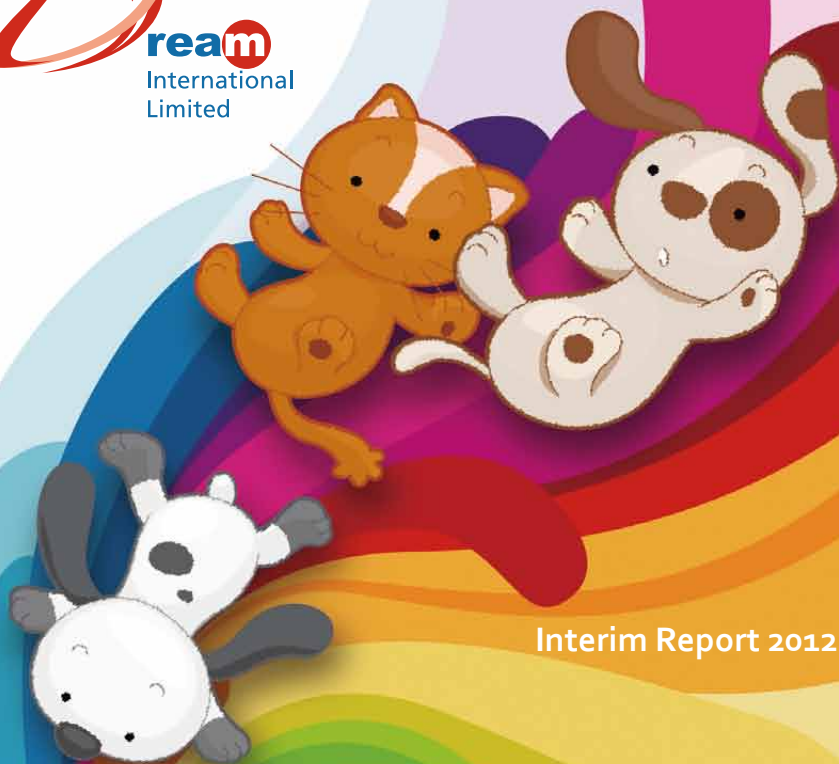




**ream**  
International  
Limited



Interim Report 2012



**DREAM INTERNATIONAL LIMITED**  
**德林國際有限公司**

Incorporated in Hong Kong with limited liability  
Stock Code : 1126

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## 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).



## REVIEW REPORT TO THE BOARD OF DIRECTORS OF

### DREAM INTERNATIONAL LIMITED

*(Incorporated in Hong Kong with limited liability)*

#### Introduction

We have reviewed the interim financial report set out on pages 8 to 30, which comprises the consolidated balance sheet of Dream International Limited (the “company”) as of 30 June 2012 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

#### Scope of review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF  
DREAM INTERNATIONAL LIMITED *(Continued)*  
*(Incorporated in Hong Kong with limited liability)*

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2012 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

**KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong



## CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2012 – unaudited

		Six months ended 30 June	
	<i>Note</i>	<b>2012</b> <b>HK\$'000</b>	2011 HK\$'000
<b>Turnover</b>	3, 4	<b>589,239</b>	460,934
Cost of sales		<b>(448,994)</b>	(343,363)
<b>Gross profit</b>		<b>140,245</b>	117,571
Other revenue		<b>7,117</b>	5,981
Other net (loss)/gain		<b>(631)</b>	1,763
Distribution costs		<b>(23,754)</b>	(25,032)
Administrative expenses		<b>(69,514)</b>	(71,110)
<b>Profit from operations</b>		<b>53,463</b>	29,173
Finance costs	5(a)	<b>(602)</b>	(496)
Share of losses of associates		<b>(328)</b>	(268)
<b>Profit before taxation</b>	5	<b>52,533</b>	28,409
Income tax	6	<b>(12,499)</b>	(2,933)
<b>Profit for the period</b>		<b>40,034</b>	25,476
<b>Attributable to:</b>			
Equity shareholders of the company		<b>43,215</b>	25,985
Non-controlling interests		<b>(3,181)</b>	(509)
<b>Profit for the period</b>		<b>40,034</b>	25,476
<b>Earnings per share</b>	7		
Basic		<b>6.4 cents</b>	3.9 cents
Diluted		<b>6.4 cents</b>	3.9 cents

