Dream International Limited

DREAM INTERNATIONAL LIMITED
德林國際有限公司

Incorporated in Hong Kong with limited liability

Stock Code : 1126

CONTENTS

This report is published in both English and Chinese.
Where the English and the Chinese texts conflict, the English text prevails.

MANAGEMENT DISCUSSION AND 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, Dream International Limited (the "Company") and its subsidiaries (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 (the "Board") of directors (the "Directors") of the Company 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 commence operation in the first half of next year. Since Doll Products involve the production processes of both plush stuffed 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.

Prospects *(Continued)*

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).

Significant Investment Held

There was no significant investment held by the Group during the six months ended 30 June 2017.

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies by the Group during the six months ended 30 June 2017.

Exposure to Fluctuations in Exchange Rates and Any Related Hedges

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollars, United States dollars, Renminbi Yuan, Vietnamese Dong and Japanese Yen. During the six months ended 30 June 2017, the Group had not entered into any hedging arrangements. The management will continue to monitor closely its foreign currency exposure and to consider hedging significant foreign currency exposure when necessary.

ADDITIONAL INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES

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.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, the interests and short positions of each Director and chief executive in the shares, underlying shares and debentures of the Company, its subsidiaries and other associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of Part XV of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures *(Continued)*

Long positions in ordinary shares

	Number of ordinary shares held				
	Personal interests *(Note 1)*	Family interests	Corporate interests	Total	Percentage of issued shares of the company
The Company					
Kyoo Yoon Choi	382,851,000	–	72,150,000 *(Note 2)*	455,001,000	67.22%
Sung Sick Kim*	2,840,000	–	–	2,840,000	0.42%
Young M. Lee	2,500,000	–	–	2,500,000	0.37%
James Chuan Yung Wang^	200,000	–	–	200,000	0.03%
Hyun Ho Kim	150,000	–	–	150,000	0.02%

* Appointment effective from 4 May 2017

^ Appointment ceased effective from 1 August 2017

Notes:

(1) The shares are registered under the names of the Directors and chief executives of the Company who are the beneficial owners.

(2) Mr. Kyoo Yoon Choi beneficially owns 100% of the issued shares of Uni-Link Technology Limited which owned 72,150,000 shares of the Company.

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures *(Continued)*

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executives of the Company or any of their spouses or children under 18 years of age had interests or short positions in the shares, underlying shares or debentures of the Company, or any of its subsidiaries or other associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

At no time during the six months ended 30 June 2017 was the Company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company and its associated corporations and none of the Directors or chief executives of the Company (including their spouses and children under the age of 18) held any interests in or was granted any right to subscribe for the securities of the Company and its associated corporations (within the meaning of Part XV of the SFO), or had exercised any such rights.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

The register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO shows that as at 30 June 2017, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's ordinary shares in issue.

Substantial shareholders	Capacity	Number of ordinary shares held (long position)	Percentage of the issued shares of the Company
Kyoo Yoon Choi	Beneficial owner	382,851,000	56.56%
	Corporate interest *(Note 1)*	72,150,000	10.66%
Uni-Link Technology Limited *(Note 2)*	Beneficial owner	72,150,000	10.66%

Notes:

(1) Mr. Kyoo Yoon Choi beneficially owns 100% of the issued shares of Uni-Link Technology Limited which owned 72,150,000 shares of the Company.

(2) Mr. James Chuan Yung Wang, being a former Director with appointment ceased effective from 1 August 2017, is also a director of Uni-Link Technology Limited.

Save as disclosed above, as at 30 June 2017, the Company is not aware of any other registered substantial shareholder who holds 5% or more of the issued shares of the Company and none of other person who had interest or short position in the shares and underlying shares of the Company which were required, pursuant to Section 336 of Part XV of the SFO, to be recorded into the register referred to therein.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 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 the Directors, 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.

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.

By order of the Board
Kyoo Yoon Choi
Chairman

Hong Kong, 25 August 2017

KPMG

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 15 to 40, which comprises the consolidated statement of financial position of Dream International Limited (the "Company") as of 30 June 2017 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and 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.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF DREAM INTERNATIONAL LIMITED *(Continued)*

(Incorporated in Hong Kong with limited liability)

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.

