



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

Incorporated in Hong Kong with limited liability

Stock Code : 1126



## MANAGEMENT DISCUSSION & ANALYSIS

### Financial Review

In the first half of 2024, although inflationary pressure in certain major economies eased, high interest rates and geopolitical risks still posed challenges to the global economy at large. In view of the relatively cautious consumption sentiment, toy companies continued to adjust their orders and inventory level. Backed by its dual production bases with enhanced automation level, Dream International Limited (the “Company”) and its subsidiaries (together, the “Group”) were able to meet the high quality requirement and tight delivery schedules of large volume orders. Such capabilities, combined with solid customer relationships built over decades, have cemented the position of Dream International as a preferred partner of major character owners and licensors, and that has helped alleviate the impact of macro economy on its performance.

For the six months ended 30 June 2024 (the “Period”), mainly affected by the conservative market sentiment, especially in the US, and the destocking cycle of certain products like tarpaulin, the Group recorded revenue of HK\$2,294.0 million (six months ended 30 June 2023: HK\$2,489.1 million) and gross profit of HK\$550.3 million (six months ended 30 June 2023: HK\$576.6 million). Thanks to economies of scale as well as improved automation level of its production lines and enhanced proficiency of its workers, the Group was able to sustain the gross profit margin at 24.0% during the Period (six months ended 30 June 2023: 23.2%). Profit attributable to shareholders of the Company was maintained at HK\$278.9 million during the Period (six months ended 30 June 2023: HK\$333.8 million), with net profit margin at 12.2% (six months ended 30 June 2023: 13.4%).

As at 30 June 2024, the Group was in a healthy financial position with cash and cash equivalents and time deposits amounting to HK\$1,327.7 million (31 December 2023: HK\$1,391.4 million). To reward shareholders of the Company (the “Shareholders”) for their long-term support, the Board recommended payment of an interim dividend of HK20 cents per ordinary share (six months ended 30 June 2023: HK20 cents) for the Period.

## Business Review

### **Product Analysis**

#### *Plush Stuffed Toys*

The segment recorded sales revenue of HK\$1,186.1 million (six month ended 30 June 2023: HK\$1,239.9 million), accounting for 51.7% of the Group's total revenue for the Period. This segment showed resilience in the challenging market, thanks to the strong demand from theme parks particularly in Asia. The Group strengthened cooperation with key customers by actively addressing their different needs, for example, demand for a broader range of product offerings. Focusing on product diversification and development, the segment maintained competitiveness and was able to offer differentiated value to customers. Through the introduction of well-received new products across different markets during the Period, the Group was able to collaboratively stimulate market demand with its customers.

#### *Plastic Figures*

The Group has consolidated the die-casting product segment into the plastic figures segment considering that there is increasing market demand on cross-segment products and a similar customer base. This move can provide a clearer picture of the segment's overall performance.

Revenue of the segment was HK\$936.3 million (six month ended 30 June 2023: HK\$1,007.1 million), accounting for 40.8% of the Group's total revenue. The performance of existing collaborative product lines with long-term clients remained strong, and there were new projects being discussed and developed during the Period. Moreover, to mitigate the impact of fluctuating material costs on profitability and provide competitive offerings to a more spending-cautious market, the Group pushed for yet higher level automation of its production processes and timely negotiated with supply chain partners on procuring raw materials. In its active effort to expand the customer base and diversify the product portfolio of the segment, new projects are to be launched in the second half of this year and coming year.

## Business Review *(Continued)*

### ***Product Analysis (Continued)***

#### *Tarpaulin*

The segment with a drop in revenue to HK\$171.6 million (six month ended 30 June 2023: HK\$242.1 million), accounting for 7.5% of the Group's total revenue. The decrease was primarily attributable to the cautious market sentiment in the US owing to high inventory level. In contrast, orders from Europe and Asia increased when compared with the same period last year. In addition, leveraging its solid supply chain partnerships, the Group secured raw materials at competitive prices. During the Period, the Group also introduced eco-friendly product categories aligned with sustainability trends to cultivate new markets.