The notes on pages 15 to 30 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 14.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2012 – unaudited

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
<b>Profit for the period</b>	<b>40,034</b>	25,476
<b>Other comprehensive income for the period (after tax adjustments):</b>		
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)
	<b>(290)</b>	10,023
<b>Total comprehensive income for the period</b>	<b>39,744</b>	35,499
<b>Attributable to:</b>		
Equity shareholders of the company	<b>43,003</b>	35,642
Non-controlling interests	<b>(3,259)</b>	(143)
<b>Total comprehensive income for the period</b>	<b>39,744</b>	35,499

The notes on pages 15 to 30 form part of this interim financial report.

## CONSOLIDATED BALANCE SHEET

at 30 June 2012 – unaudited

	<i>Note</i>	At 30 June 2012 HK\$'000	At 31 December 2011 HK\$'000
<b>Non-current assets</b>			
Fixed assets	9		
– Interests in leasehold land held for own use under operating leases		22,560	22,884
– Other property, plant and equipment		174,380	158,686
		<b>196,940</b>	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	8	29,860	23,048
		<b>254,978</b>	236,529
<b>Current assets</b>			
Inventories	10	273,313	231,565
Trade and other receivables	11	191,058	240,083
Current tax recoverable		3,010	4,125
Other financial assets	8	13,674	13,339
Time deposits	12	109,288	38,000
Cash and cash equivalents	12	191,652	177,115
		<b>781,995</b>	704,227
<b>Current liabilities</b>			
Trade and other payables	13	254,874	201,343
Bank loans		25,117	17,900
Current tax payable		7,604	9,554
		<b>287,595</b>	228,797

**CONSOLIDATED BALANCE SHEET (Continued)**

at 30 June 2012 – unaudited

<i>Note</i>	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
<b>Net current assets</b>	<b>494,400</b>	475,430
<b>Total assets less current liabilities</b>	<b>749,378</b>	711,959
<b>Non-current liabilities</b>		
Bank loans	2,331	4,924
Deferred tax liabilities	67	22
	<b>2,398</b>	4,946
<b>NET ASSETS</b>	<b>746,980</b>	707,013
<b>CAPITAL AND RESERVES</b>		
Share capital	52,303	52,303
Reserves	686,144	642,918
<b>Total equity attributable to equity shareholders of the company</b>	<b>738,447</b>	695,221
<b>Non-controlling interests</b>	<b>8,533</b>	11,792
<b>TOTAL EQUITY</b>	<b>746,980</b>	707,013

The notes on pages 15 to 30 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2012 – unaudited

	Attributable to equity shareholders of the company											
	Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	General reserve fund HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2011</b>		52,303	181,013	3,344	18,427	(3,062)	41,499	399	350,210	644,133	15,109	659,242
<b>Changes in equity for the six months ended 30 June 2011:</b>												
Profit for the period		-	-	-	-	-	-	-	25,985	25,985	(509)	25,476
Other comprehensive income		-	-	-	-	-	9,667	(10)	-	9,657	366	10,023
Total comprehensive income for the period		-	-	-	-	-	9,667	(10)	25,985	35,642	(143)	35,499
Final dividend approved in respect of the previous year	14(a)	-	-	-	-	-	-	-	(26,887)	(26,887)	-	(26,887)
<b>Balance at 30 June 2011 and 1 July 2011</b>		52,303	181,013	3,344	18,427	(3,062)	51,166	389	349,308	652,888	14,966	667,854
<b>Changes in equity for the six months ended 31 December 2011:</b>												
Profit for the period		-	-	-	-	-	-	-	48,738	48,738	(3,393)	45,345
Other comprehensive income		-	-	-	-	-	(6,405)	(10)	-	(6,415)	219	(6,196)
Total comprehensive income for the period		-	-	-	-	-	(6,405)	(10)	48,738	42,323	(3,174)	39,149
Cancellation of share options		-	-	(3,344)	-	-	-	-	3,344	-	-	-
Equity settled share-based transactions		-	-	10	-	-	-	-	-	10	-	10
<b>Balance at 31 December 2011</b>		52,303	181,013	10	18,427	(3,062)	44,761	379	401,390	695,221	11,792	707,013