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 2017 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

25 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2017	2016
	Notes	**$'000**	$'000
Revenue	*3, 4*	**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	*5(a)*	**(222)**	(180)
Profit before taxation	*5*	**150,800**	110,030
Income tax	*6*	**(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	*8*		
Basic and diluted		**$0.182**	$0.123

The notes on pages 22 to 40 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 15.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Notes	**2017** **$'000**	2016 $'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

The notes on pages 22 to 40 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

	Notes	**At 30 June 2017 $'000**	At 31 December 2016 $'000
Non-current assets			
Investment property	*10*	**1,285**	1,313
Interests in leasehold land held for own use under operating leases	*10*	**96,080**	86,042
Other property, plant and equipment	*10*	**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	*9*	**13,763**	20,852
		763,637	662,850
Current assets			
Inventories	*11*	**280,728**	240,300
Trade and other receivables	*12*	**416,863**	348,376
Current tax recoverable		**97**	1,418
Other financial assets	*9*	**7,701**	–
Time deposits	*13*	**91,861**	108,232
Cash and cash equivalents	*13*	**315,918**	316,370
		1,113,168	1,014,696
Current liabilities			
Trade and other payables	*14*	**397,223**	330,802
Bank loans		**46,626**	23,252
Current tax payable		**20,423**	27,864
		464,272	381,918

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

at 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

	Notes	**At 30 June 2017 $'000**	At 31 December 2016 $'000
Net current assets		**648,896**	632,778
Total assets less current liabilities		**1,412,533**	1,295,628
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

The notes on pages 22 to 40 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
	Notes	Share capital $'000	General reserve fund $'000	Other reserve $'000	Exchange reserve $'000	Fair value reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2016		236,474	18,797	(6,246)	39,290	197	741,396	1,029,908	(3,022)	1,026,886
Changes in equity for the six months ended 30 June 2016:										
Profit for the period		–	–	–	–	–	83,052	83,052	(1,084)	81,968
Other comprehensive income		–	–	–	429	(168)	(82)	179	8	187
Total comprehensive income		–	–	–	429	(168)	82,970	83,231	(1,076)	82,155
Appropriation to general reserve fund		–	2,855	–	–	–	(2,855)	–	–	–
Balance at 30 June 2016 and 1 July 2016		236,474	21,652	(6,246)	39,719	29	821,511	1,113,139	(4,098)	1,109,041
Changes in equity for the six months ended 31 December 2016:										
Profit for the period		–	–	–	–	–	212,448	212,448	(303)	212,145
Other comprehensive income		–	–	–	(19,427)	353	(676)	(19,750)	(2)	(19,752)
Total comprehensive income		–	–	–	(19,427)	353	211,772	192,698	(305)	192,393
Deregistration of a subsidiary		–	–	–	–	–	–	–	(2,781)	(2,781)
Dividends declared in respect of the current year	*15(a)*	–	–	–	–	–	(6,769)	(6,769)	–	(6,769)
Balance at 31 December 2016		236,474	21,652	(6,246)	20,292	382	1,026,514	1,299,068	(7,184)	1,291,884

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

for the six months ended 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company								
	Notes	Share capital $'000	General reserve fund $'000	Other reserve $'000	Exchange reserve $'000	Fair value reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2017		236,474	21,652	(6,246)	20,292	382	1,026,514	1,299,068	(7,184)	1,291,884
Changes in equity for the six months ended 30 June 2017:										
Profit for the period		–	–	–	–	–	123,094	123,094	(1,012)	122,082
Other comprehensive income		–	–	–	15,172	(188)	(103)	14,881	14	14,895
Total comprehensive income		–	–	–	15,172	(188)	122,991	137,975	(998)	136,977
Deregistration of a subsidiary		–	(1,450)	–	–	–	1,450	–	–	–
Final dividend approved in respect of the previous year	*15(b)*	–	–	–	–	–	(20,306)	(20,306)	–	(20,306)
Balance at 30 June 2017		236,474	20,202	(6,246)	35,464	194	1,130,649	1,416,737	(8,182)	1,408,555

The notes on pages 22 to 40 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2017 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Notes	**2017 $'000**	2016 $'000
Operating activities			
Cash generated from operations		**137,804**	181,127
Tax paid		**(34,901)**	(19,612)
Net cash generated from operating activities		**102,903**	161,515
Investing activities			
Payment for purchase of leasehold land and other property, plant and equipment		**(111,501)**	(88,507)
Prepayment for purchase of leasehold land and other property, plant and equipment		**(22,616)**	(7,259)
Net cash outflow in respect of acquisition of a subsidiary		**–**	(5,744)
Decrease/(increase) in time deposits with maturity over three months		**20,189**	(54,151)
Other cash flows arising from investing activities		**3,269**	2,435
Net cash used in investing activities		**(110,659)**	(153,226)
Financing activities			
Dividends paid		**(20,306)**	–
Other cash flows arising from financing activities		**23,152**	25,416
Net cash generated from financing activities		**2,846**	25,416
Net (decrease)/increase in cash and cash equivalents		**(4,910)**	33,705
Cash and cash equivalents at 1 January	*13*	**316,370**	251,476
Effect of foreign exchange rate changes		**4,458**	(218)
Cash and cash equivalents at 30 June	*13*	**315,918**	284,963

The notes on pages 22 to 40 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Basis of preparation

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, 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 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 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for 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 13 to 14.

