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DREAM INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1126)

PAST CONNECTED TRANSACTION

INTRODUCTION

During the preparation of the annual results of the Company for the year ended 31 December 2023, it has come to the attention of the Board that the transactions executed between C&H Chaohu, a wholly-owned subsidiary of the Company, and C & H, a company owned by Mr. Kyoo Yoon Choi, the Chairman, executive Director, Chief Executive Officer and the controlling shareholder of the Company together with his wife, Ms. Woul Hee Cha and children, hold approximately 89.55% of the issued share capital of C & H, thus a connected person of the Company, based on Purchase Order on 20 September 2023. Mr. Sung Sick Kim, an executive Director, holds approximately 3.21% of the issued share capital of C & H. Accordingly, C & H is a connected person of the Company, such transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

THE PURCHASE ORDER

Pursuant to the Purchase Order, C & H agreed to purchase, and C&H Chaohu agreed to sell, plush toys and promotional products.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Kyoo Yoon Choi, the Chairman, executive Director, Chief Executive Officer and the controlling shareholder of the Company, together with his wife and children hold approximately 89.55% of C & H, a limited liability company incorporated in Korea. According to the Listing Rules, C & H is an associate of Mr. Kyoo Yoon Choi and thus a connected person of the Company. Mr. Sung Sick Kim, an executive Director, holds approximately 3.21% of the issued share capital of C & H. Accordingly, the transactions entered into pursuant to the Purchase Order shall constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate consideration payable by C & H to C&H Chaohu pursuant to the Purchase Order amounted to US\$469,493 (equivalent to approximately HK\$3,665,000). As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% and the aggregate consideration is over HK\$3 million, the transactions under the Purchase Order are subject to the reporting and announcement requirements but exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

REMEDIAL MEASURES

The Company deeply regrets its non-compliance with the relevant connected transaction requirements under Chapter 14A of the Listing Rules and would like to stress that such non-compliance was inadvertent and unintentional. Currently, the Company has no plan to enter into new transactions of sales with C & H. If the Company plans to enter into such transactions with C & H in the future, the Company will comply with all applicable requirements under the Listing Rules in respect thereof. The Company will take further remedial measures to tighten its internal control procedure with a view to ensure timely compliance with the Listing Rules and to prevent recurrence of similar incidents.

INTRODUCTION

During the preparation of the annual results of the Company for the year ended 31 December 2023, it has come to the attention of the Board that the transactions executed between C&H Chaohu, a wholly-owned subsidiary of the Company and C & H, a limited liability company incorporated in Korea, of which approximately 89.55% of the issued share capital were held by Mr. Kyoo Yoon Choi, the Chairman, executive Director, Chief Executive Officer and the controlling shareholder of the Company, together with his wife and children thus a connected person of the Company, based on Purchase Order dated on 20 September 2023. Mr. Sung Sick Kim, an executive Director, holds approximately 3.21% of the issued share capital of C & H. C & H is a connected person of the Company, such transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

PURCHASE ORDER

Date

20 September 2023

Parties

- (1) C & H Co., Ltd., as the buyer
- (2) C&H Chaohu Co., Ltd., as the seller

Subject of the transactions

Pursuant to the Purchase Order, C&H Chaohu agreed to sell and C & H agreed to purchase of plush stuffed toys and promotional products.

The products were shipped on 18 November 2023, 21 November 2023, 22 November 2023, 24 November 2023, and 1 December 2023 by C&H Chaohu for an aggregate consideration of US\$469,493 (equivalent to approximately HK\$3,665,000).

The aggregate price of product, settlement method and other terms set out in the Purchase Order are determined after arm's length negotiations between the parties with reference to the prevailing market prices of similar products and the trading practices with independent third parties.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The transactions under the Purchase Order were normal sale of goods entered into in the ordinary course of business of the Group and enabled the Group to profit therefrom and the proceeds of sale will be used for general working capital purpose.

The Directors (including the independent non-executive Directors) have reviewed the Purchase Order and, for the reasons set out above, considered that the Purchase Order is conducive to the Group and the terms were negotiated and determined on an arm's length basis, on normal commercial terms within the ordinary and usual course of business of the Group and was fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Purchase Order was negotiated and entered into individually on an one-off basis. Currently, the Group has no plan of enter into new transactions of similar nature with C & H. If the Group plans to enter into such transactions with C & H in the future, the Company will comply with all applicable requirements under the Listing Rules in respect thereof.