### ***Geographic Market Analysis***

For the six months ended 30 June 2024, North America remained the largest geographical market of the Group, accounting for 42.6% of the Group's total revenue. Sales from Japan accounted for 23.5% of the Group's total revenue, followed by Chinese Mainland at 22.2% and Europe at 2.7%.

### ***Operational Analysis***

As at 30 June 2024, the Group had 27 factories, in which seven in China and 20 in Vietnam, under an utilisation rate at around 84%. During the Period, the Group made significant progress in advancing automation of its production processes. For example, with more robotic arms deployed by the Group, it was able to streamline its workforce and by expanding use of automatic grinding and material feeding systems, it reduced raw material wastage. Furthermore, the trial run of the Group's fully automated assembly machine was smooth, which was able to increase output and reduce labour costs at the same time. At these initiatives, the Group improved operational efficiency and productivity, allowing it to forge stronger ties with top-tier customers while maintaining a stable margin amid market challenges. Moreover, being able to more flexibly allocate production capacities, the Group is well-prepared to meet demands in the traditional peak season in the second half of 2024.

## Prospects

Looking forward, while the global economy continues to be tested, it has started to show signs of improvement with steady growth and inflation slowing. However, due to uncertainties and pressures stemming from prevailing geopolitical tensions and the ongoing supply chain consolidation, the price competition in the industry has intensified. For the Group though, boasting a good reputation, tightly-knitted relationship with major character owners and licensors, proven product quality backed by its dual production bases, as well as a sound financial position, it has clear competitive advantages plotting its course amid evolving market dynamics.

In the second half of 2024, the Group's key strategic priority is to enhance sales performance, production capacity and efficiency. Apart from rallying new orders from existing top-tier customers, it will seek repeat orders from those customers for popular products and additional revenue from new projects, tapping such as cross-selling opportunities. Furthermore, efforts will be made by the Group to explore new markets and new customers. To ensure it has strong backup, more resources will be put by the Group in engineering to help speed up product development.

To expand production capacity, the Group started building a new plant in Indonesia in April 2024. The plant is scheduled to complete in the first half of 2025, followed by trial operation. With a number of customers looking for production capacity outside China, the plant will enable the Group to secure more orders in the future. In addition, to meet customers' need for faster delivery and committed to elevating product quality and efficiency, the Group will continue to enhance automation of its manufacturing processes. These initiatives will give the Group a stronger foundation to cater to the diverse needs of its current clientele, as well as support it in exploring and capturing new customer segments.

Despite having to cope with prevailing challenges and the rising industry standards, the Group remains confident of its inherent competitiveness and cautiously optimistic about the outlook of its business performance in the second half of 2024. With a very agile business operation and being customer-centric at all times, the Group is poised to navigate the evolving market landscape and seize emerging opportunities to generate returns for Shareholders and benefits for all stakeholders in the long run.

## Number and Remuneration of Employees

As at 30 June 2024, the Group had 25,602 (31 December 2023: 26,210) employees in Hong Kong, the PRC, Korea, the US, Japan, Vietnam and Singapore. The total amount of staff costs of the Group for the Period was HK\$670.5 million (six months ended 30 June 2023: HK\$670.6 million). 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. In addition, the Group provides comprehensive training programs to its employees or sponsors the employees to attend various job-related training course.

## Liquidity and Financial Resources and Gearing

The Group continued to maintain a reasonable liquidity position. As at 30 June 2024, the Group had net current assets of HK\$2,313.1 million (31 December 2023: HK\$2,326.1 million). The Group's total cash and cash equivalents as at 30 June 2024 amounted to HK\$1,127.5 million (31 December 2023: HK\$1,264.5 million). The bank loans of the Group as at 30 June 2024 amounted to HK\$81.1 million (31 December 2023: HK\$73.5 million). The Group financed its operations by internally generated cashflows and banking facilities provided by the banks. The Group maintains a prudent approach in managing its financial requirements.

The Group also maintains a conservative approach to foreign exchange exposure management. The Group is exposed to currency risk primarily through income and expenditure streams denominated in United States Dollar, Renminbi Yuan, Vietnamese Dong and Japanese Yen. To manage currency risks, non-Hong Kong Dollar assets are financed primarily by matching local currency debts as far as possible. The Group's gearing ratio, calculated on the basis of total bank loan over the total equity, was at 2.2% at 30 June 2024 (31 December 2023: 2.0%).