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

for the six months ended 30 June 2012 – unaudited

	Attributable to equity shareholders of the company											
	Note	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	General reserve			Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
					fund HK\$'000	Other reserve HK\$'000	Exchange reserve HK\$'000					
<b>Balance at 1 January 2012</b>		52,303	181,013	10	18,427	(3,062)	44,761	379	401,390	695,221	11,792	707,013
<b>Changes in equity for the six months ended 30 June 2012:</b>												
Profit for the period		-	-	-	-	-	-	-	43,215	43,215	(3,181)	40,034
Other comprehensive income		-	-	-	-	-	(159)	(53)	-	(212)	(78)	(290)
Total comprehensive income for the period		-	-	-	-	-	(159)	(53)	43,215	43,003	(3,259)	39,744
Equity settled share-based transactions		-	-	223	-	-	-	-	-	223	-	223
<b>Balance at 30 June 2012</b>		52,303	181,013	233	18,427	(3,062)	44,602	326	444,605	738,447	8,533	746,980

The notes on pages 15 to 30 form part of this interim financial report.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***for the six months ended 30 June 2012 – unaudited*

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2012</b> <b>HK\$'000</b>	2011 HK\$'000
<b>Cash generated from/(used in) operations</b>		<b>124,334</b>	(45,074)
<b>Tax paid</b>		<b>(11,466)</b>	(12,815)
<b>Net cash generated from/(used in) operating activities</b>		<b>112,868</b>	(57,889)
<b>Net cash used in investing activities</b>		<b>(102,432)</b>	(14,673)
<b>Net cash generated from/(used in) financing activities</b>		<b>3,983</b>	(28,129)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>14,419</b>	(100,691)
<b>Cash and cash equivalents at 1 January</b>	<i>12</i>	<b>177,115</b>	261,534
<b>Effect of foreign exchange rate changes</b>		<b>118</b>	3,508
<b>Cash and cash equivalents at 30 June</b>	<i>12</i>	<b>191,652</b>	164,351

The notes on pages 15 to 30 form part of this interim financial report.

## NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Hong Kong dollars unless otherwise indicated)*

### 1 Basis of preparation

This 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, 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 issuance on 31 August 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Dream International Limited (the “company”) and its subsidiaries (the “group”) since the 2011 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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. KPMG’s independent review report to the board of directors is included on pages 6 and 7.

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report as being previously reported information does not constitute the company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2011 are available from the company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2012.



## 2 Changes in accounting policies

The HKICPA has issued a few amendments to HKFRSs that are first effective for the current accounting period of the group and the company. Of these, the following development is relevant to the group's financial statements:

- Amendments to HKFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The amendments to HKFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

## 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 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.

### 3 Segment reporting (*Continued*)

#### (a) *Segment results, assets and liabilities*

In accordance with HKFRS 8, *Operating segments*, segment information disclosed in the interim financial report 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.

### 3 Segment reporting (Continued)

#### (a) Segment results, assets and liabilities (Continued)

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.

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

## 3 Segment reporting (Continued)

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

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

## 3 Segment reporting (Continued)

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

	At 30 June 2012 HK\$'000	At 31 December 2011 HK\$'000
<b>Assets</b>		
Reportable segment assets	731,480	694,446
Elimination of inter-segment receivables	(64,148)	(33,823)
	<b>667,332</b>	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	<b>1,036,973</b>	940,756
<b>Liabilities</b>		
Reportable segment liabilities	319,022	235,166
Elimination of inter-segment payables	(64,148)	(33,823)
	<b>254,874</b>	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	<b>289,993</b>	233,743

#### 4 Seasonality of operations

The group's plush stuffed toys and ride-on toys, on average experience higher sales in the second half year, compared to the first half year, due to the increased demand of its products during the holiday season. As such, the first half year reports lower revenues and segment results for these segments than the second half.

#### 5 Profit before taxation

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

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
<b>(a) Finance costs</b>		
Interest expense on bank loans wholly repayable within five years	602	496
<b>(b) Other items</b>		
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

## 6 Income tax

	Six months ended 30 June	
	2012 HK\$'000	2011 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
	<b>12,499</b>	2,933

The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the period. Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

## 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\$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.

## 8 Other financial assets

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



## 8 Other financial assets (Continued)

Notes: (Continued)

- (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.

