derivatives. Upon inception, the financial instrument is designated as fair value through profit or loss with changes in fair value recognised in the consolidated statement of profit or loss.

9. Investment property, leasehold land and other property, plant and equipment

During the six months ended 30 June 2017, the Group acquired items of leasehold land and other property, plant and equipment with a cost of HK$129,102,000 (six months ended 30 June 2016: HK$114,895,000). Items of other property, plant and equipment with a net book value of HK$1,573,000 were disposed of during the six months ended 30 June 2017 (six months ended 30 June 2016: HK$829,000), resulting in a net gain on disposal of HK$251,000 (six months ended 30 June 2016: net loss on disposal of HK$331,000).

10. Inventories

During the six months ended 30 June 2017, HK$3,135,000 (six months ended 30 June 2016: HK$2,683,000) has been recognised as a reversal of write-down of inventories. The reversal arose upon utilisation, disposal or an increase in the estimated net realisable value of these inventories.

11. Trade and other receivables

As at 30 June 2017, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date or date of revenue recognition, if earlier and net of allowance for doubtful debts, is as follows:

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Within 1 month	**196,320**	130,329
1 to 2 months	**66,809**	45,723
2 to 3 months	**20,330**	18,452
3 to 4 months	**9,912**	12,850
Over 4 months	**4,162**	17
Trade debtors and bills receivable, net of allowance for doubtful debts	**297,533**	207,371
Other receivables and prepayments	**111,414**	119,093
Amounts due from related companies	**7,916**	21,912
	416,863	348,376

Trade debtors and bills receivable are due within 30 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.

12. Trade and other payables

As at 30 June 2017, the ageing analysis of trade payables (which are included in trade and other payables), based on the due date, is as follows:

	At 30 June 2017 *HK$'000*	At 31 December 2016 *HK$'000*
Due within 1 month or on demand	**145,652**	107,947
Due after 1 month but within 3 months	**35,309**	35,808
Due after 3 months but within 6 months	**123**	15
Due after 6 months but within 1 year	**27**	499
Trade payables	**181,111**	144,269
Receipt in advance	**63,359**	34,666
Salary and welfare payables	**117,869**	117,284
Value-added tax payable	**4,087**	4,642
Payable for acquisition of other property, plant and equipment	**11,350**	14,885
Other payables and accrual	**19,447**	15,056
	397,223	330,802

MANAGEMENT DISCUSSION & ANALYSIS

Financial Review

During the first half of 2017, the global economy has been reviving at a gradual pace. The US economy continued to grow at a slow albeit steady rate, leading to improved consumer and business sentiment. While in the Euro zone, the economic growth rate was higher than previously estimated, with broad-based growth among all countries in the region in turn boosting both market confidence and retail sales. Seizing the business opportunities by leveraging its established competitive advantages in the toy industry as well as its timely expansion of production capacity in Vietnam, the Group has achieved an outstanding performance in terms of business growth and profitability during the period under review.

For the six months ended 30 June 2017, the Group's revenue again broke the half-year record, surging by 28.3% year-on-year to HK$1,154.0 million (six months ended 30 June 2016: HK$899.6 million), mainly driven by the significant increase in sales volume of plastic figures. Benefitting from the economies of scale and continuous enhancement in production efficiency, gross profit rose significantly by 23.3% to HK$292.4 million (six months ended 30 June 2016: HK$237.2 million) during the period and gross profit margin was 25.3% (six months ended 30 June 2016: 26.4%). Capitalising on cost control measures, operating profit improved by 37.0% to HK$151.0 million (six months ended 30 June 2016: HK$110.2 million). Accordingly, the Group achieved yet another half-year record high in profit for the period at HK$122.1 million (six months ended 30 June 2016: HK$82.0 million), soaring 48.9%, with a net margin up by 1.5 percentage points to 10.6% (six months ended 30 June 2016: 9.1%).