## PLEDGE ON GROUP ASSETS

Factory buildings, certain leasehold land, property, plant and equipment, and time deposit of the Group with an aggregate carrying amount of HK\$218.5 million (2023: HK\$207.0 million) as at 30 June 2024 were pledged as security for bank loans of the Group of HK\$81.1 million (2023: HK\$73.5 million).

As at 30 June 2024, unutilised banking facility of HK\$155.7 million (2023: HK\$118.8 million) was secured by factory buildings, leasehold land and other property, plant and equipment, and time deposit of the Group with an aggregate carrying amount of HK\$99.6 million (2023: HK\$84.2 million).

## Significant Investment Held

There was no significant investment held by the Group during the six months ended 30 June 2024.

## Material Acquisition 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 2024.

## 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 2024, 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.

## Interim Dividend and Closure of Register of Members

The board (the "Board") of directors (the "Directors") of the Company declared an interim dividend of HK20 cents per ordinary share for the six months ended 30 June 2024 (six months ended 30 June 2023: HK20 cents per ordinary share). The interim dividend of HK\$135,373,000 (six months ended 30 June 2023: HK\$135,373,000) will be paid on 14 October 2024 to shareholders registered at the close of business on the record date, 30 September 2024.

The register of members will be closed for one day on 30 September 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 27 September 2024.

As at the date of this report, there are no treasury shares held by the Company (whether held or deposited in the Central Clearing and Settlement System, or otherwise).

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

As at 30 June 2024, 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:

### Long positions in ordinary shares

	Number of ordinary shares held				Percentage of issued shares of the Company
	Personal interests <i>(Note 1)</i>	Family interests	Corporate interests	Total	
<b>The Company</b>					
Kyoo Yoon Choi	389,211,000	–	72,150,000 <i>(Note 2)</i>	461,361,000	68.16%
Sung Sick Kim	3,986,000	–	–	3,986,000	0.59%
Min Jung Lee	–	23,500,000 <i>(Note 3)</i>	–	23,500,000	3.47%
Hyunjoo Kim	250,000	–	–	250,000	0.04%

#### 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.
- (3) These 23,500,000 shares of the Company were held by the spouse of Mr. Min Jung Lee. Pursuant to Part XV of the SFO, Mr. Min Jung Lee was deemed to be interested in these shares.



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

### ***Long positions in ordinary shares (Continued)***

Save as disclosed above, as at 30 June 2024, 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 2024 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 2024, 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	389,211,000	57.50%
	Corporate interest (Note 1)	72,150,000	10.66%
Uni-Link Technology Limited	Beneficial owner	72,150,000	10.66%
FIL Limited	Interest in a controlled corporation (Note 2)	40,436,000	5.97%
Pandanus Partners L.P.	Interest in a controlled corporation (Note 2)	40,436,000	5.97%
Pandanus Associates Inc.	Interest in a controlled corporation (Note 2)	40,436,000	5.97%

### 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) FIL Limited owns a series of controlled corporations which directly or indirectly hold 40,436,000 shares of the Company in aggregate. FIL Limited is indirect owned by Pandanus Partners L.P. as to 40.44%, which is indirect wholly-owned by Pandanus Associates Inc.. By virtue of the SFO, FIL Limited, Pandanus Partners L.P. and Pandanus Associates Inc. are deemed to be interested in these shares.

## **Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares (*Continued*)**

Save as disclosed above, as at 30 June 2024, 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 interests or short positions 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**

As at 30 June 2024, there are no treasury shares held by the Company.

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares).

## **Corporate Governance**

During the six months ended 30 June 2024, 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save for the deviation from the code provision C.2.1.

Under the code provision C.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 C3 to the Listing Rules as the code of conduct regarding the securities transactions by the Directors 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 2024.

## Audit Committee and Review of Accounts

The audit committee of the Company (the "Audit Committee") has reviewed with 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 2024. The Audit Committee considered that the unaudited interim results for the six months ended 30 June 2024 were in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been made. The interim financial report for the six months ended 30 June 2024 have not been audited, but have been reviewed by KPMG, the Company's auditor, 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.