CONFIRMATION FROM THE DIRECTORS IN RELATION TO THE PURCHASE ORDER

The Company has reported in writing the matters regarding the Purchase Order to all Directors, and the resolution on the ratification and confirmation, and approval of the transaction contemplated under the Purchase Order has been passed by the Board. Except for Mr. Kyoo Yoon Choi and Mr. Sung Sick Kim, who are the shareholders of C & H, and Mr. Min Jung Lee (being the son-in-law of Mr. Kyoo Yoon Choi and his spouse is a shareholder of C & H), none of the Directors have any material interest in the Purchase Order. Three of the Directors, Mr. Kyoo Yoon Choi, Mr. Sung Sick Kim and Mr. Min Jung Lee, have abstained from voting on the board resolutions for approving the Purchase Order. Save as disclosed above, none of the Directors had abstained from voting on such board resolutions. The Company has taken into account the incident and has informed all Directors in writing that hereafter, and will take remedial measures to prevent the recurrence of similar incidents as well as monitor the ongoing compliance for similar transactions, details of which are set out in paragraphs headed "Remedial Measures" below.

REMEDIAL MEASURES

The Company deeply regrets its non-compliance with the relevant connected transaction requirements under Chapter 14A of the Listing Rules and would like to stress that such non-compliance was inadvertent and unintentional. The Company will take further remedial measures to tighten its internal control procedure with a view to ensuring timely compliance with the Listing Rules and to prevent recurrence of similar incidents. These measures include: (i) to circulate the relevant internal guidelines, to remind the responsible staff, senior management and Directors and strengthen their understanding to identify the circumstances which are expected to trigger an announcement and other reporting requirements under the Listing Rules; and (ii) on an ongoing basis, the Company will work more closely with external advisers, financial and legal, before entering into any potential notifiable or connected transactions. If necessary, the Company could also consult the Stock Exchange on the proper treatment of the proposed transaction.

GENERAL INFORMATION

The principal business of the Group is to design, development, manufacture and sales of plush stuffed toys, plastic figures, dolls, die-casting products and fabrics.

C&H Chaohu is a limited liability company incorporated in PRC. It is wholly-owned subsidiary of the Company. C & H Chaohu is principally engaged in manufacturing of plush stuffed toys.

C & H is a limited liability company incorporated in Korea. It is principally engaged in wholesale and retail sales of toys, hobbies and entertainment goods. C & H is owned by Mr. Kyoo Yoon Choi, Ms. Woul Hee Cha, Mr. Woo Jin Choi (son of Mr. Kyoo Yoon Choi), Ms. Soo Jin Choi (daughter of Mr. Kyoo Yoon Choi), Ms. You Jin Choi (daughter of Mr. Kyoo Yoon Choi), Ms. Shin Hee Cha (sister-in-law of Mr. Kyoo Yoon Choi), Mr. Sung Sick Kim (executive Director), Ms. Joon Hee Park and Mr. Tae Sub Choi as to approximately 36.71%, 25.48%, 9.08%, 9.14%, 9.14%, 4.38%, 3.21%, 2.29% and 0.57% respectively.

Ms. Joon Hee Park is a businesswoman who is a South Korean citizen and third party independent of and not connected with the Company and its connected persons.

Mr. Tae Sub Choi is a businessman who is a South Korean citizen and third party independent of and not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Kyoo Yoon Choi, the Chairman, executive Director, Chief Executive Officer and the controlling shareholder of the Company, together with his wife and children hold approximately 89.55% of C & H, a limited liability company incorporated in Korea. According to the Listing Rules, C & H is an associate of Mr. Kyoo Yoon Choi and thus a connected person of the Company. Mr. Sung Sick Kim, an executive Director, holds approximately 3.21% of the issued share capital of C & H. Accordingly, the transactions executed pursuant to the Purchase Order shall constitute connected transactions for the Company under Chapter 14A of the Listing Rules. The aggregate consideration payable by C & H to C&H Chaohu pursuant to the Purchase Order amounted to US\$469,493 (equivalent to approximately HK\$3,665,000). As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 0.1% and the aggregate consideration is over HK\$3 million, the transactions under the Purchase Order are subject to the reporting and announcement requirements but exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”, “connected person(s)” and “controlling shareholder”	have the meanings ascribed to them in the Listing Rules
“Board”	the board of Directors
“C&H Chaohu”	C&H Chaohu Co., Ltd., is a limited liability company incorporated in PRC. It is wholly-owned subsidiary of the Company
“C & H”	C & H Co., Ltd., a limited liability company incorporated in Korea, of which approximately 89.55% of the issued share capital were held by Mr. Kyoo Yoon Choi and his wife and children
“Company”	Dream International Limited, a company incorporated in Hong Kong with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchase Order”	the commercial document dated 20 September 2023 entered into between C & H to C&H Chaohu, indicating types, quantities, and agreed prices for products
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Dream International Limited
Min Jung Lee
Executive Director

Hong Kong, 8 February 2024

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Kyoo Yoon Choi (*Chairman*)
Mr. Sung Sick Kim
Mr. Min Jung Lee
Ms. Hyunjoo Kim

Independent non-executive Directors:

Professor Cheong Heon Yi
Dr. Chan Yoo
Mr. Jong Hun Lim