## 9 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.

## 10 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.

**11 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:

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

**12 Cash and cash equivalents and time deposits**

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Time deposits within three months to maturity when placed	<b>34,743</b>	63,721
Cash at bank and in hand	<b>156,909</b>	113,394
Cash and cash equivalents in the consolidated balance sheet and condensed consolidated cash flow statement	<b>191,652</b>	177,115
Time deposits with more than three months to maturity when placed	<b>109,288</b>	38,000
	<b>300,940</b>	215,115

**13 Trade and other payables**

Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

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

## 14 Capital, reserves and dividends

### (a) Dividends

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

	Six months ended 30 June	
	2012 HK\$'000	2011 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

### (b) Equity settled share-based transactions

On 23 December 2011, 4,900,000 share options were granted to the directors and the employees of the company under the company's share option scheme. Each option gives the holder the right to subscribe for one ordinary share of US\$0.01 each of the company. These share options will vest on 22 December 2013, and then be exercisable until 2016. The exercise price is HK\$0.466, being the weighted average closing price of the company's ordinary shares immediately before the grant. No options were granted during the period ended 30 June 2012.

No options were exercised during the six months ended 30 June 2012 (2011: nil).

**15 Capital commitments outstanding not provided for in the interim financial report**

	<b>At 30 June 2012 HK\$'000</b>	At 31 December 2011 HK\$'000
Contracted for	<b>4,797</b>	14,510
Authorised but not contracted for	<b>19</b>	12,030
	<b>4,816</b>	26,540

**16 Contingent liabilities**

In March 2011, a customer (the “Customer”) initiated a claim against a subsidiary of the company in the PRC (the “PRC Subsidiary”) and requested compensation from the PRC Subsidiary in respect of products manufactured by the PRC Subsidiary and sold to the Customer during the year ended 31 December 2010 (the “Claim”). The Customer filed and served its Statement of Claim to the Hong Kong High Court on 30 March 2012 and requested a compensation of US\$3,910,000 (equivalent to HK\$30,324,000), plus statutory interest and costs. Having considered the Claim in conjunction with the company’s legal counsel, the board of directors believes that the PRC Subsidiary is unlikely liable to the Claim. No provision has been recorded as at 30 June 2012 and 31 December 2011.

## 17 Material related party transactions

During the six months ended 30 June 2012, the group entered into the following transactions with its related parties:

	Note	Six months ended 30 June	
		2012 HK\$'000	2011 HK\$'000
<b>(a) Key management personnel remuneration</b>			
Salaries and other short-term benefits		6,201	5,572
<b>(b) Sales of goods to</b>			
Ultimate holding company		437	–
A fellow subsidiary		139	209
<b>(c) Purchase of goods from</b>			
An associate		7,799	7,090
<b>(d) Purchase of materials from</b>			
A fellow subsidiary		17	–
An associate		81	8
<b>(e) Commission received/receivable from</b>			
A fellow subsidiary		2,783	1,592
<b>(f) Sharing of administrative services from</b>			
Ultimate holding company	(i)	7,906	5,947
<b>(g) Rental paid/payable to</b>			
Ultimate holding company		1,439	1,485
<b>(h) Processing fees paid/payable to</b>			
An associate	(ii)	1,050	2,951

Notes:

- (i) Sharing of administrative services from the ultimate holding company relates to administrative services performed for the company which is charged on actual basis.
- (ii) Processing fees paid/payable to an associate relate to subcontracting services provided.

## ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

### 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).

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2012, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the company under Section 352 of Part XV of the SFO or otherwise notified to the company and The Stock Exchange of Hong Kong Limited ("SEHK") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:



ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(Continued)*

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

(i) Long position in ordinary shares of US\$0.01 each

	Number of ordinary shares held			Total	Percentage of issued share capital of the company
	Personal interests <i>(Note 1)</i>	Family interests	Corporate interests		
<b>The company</b>					
Kyoo Yoon Choi	1,000 <i>(Note 4)</i>	–	455,000,000 <i>(Note 2)</i> <i>(Note 4)</i>	455,001,000	67.69%
Young M. Lee	2,500,000	–	–	2,500,000	0.37%
James Chuan Yung Wang	520,000	–	–	520,000	0.08%
<b>C &amp; H Co., Ltd</b>					
Kyoo Yoon Choi	189,917	124,073 <i>(Note 3)</i>	–	313,990	61.95%

## ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(Continued)*

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION *(Continued)*

#### **(i) Long position in ordinary shares of US\$0.01 each *(Continued)***

*Notes:*

1. The shares are registered under the names of the directors and chief executives of the company who are the beneficial owners.
2. Kyoo Yoon Choi in his own name holds approximately 37.47% of the issued share capital of C & H Co., Ltd, and together with his wife, Woul Hee Cha, hold approximately 61.95% of the issued share capital of C & H Co., Ltd which owned 382,850,000 shares in the company. In addition, Kyoo Yoon Choi beneficially owns 100% of interest of Uni-Link Technology Limited which owned 72,150,000 shares of the company.
3. The wife of Kyoo Yoon Choi, Woul Hee Cha, holds approximately 24.48% of the issued share capital of C & H Co., Ltd.
4. C & H Co., Ltd owned 382,850,000 shares of the company as at 30 June 2012. It sold the entire shares of the company to Kyoo Yoon Choi on 27 July 2012. His personal interests and corporate interests in the company became 382,851,000 shares and 72,150,000 shares respectively and the total interests remained unchanged.

#### **(ii) Long positions in underlying shares of the company**

The directors and chief executives of the company have been granted options under the company's share option scheme, details of which are set out in the section "Share option scheme" below.

Save as disclosed above, at no time during the period under review, the directors and chief executives (including their spouses and children under 18 years of age) had any interests or exercised, any rights to subscribe for shares of the company and its associated corporations required to be disclosed pursuant to the SFO or otherwise notified to the company and the SEHK pursuant to the Model Code.

## ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(Continued)*

### SHARE OPTION SCHEME

The company has a share option scheme which was adopted on 22 January 2002 whereby the directors of the company are authorised, at their discretion, to invite employees of the group, including directors of any company in the group, to take up options to subscribe for shares of the company. The exercise price of the options is the highest of (i) the nominal value of the shares, (ii) the closing price of the shares on the SEHK on the date of grant and (iii) the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The options may be exercised progressively after one to three years from the date of grant and are exercisable for a period to be notified by the directors to each option holder upon the grant of the option. Such period will not exceed ten years from the date on which the option is granted.

The maximum number of shares which may be issued upon the exercise of all outstanding options and yet to be exercised under the share option scheme shall not exceed 30% of the issued share capital of the company from time to time. Subject to the above overall limit, the directors may grant options under the share option scheme, generally and without further authority, in respect of such number of shares which may be issued upon exercise of all options to be granted under the share option scheme not exceeding 10% of the issued share capital of the company as at 7 February 2002, being the date on which the company's shares were listed on the SEHK. For the purpose of calculating the above, options lapsed in accordance with the share option scheme shall not be counted.

The total number of securities available for issue under the share option scheme as at 30 June 2012 was 42,835,000 shares (including options for 4,900,000 shares that have been granted but not yet lapsed or exercised) which represented 6.37% of the issued share capital of the company at 30 June 2012. In respect of the maximum entitlement of each participant under the scheme, the number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the company's ordinary shares in issue.

## ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(Continued)*

### SHARE OPTION SCHEME *(Continued)*

As at 30 June 2012, the directors and employees in aggregate of the group had the following interests in options to subscribe for shares of the company granted at nominal consideration under the share option scheme of the company. The options are unlisted. Each option gives the holder the right to subscribe for one ordinary share of the company of par value US\$0.01 each.

	Date granted	Period during which options exercisable <i>(Note 1)</i>	Exercise price per share	Number of options		
				Balance at 1 January 2012	Lapsed during the period <i>(Note 2)</i>	Balance at 30 June 2012
<b>Directors:</b>						
Young M. Lee	23 December 2011	23 December 2013 to 22 December 2016	HK\$0.466	200,000	–	200,000
James Chuan Yung Wang	23 December 2011	23 December 2013 to 22 December 2016	HK\$0.466	200,000	–	200,000
Hyun Ho Kim	23 December 2011	23 December 2013 to 22 December 2016	HK\$0.466	150,000	–	150,000
<b>Employees in aggregate:</b>	23 December 2011	23 December 2013 to 22 December 2016	HK\$0.466	4,350,000	–	4,350,000
				4,900,000	–	4,900,000

## ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(Continued)*

### SHARE OPTION SCHEME *(Continued)*

*Notes:*

1. Share options granted on 23 December 2011 shall be wholly exercisable from the 2nd anniversary of the date of grant.
2. Pursuant to the conditions of the share option scheme, any unexercised number of options granted to any employee will lapse three months after the employee ceases the employment relationship with the company.