By order of the Board

**Kyoo Yoon Choi**

*Chairman*

Hong Kong, 26 August 2024





## 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 14 to 38, which comprises the consolidated statement of financial position of Dream International Limited (the “Company”) as of 30 June 2024 and the related consolidated statement of profit or loss, statement of comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six months 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 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Certified Public Accountants

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

26 August 2024



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June	
		2024 \$'000	2023 \$'000
<b>Revenue</b>	3, 4	<b>2,294,045</b>	2,489,078
Cost of sales		<b>(1,743,774)</b>	(1,912,511)
<b>Gross profit</b>		<b>550,271</b>	576,567
Other revenue		<b>46,362</b>	32,624
Other net (loss)/income		<b>(27,759)</b>	1,035
Distribution costs		<b>(31,972)</b>	(29,656)
Administrative expenses		<b>(187,601)</b>	(159,949)
<b>Profit from operations</b>		<b>349,301</b>	420,621
Finance costs	5(a)	<b>(1,371)</b>	(6,755)
Share of (loss)/profit of an associate		<b>(203)</b>	2,311
<b>Profit before taxation</b>	5	<b>347,727</b>	416,177
Income tax	6	<b>(68,873)</b>	(82,329)
<b>Profit for the period</b>		<b>278,854</b>	333,848
<b>Earnings per share</b>	7		
Basic and diluted		<b>\$0.412</b>	\$0.493

The notes on pages 22 to 38 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 COMPREHENSIVE INCOME

for the six months ended 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
<b>Profit for the period</b>	<b>278,854</b>	333,848
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Item that may be or is reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(39,900)	(6,198)
<b>Other comprehensive income for the period</b>	<b>(39,900)</b>	(6,198)
<b>Total comprehensive income for the period</b>	<b>238,954</b>	327,650

The notes on pages 22 to 38 form part of this interim financial report.





## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

	Notes	At 30 June 2024 \$'000	At 31 December 2023 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	1,277,072	1,257,397
Investment properties		48,786	51,335
Long term receivables and prepayments		6,969	6,514
Other intangible assets		29,925	30,423
Goodwill		2,753	2,753
Interests in an associate		15,767	15,970
Deferred tax assets		11,325	5,423
Time deposits	12	8,622	16,781
Other financial asset	9	2,996	3,206
		<b>1,404,215</b>	1,389,802
<b>Current assets</b>			
Inventories	10	969,275	815,616
Trade and other receivables	11	997,021	941,557
Current tax recoverable		2,141	74,166
Time deposits	12	200,261	126,946
Cash and cash equivalents	12	1,127,476	1,264,459
		<b>3,296,174</b>	3,222,744
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	13	672,060	571,880
Bank loans	14	81,080	73,483
Lease liabilities		31,165	25,206
Current tax payable		198,778	226,094
		<b>983,083</b>	896,663
<b>Net current assets</b>		<b>2,313,091</b>	2,326,081
<b>Total assets less current liabilities</b>		<b>3,717,306</b>	3,715,883

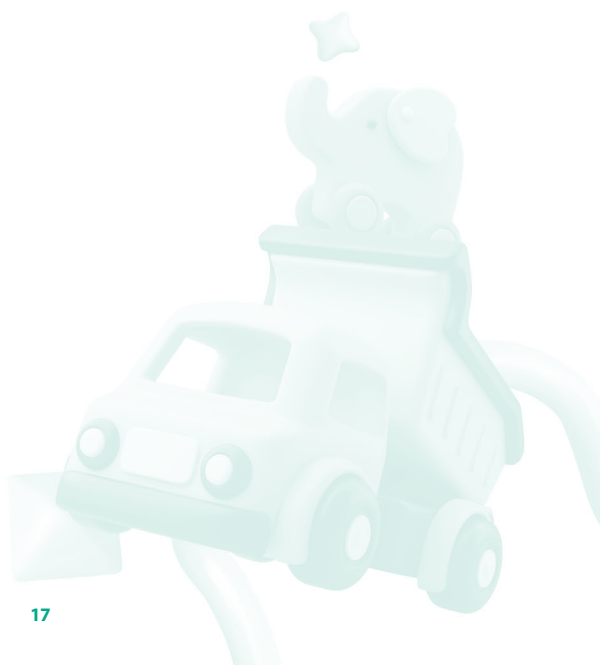
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