1 Basis of preparation *(Continued)*

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 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 in this interim financial report. 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.

3 Segment reporting *(Continued)*

(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 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'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.

3 Segment reporting *(Continued)*

(b) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2017	2016
	$'000	$'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 Seasonality of operations

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

For the twelve months ended 30 June 2017, the plush stuffed toys, plastic figures and ride-on toys segments reported reportable segment revenue of $1,500,569,000, $885,403,000 and $51,072,000 respectively (twelve months ended 30 June 2016: $1,415,009,000, $559,988,000 and $20,551,000 respectively), and reportable segment profit of $308,874,000, $154,935,000 and $10,365,000 respectively (twelve months ended 30 June 2016: profit of $215,566,000, $101,636,000 and loss of $2,501,000 respectively).

5 Profit before taxation

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

	Six months ended 30 June	
	2017	2016
	$'000	$'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 *(note 7)*	**–**	(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

6 Income tax

	Six months ended 30 June	
	2017	2016
	$'000	$'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

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (six months ended 30 June 2016: 16.5%) of the estimated assessable profits for the six months ended 30 June 2017. 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.

Current tax outside Hong Kong for the six months ended 30 June 2017 includes withholding tax of $7,771,000 paid on dividend income from a subsidiary (six months ended 30 June 2016: $1,580,000).

7 Acquisition of a subsidiary

On 28 February 2016, the Group acquired 100% equity interest in C & H Toys (Shuyang) Co., Ltd ("CTSY") from an independent third party at a consideration of RMB5,000,000 (equivalent to $5,950,000). The principal activity of CTSY is the manufacture of plush stuffed toys. Bargain purchase gain of $3,240,000 was resulted because the Group had strong bargaining power in respect of its ability to complete the acquisition within a short period of time.

8 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 $123,094,000 (six months ended 30 June 2016: $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.

9 Other financial assets

	At 30 June 2017 $'000	At 31 December 2016 $'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

9 Other financial assets *(Continued)*

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 $1,560,000 (31 December 2016: $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 $6,940,000 (31 December 2016: $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 $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.

10 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 $129,102,000 (six months ended 30 June 2016: $114,895,000). Items of other property, plant and equipment with a net book value of $1,573,000 were disposed of during the six months ended 30 June 2017 (six months ended 30 June 2016: $829,000), resulting in a net gain on disposal of $251,000 (six months ended 30 June 2016: net loss on disposal of $331,000).

11 Inventories

During the six months ended 30 June 2017, $3,135,000 (six months ended 30 June 2016: $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.

12 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 $'000	At 31 December 2016 $'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.

13 Cash and cash equivalents and time deposits

	At 30 June 2017 $'000	At 31 December 2016 $'000
Bank deposits within three months to maturity when placed	**7,856**	22,541
Cash at bank and in hand	**308,062**	293,829
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	**315,918**	316,370
Time deposits with more than three months to maturity when placed	**91,861**	108,232
	407,779	424,602

14 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 $'000	At 31 December 2016 $'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

15 Dividends

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

	Six months ended 30 June	
	2017	2016
	$'000	$'000
Interim dividend declared and paid after the interim period of 1 cent per ordinary share (six months ended 30 June 2016: 1 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
	$'000	$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of 3 cents per ordinary share (six months ended 30 June 2016: Nil cents per ordinary share)	**20,306**	–

16 Fair value measurement of financial instruments

(a) Financial assets measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2017	Fair value measurements as at 30 June 2017 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurements				
Financial assets:				
Available-for-sale debt securities – unlisted	8,500	–	8,500	–
Structured debt security	7,701	–	7,701	–
	16,201	–	16,201	–

16 Fair value measurement of financial instruments *(Continued)*

(a) Financial assets measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2016	Fair value measurements as at 31 December 2016 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurements				
Financial assets:				
Available-for-sale debt securities – unlisted	8,255	–	8,255	–
Structured debt security	7,644	–	7,644	–
	15,899	–	15,899	–

During the six months ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2016: Nil).

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of available-for-sale debt securities and structured debt security in Level 2 is determined using quoted prices from financial institutions.

16 Fair value measurement of financial instruments *(Continued)*

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2017 and 31 December 2016.