The Group maintained a healthy financial position with cash and cash equivalents and time deposits of HK$407.8 million as at 30 June 2017 (31 December 2016: HK$424.6 million). To reward shareholders for their unwavering support, the Board recommended payment of an interim dividend of HK1 cent per ordinary share (six months ended 30 June 2016: HK1 cent per ordinary share).

Business Review

Product Analysis

Plush stuffed toys segment

During the period under review, the plush stuffed toys segment recorded a revenue of HK$629.4 million (six months ended 30 June 2016: HK$644.7 million), accounting for 54.5% of the Group's total revenue. The Original Equipment Manufacturing ("OEM") business under the plush stuffed toys segment remained as the major revenue contributor, with a turnover of HK$596.2 million recorded (six months ended 30 June 2016: HK$596.4 million), accounting for 94.7% of total sales of that segment. Riding on its outstanding product quality, the Group continued to receive orders from its existing customers, which are globally-renowned cartoon character owners and licensors, to sustain a steady growth. The Group also continued to develop new plush characters for customers in order to capture new business opportunities. During the review period, the Group started the baby doll business as planned and believes that diversification of its products can broaden its revenue stream, further capturing the cross-selling opportunities from existing customers and securing new customers. Sales of the Original Design Manufacturing ("ODM") business in the segment was HK$33.2 million (six months ended 30 June 2016: HK$48.3 million) during the review period, contributing 5.3% of the total sales of plush stuffed toys. The Group is planning to develop new designs and materials for this business, so as to cater for customers' demand while securing more orders in the future.

Plastic figures segment

For the period under review, the plastic figures segment continued to rapidly grow, with sales skyrocketing by 103.1% to HK$497.7 million (six months ended 30 June 2016: HK$245.0 million), contributing 43.1% of the Group's total revenue and becoming another core business. The Group continued to receive increasing orders from its current customers. In particular, a unique-feature plastic figures licensor has notably increased its order volume during the review period. Moreover, the Group has been striving to expand its customer base, with customers secured during the review period and started to immediately make a significant sales contribution. The Group's ability to deliver a large quantity of high quality products gives it the competitive advantage to continue expanding its customer base and finding new revenue streams.

Ride-on toys segment

During the period under review, the ride-on toys segment has continued to further ramp up and generated sales of HK$26.9 million (six months ended 30 June 2016: HK$9.9 million). By executing its strategy to focus mainly on developing the US market, encouraging results have been delivered with positive initial feedback received from its customers. The Group continues to explore more business opportunities in the US market, while the strategic relocation of its ride-on toys production facilities from China to Vietnam further improved its production efficiency, boosting the profitability of this segment.

Geographic Market Analysis

For the six months ended 30 June 2017, North America remained as the largest geographic market of the Group, accounting for 59.5% of its total revenue. Japan came second and accounted for 28.6%, followed by Europe at 5.5%, Hong Kong at 2.0% and Others at 4.4%.

Operational Analysis

As at 30 June 2017, the Group operated 17 plants in total, four of which were in China and 13 in Vietnam, and in aggregate running at an average utilisation rate of 89%. The third plant for the plastic figures segment in Hanoi had commenced full operation. For a better resource allocation, the originally planned production plant for "Doll Products" located next to the third plant has been used for manufacturing plastic figures to meet the exceptionally strong market demand for that product. The fourth plant has also started construction and is expected to commenced operation in the first half of next year. Since Doll Products involve the production processes of both plush stuff toys and plastic parts, the Group intends to consign the production of these products among its existing plants in Vietnam for a more flexible and efficient utilisation of its production facilities.

Prospects

Looking ahead, the global economy in the second half of the year has started on a solid footing and steady growth is expected to continue. At the same time, as the manufacturing sector remains highly competitive and faces challenges such as rising operational costs, the Group remains cautiously optimistic about its prospects in the near future.