at 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

	<i>Notes</i>	<b>At 30 June 2024 \$'000</b>	At 31 December 2023 \$'000
<b>Non-current liabilities</b>			
Lease liabilities		<b>26,134</b>	26,817
Deferred tax liabilities		<b>10,377</b>	10,322
		<b>36,511</b>	37,139
<b>NET ASSETS</b>		<b>3,680,795</b>	3,678,744
<b>CAPITAL AND RESERVES</b>	<i>15</i>		
Share capital		<b>236,474</b>	236,474
Reserves		<b>3,444,321</b>	3,442,270
<b>TOTAL EQUITY</b>		<b>3,680,795</b>	3,678,744

The notes on pages 22 to 38 form part of this interim financial report.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

	Share capital \$'000	General reserve fund \$'000	Other reserve \$'000	Exchange reserve \$'000	Fair value reserve (non-recycling) \$'000	Retained profits \$'000	Total \$'000
<i>Notes</i>							
<b>Balance at 1 January 2023</b>	236,474	29,171	(29,391)	14,659	(8,487)	2,963,061	3,205,487
<b>Changes in equity for the six months ended 30 June 2023:</b>							
Profit for the period	-	-	-	-	-	333,848	333,848
Other comprehensive income	-	-	-	(6,198)	-	-	(6,198)
Total comprehensive income	-	-	-	(6,198)	-	333,848	327,650
Final dividend approved in respect of the previous year	<i>15(b)</i>	-	-	-	-	(203,060)	(203,060)
<b>Balance at 30 June 2023</b>	236,474	29,171	(29,391)	8,461	(8,487)	3,093,849	3,330,077
<b>Balance at 1 July 2023</b>	236,474	29,171	(29,391)	8,461	(8,487)	3,093,849	3,330,077
<b>Changes in equity for the six months ended 31 December 2023:</b>							
Profit for the period	-	-	-	-	-	495,999	495,999
Other comprehensive income	-	-	-	(12,268)	309	-	(11,959)
Total comprehensive income	-	-	-	(12,268)	309	495,999	484,040
Appropriation to general reserve fund	-	3,468	-	-	-	(3,468)	-
Dividends declared in respect of the current year	<i>15(a)</i>	-	-	-	-	(135,373)	(135,373)
<b>Balance at 31 December 2023</b>	236,474	32,639	(29,391)	(3,807)	(8,178)	3,451,007	3,678,744

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

for the six months ended 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

	Share capital \$'000	General reserve fund \$'000	Other reserve \$'000	Exchange reserve \$'000	Fair value reserve (non-recycling) \$'000	Retained profits \$'000	Total \$'000
<i>Notes</i>							
<b>Balance at 1 January 2024</b>	236,474	32,639	(29,391)	(3,807)	(8,178)	3,451,007	3,678,744
<b>Changes in equity for the six months ended 30 June 2024:</b>							
Profit for the period	-	-	-	-	-	278,854	278,854
Other comprehensive income	-	-	-	(39,900)	-	-	(39,900)
Total comprehensive income	-	-	-	(39,900)	-	278,854	238,954
Final dividend approved in respect of the previous year	<i>15(b)</i>	-	-	-	-	(236,903)	(236,903)
<b>Balance at 30 June 2024</b>	236,474	32,639	(29,391)	(43,707)	(8,178)	3,492,958	3,680,795

The notes on pages 22 to 38 form part of this interim financial report.