17 Capital commitments outstanding not provided for in the interim financial report

	At 30 June 2017 $'000	At 31 December 2016 $'000
Contracted for	**180,950**	106,656
Authorised but not contracted for	**100,819**	184,545
	281,769	291,201

The capital commitments outstanding as at 30 June 2017 and 31 December 2016 represent additional investments in buildings, plant and machineries and land use rights in Vietnam.

18 Material related party transactions

During the six months ended 30 June 2017, the Group entered into the following transactions with its related parties:

			Six months ended 30 June	
			2017	2016
			$'000	$'000
(a)	***Key management personnel remuneration***			
	Salaries and other short-term benefits		**12,656**	13,133
(b)	***Sales of goods to***			
	Related companies	*(note)*	**16,641**	6,032
(c)	***Purchase of materials from***			
	A related company	*(note)*	**1**	1,292
(d)	***Purchase of leasehold land and other property, plant and equipment***			
	A related company	*(note)*	**–**	15,988
(e)	***Rental paid to***			
	A related company	*(note)*	**1,539**	1,474

Note: These are transactions with C & H Co., Ltd and its subsidiaries ("C & H Group"). A director of the Company is the controlling shareholder of both the C & H Group and the Group.

19 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group does not have any updates to the information provided in the last annual financial statements about the possible impacts of the new standards issued but not yet effective which may have a significant impact on the Group's consolidated financial statements.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, *Financial instruments: Recognition and measurement*. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. The Group has decided not to adopt HKFRS 9 until it becomes mandatory on 1 January 2018. Expected impacts for the new requirements on the Group's consolidated financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss ("FVTPL") and (3) fair value through other comprehensive income ("FVTOCI") as follows:

– The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.

– For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

19 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017 *(Continued)*

HKFRS 9, Financial instruments (Continued)

(a) Classification and measurement (Continued)

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost, FVTPL and FVTOCI will continue with their respective classification and measurements upon the adoption of HKFRS 9.

With respect to the Group's financial asset which is an investment in equity security currently classified as "available-for-sale", the Group may classify as either FVTPL or irrevocably elect to designate as FVTOCI (without recycling) on transition to HKFRS 9. The Group has not yet decided whether it will irrevocably designate this investment as FVTOCI or classify it as FVTPL. Either classification would give rise to a change in accounting policy as the current accounting policy for available-for-sale equity investments is to recognise at cost less impairment losses. This change in policy will have impacts on the Group's net assets as well as reported performance amounts such as profit, earnings per share and total comprehensive income.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

19 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017 *(Continued)*

HKFRS 9, Financial instruments (Continued)

(b) Impairment

The new impairment model in HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group's trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

HKFRS 15, Revenue from contacts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the preliminary assessment, the Group is not likely to be affected.

Currently, revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good in the contract.

The Group recognises revenue for the sale of goods at a single point in time, being when control has passed. Transfer of risks and rewards or ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

19 Possible impact of amendments, new standards and interpretations issued but not yet effective for the six months ended 30 June 2017 *(Continued)*

HKFRS 16, Leases

Under HKFRS 16, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. At 30 June 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to $17,361,000. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Kyoo Yoon CHOI *(Chairman and Chief Executive Officer)*
Mr. Young M. LEE *(President and Chief Financial Officer)*
Mr. James Chuan Yung WANG^
Mr. Hyun Ho KIM
Mr. Sung Sick KIM*

Independent non-executive Directors

Professor Cheong Heon YI
Mr. Tae Woong KANG
Dr. Chan YOO

AUDIT COMMITTEE

Professor Cheong Heon YI *(Chairman)*
Mr. Tae Woong KANG
Dr. Chan YOO

REMUNERATION COMMITTEE

Dr. Chan YOO *(Chairman)*
Professor Cheong Heon YI
Mr. Tae Woong KANG
Mr. Young M. LEE

NOMINATION COMMITTEE

Mr. Tae Woong KANG *(Chairman)*
Professor Cheong Heon YI
Dr. Chan YOO
Mr. Young M. LEE

* Appointment effective from 4 May 2017
^ Appointment ceased effective from 1 August 2017

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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79 Chatham Road South
Tsimshatsui
Kowloon
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COMPANY SECRETARY

Ms. Tsz Wai NG, *CPA*

AUDITOR

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Young M. LEE
Ms. Tsz Wai NG

PRINCIPAL BANKERS

Citibank, N.A.
Standard Chartered Bank
Bank of China

SHARE REGISTRAR

Tricor Abacus Limited
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Hong Kong

FINANCIAL RELATIONS CONSULTANT

Strategic Financial Relations Limited
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