The life of the above granted share options is five years commencing on the date on which an option is granted in accordance with the scheme.

Save as disclosed above, at no time during the period was the company, its holding company, its associated companies or fellow subsidiaries a party to any arrangement to enable the directors and chief executive of the company (including their spouses and children under 18 years of age) to hold any interests or short positions in the shares in, or underlying shares in, or debentures of, the company and its associated corporations required to be disclosed pursuant to the SFO or otherwise notified to the company and the SEHK pursuant to the Model Code.

## ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(Continued)*

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30 June 2012, the company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the company's issued share capital. These interests are in addition to those disclosed above in respect of directors and chief executives:

<b>Name</b>	<b>Capacity in which shares were held</b>	<b>Number of shares held</b>	<b>Percentage of the issued share capital of the company</b>
C & H Co., Ltd <i>(Note)</i>	Beneficial owner	382,850,000	56.96%
Uni-Link Technology Limited <i>(Note)</i>	Beneficial owner	72,150,000	10.73%

*Note:* Kyoo Yoon Choi, being a director of C & H Co., Ltd, together with his wife, Woul Hee Cha, hold approximately 61.95% of the issued share capital of C & H Co., Ltd and Kyoo Yoon Choi beneficially owns 100% of the issued share capital of Uni-Link Technology Limited. Kyoo Yoon Choi is considered to have deemed interests in the 455,001,000 ordinary shares as to approximately 67.69% of the issued shares of the company. James Wang, being a director of the company, is also a director of Uni-Link Technology Limited.

C & H Co., Ltd sold the entire interests to Kyoo Yoon Choi on 27 July 2012. Mr. Choi's deemed interests in the company remained unchanged after buying the interests from C & H Co., Ltd.

Save as disclosed above, as at 30 June 2012, the company is not aware of any other registered substantial shareholder who holds 5% or more of the issued share capital of the company.

## ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES *(Continued)*

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

During the six months 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 months ended 30 June 2012, the company has fully complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the SEHK.

### 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 the specific enquires of the company's directors, the directors have complied with the required standard set out in the Model Code.

### 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**

*Director*

Hong Kong, 31 August 2012

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### **Executive Directors**

Mr. Kyoo Yoon CHOI (*Chairman and Executive Director*)  
Mr. Young M. LEE (*Vice President and Chief Financial Officer*)  
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

#### **AUDIT COMMITTEE**

Professor Cheong Heon YI (*Chairman*)  
Professor Byong Hun AHN  
Mr. Tae Woong KANG

#### **REMUNERATION COMMITTEE**

Professor Byong Hun AHN (*Chairman*)  
Professor Cheong Heon YI  
Mr. Tae Woong KANG  
Mr. Young M. LEE

#### **NOMINATION COMMITTEE**

Mr. Tae Woong KANG (*Chairman*)  
Professor Cheong Heon YI  
Professor Byong Hun AHN  
Mr. Young M. LEE

### REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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



## COMPANY SECRETARY

Mr. Chi Chung SHUM, *CPA*

## AUDITORS

KPMG

*Certified Public Accountants*

8/F., Prince's Building

10 Chater Road, Central

Hong Kong

## AUTHORISED REPRESENTATIVES

Mr. Young M. LEE

Mr. Chi Chung SHUM

## PRINCIPAL BANKERS

Citibank, N.A.

Shinhan Bank

Bank of China

## SHARE REGISTRAR

Tricor Abacus Limited

26/F., Tesbury Centre

28 Queen's Road East

Hong Kong

## FINANCIAL RELATIONS CONSULTANT

Strategic Financial Relations Limited

Unit A, 29/F., Admiralty Centre I

18 Harcourt Road, Hong Kong

## WEBSITE ADDRESS

[www.dream-i.com.hk](http://www.dream-i.com.hk)

## STOCK CODE

Stock Exchange, Hong Kong 1126

Access to Reuter 1126.HK

Access to Bloomberg 1126:HK