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

	Notes	Six months ended 30 June	
		2024 \$'000	2023 \$'000
<b>Operating activities</b>			
Cash generated from operations		274,403	446,070
Tax paid		(26,561)	(82,409)
<b>Net cash generated from operating activities</b>		<b>247,842</b>	363,661
<b>Investing activities</b>			
Payment for purchase of property, plant and equipment	8	(90,849)	(23,087)
Proceeds from the disposal of property, plant and equipment	8	7,319	2,401
Prepayment for purchase of leasehold land and property, plant and equipment		(3,227)	(5,412)
Increase in time deposits with maturity over three months when placed		(65,156)	(90,241)
Other cash flows arising from investing activities		25,099	(11,682)
<b>Net cash used in investing activities</b>		<b>(126,814)</b>	(128,021)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (*Continued*)

for the six months ended 30 June 2024 – unaudited

(Expressed in Hong Kong dollars)

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
<i>Notes</i>		<b>\$'000</b>	\$'000
<b>Financing activities</b>			
		<b>(19,636)</b>	(10,832)
		<b>(1,015)</b>	(1,833)
		<b>(236,903)</b>	(203,060)
	<i>14</i>	<b>112,663</b>	216,701
	<i>14</i>	<b>(104,575)</b>	(237,195)
		<b>(356)</b>	(4,922)
<b>Net cash used in financing activities</b>		<b>(249,822)</b>	(241,141)
<b>Net decrease in cash and cash equivalents</b>		<b>(128,794)</b>	(5,501)
<b>Cash and cash equivalents at 1 January</b>		<b>1,264,459</b>	669,264
<b>Effect of foreign exchange rate changes</b>		<b>(8,189)</b>	(2,436)
<b>Cash and cash equivalents at 30 June</b>		<b>1,127,476</b>	661,327

The notes on pages 22 to 38 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 26 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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 12 to 13.

The financial information relating to the financial year ended 31 December 2023 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 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

## 1 Basis of preparation (*Continued*)

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 sections 406(2), 407(2) or (3) of the Companies Ordinance.

## 2 Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

### **Amendments to HKAS 1, *Presentation of financial statements* ("2020 and 2022 amendments", or collectively the "HKAS 1 amendments")**

The HKAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.



## 2 Changes in accounting policies (*Continued*)

### **Amendments to HKAS 1, *Presentation of financial statements* (“2020 and 2022 amendments”, or collectively the “HKAS 1 amendments”) (*Continued*)**

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

### **Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback***

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

### **Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements***

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial report.

## 3 Revenue and segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both product lines and geographical location of customers. 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 (six months ended 30 June 2023: four) reportable segments. No operating segments have been aggregated to form the following reportable segments.

The Group has changed the composition of its operating segments by combining the die-casting products segment with the plastic figures segment during the six months ended 30 June 2024, which resulted in a change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the six months ended 30 June 2023 and as at 31 December 2023.

### 3 Revenue and segment reporting (Continued)

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2024 \$'000	2023 \$'000 (Restated)
<b>Revenue from sales of goods within the scope of HKFRS 15</b>		
Disaggregated by major product lines		
– Plush stuffed toys	1,186,083	1,239,913
– Plastic figures	936,337	1,007,115
– Tarpaulin	171,625	242,050
	<b>2,294,045</b>	<b>2,489,078</b>

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
<b>Disaggregated by geographical location of customers</b>		
– Hong Kong (place of domicile)	144,760	79,362
– North America	976,417	1,194,381
– Japan	539,157	654,266
– Chinese Mainland	509,985	394,396
– Europe	62,475	79,651
– Other countries	61,251	87,022
	<b>2,294,045</b>	<b>2,489,078</b>

### 3 Revenue and segment reporting (Continued)

#### (b) Information about profit or loss, assets and liabilities

Disaggregation of revenue from 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		Tarpaulin		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000 (Restated)	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>For the six months ended 30 June</b>								
Revenue from external customers	1,186,083	1,239,913	936,337	1,007,115	171,625	242,050	2,294,045	2,489,078
Inter-segment revenue	11,091	11,993	60,881	54,882	-	2	71,972	66,877
<b>Reportable segment revenue</b>	<b>1,197,174</b>	<b>1,251,906</b>	<b>997,218</b>	<b>1,061,997</b>	<b>171,625</b>	<b>242,052</b>	<b>2,366,017</b>	<b>2,555,955</b>
<b>Reportable segment profit (adjusted EBITDA)</b>	<b>306,266</b>	<b>377,703</b>	<b>98,003</b>	<b>110,500</b>	<b>22,006</b>	<b>22,614</b>	<b>426,275</b>	<b>510,817</b>
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000 (Restated)	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
<b>Reportable segment assets</b>	<b>1,881,194</b>	<b>1,992,398</b>	<b>1,165,991</b>	<b>1,237,775</b>	<b>294,707</b>	<b>279,948</b>	<b>3,341,892</b>	<b>3,510,121</b>
<b>Reportable segment liabilities</b>	<b>344,741</b>	<b>295,193</b>	<b>592,541</b>	<b>630,524</b>	<b>23,625</b>	<b>22,218</b>	<b>960,907</b>	<b>947,935</b>