Currently, the top priority of the Group is to expand production capacity in a timely manner to meet the strong market demand for its plastic figures products, which has not only become its key revenue contributor, but is also set to be its major growth driver in the near future. In view of this, the Group has reserved more room for capacity expansion at the fourth plastic figures plant in Vietnam, and can start construction of phase two and even phase three of this plant to fulfil the tremendous inflow of new orders. The enlarged scale of the production base also enables the Group to achieve greater economies of scale and thereby further enhance its efficiency.

Leveraging its leading position in the global toy industry, strong customer base including top-tier toy companies worldwide, established production bases in both China and Vietnam as well as its sound financial situation, the Group is in a favourable position to capture the emerging opportunities with its proven two-pronged strategy in business development, i.e., taking plush stuffed toys segment as a strong foundation and plastic figures as the growth driver, in order to achieve long-term sustainable growth and secure lucrative returns for its shareholders.

Number and Remuneration of Employees

As at 30 June 2017, the Group had 18,491 (31 December 2016: 16,997) employees in Hong Kong, China, Korea, the 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 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 2017, the Group had net current assets of HK$648.9 million (31 December 2016: HK$632.8 million). The Group's total cash and cash equivalents as at 30 June 2017 amounted to HK$315.9 million (31 December 2016: HK$316.4 million). The total bank loans of the Group as at 30 June 2017 amounted to HK$46.6 million (31 December 2016: HK$23.3 million).

The Group's gearing ratio, calculated on the basis of total bank loans over total equity, was 3.3% at 30 June 2017 (31 December 2016: 1.8%).

Pledge on Group Assets

Certain leasehold land and other property, plant and equipment of the Group with an aggregate carrying amount of HK$19.6 million as at 30 June 2017 (31 December 2016: HK$20.1 million) were pledged as security for an unutilised bank facility of the Group of HK$11.7 million (31 December 2016: HK$11.6 million).

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the six months ended 30 June 2017, the Board considered that the Company has complied with the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, save for the deviation from the code provision A.2.1.

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separated and should not be held by the same individual. Mr. Kyoo Yoon Choi has been appointed as the CEO on 4 October 2012 and has performed both the roles as the chairman and CEO of the Company. The Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Kyoo Yoon Choi to hold both positions as it helps to maintain the continuity of the policies and stability of the operations of the Company. The Board including three independent non-executive directors has a fairly independent element in the composition and will play an active role to ensure a balance of power and authority.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions on terms no less exacting than the required standard. The Company has made specific enquires of all directors of the Company and all directors have confirmed that they had complied with the required standard as set out in the Model Code at all applicable times during the six months ended 30 June 2017.

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared an interim dividend of HK1 cent per ordinary share for the six months ended 30 June 2017 (six months ended 30 June 2016: HK1 cent per ordinary share). The interim dividend of HK$6,769,000 (six months ended 30 June 2016: HK$6,769,000) will be paid on 25 September 2017 to shareholders registered at the close of business on the record date, 13 September 2017.

The register of members will be closed for one day on 14 September 2017, during that day no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 13 September 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed with the management of the Company with respect to the accounting principles and practices adopted by the Group and discussed risk management and internal control systems and financial reporting matters, including a review of the unaudited interim results for the six months ended 30 June 2017. The Audit Committee considered that the unaudited interim results for the six months ended 30 June 2017 were in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made.

PUBLICATION OF 2017 INTERIM RESULTS AND INTERIM REPORT

The electronic version of this interim results announcement is published on the websites of the Company (www.dream-i.com.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). An interim report for the six months ended 30 June 2017 prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on above websites in due course.

By order of the Board
Dream International Limited
Kyoo Yoon Choi
Executive Director

Hong Kong, 25 August 2017

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors
Mr. Kyoo Yoon Choi *(Chairman)*
Mr. Young M. Lee
Mr. Hyun Ho Kim
Mr. Sung Sick Kim

Independent Non-executive Directors
Professor Cheong Heon Yi
Mr. Tae Woong Kang
Dr. Chan Yoo