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. To arrive at the adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of (loss)/profit of an associate, directors' and auditors' remuneration and other head office or corporate administration costs.

### 3 Revenue and segment reporting *(Continued)*

#### (c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Reportable segment profit	426,275	510,817
Interest income	25,099	18,364
Depreciation and amortisation	(82,215)	(89,752)
Finance costs	(1,371)	(6,755)
Share of (loss)/profit of an associate	(203)	2,311
Unallocated head office and corporate expenses	(19,858)	(18,808)
Consolidated profit before taxation	347,727	416,177

### 4 Seasonality of operations

The Group's plush stuffed toys and plastic figures 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 revenue and segment results for the first half of the year than the second half.

For the twelve months ended 30 June 2024, the plush stuffed toys and plastic figures segments reported reportable segment revenue of \$2,685,052,000 and \$2,280,680,000 respectively (twelve months ended 30 June 2023 (restated): \$2,698,416,000 and \$2,951,580,000 respectively), and reportable segment profit of \$733,770,000 and \$339,669,000 respectively (twelve months ended 30 June 2023 (restated): \$737,921,000 and \$398,995,000 respectively).



## 5 Profit before taxation

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

### (a) Finance costs

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Interest expense on bank borrowings	356	4,922
Interest expense on lease liabilities	1,015	1,833
	<b>1,371</b>	6,755

### (b) Other items

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Depreciation charge		
– owned property, plant and equipment	67,496	73,812
– leasehold land held for own use	2,423	2,314
– right-of-use assets	12,207	13,626
Expenses related to short-term lease	6,845	7,160
Amortisation of intangible assets	89	124
Inventories write-down ( <i>note 10</i> )	7,829	7,569
Reversal of write-down of inventories ( <i>note 10</i> )	(22,508)	(601)
Bank interest income	(25,099)	(18,364)
Net loss/(gain) on disposal of other property, plant and equipment	402	(649)

## 6 Income tax

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Current tax – Hong Kong Profits Tax	4,560	19,233
Current tax – Outside Hong Kong	66,656	61,131
Deferred taxation	(2,343)	1,965
	<b>68,873</b>	82,329

The provision for Hong Kong Profits Tax for the six months ended 30 June 2024 is calculated at 16.5% (six months ended 30 June 2023: 16.5%) of the assessable profits for the period except for the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For the Company, the first \$2,000,000 of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax was calculated at the same basis for the six months ended 30 June 2023.

Taxation for subsidiaries outside Hong Kong is calculated similarly using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

Withholding tax of HK\$7,724,000 (six months ended 30 June 2023: Nil) is levied on the dividend income from the Chinese Mainland subsidiaries at applicable rate of 5% (six months ended 30 June 2023: Nil) which is included in "Current tax – Outside Hong Kong".

## 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 \$278,854,000 (six months ended 30 June 2023: \$333,848,000) and the weighted average number of ordinary shares of 676,865,000 shares (six months ended 30 June 2023: 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 2024 and 2023.

## 8 Property, plant and equipment

### (a) Right-of-use assets

During the six months ended 30 June 2024, additions to right-of-use assets were \$16,704,000 (six months ended 30 June 2023: \$8,763,000). This amount related to the capitalised lease payments payable under new tenancy agreements.

### (b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of other property, plant and equipment with a cost of \$100,089,000 (six months ended 30 June 2023: \$37,922,000). Items of other property, plant and equipment with a net book value of \$7,721,000 were disposed of during the six months ended 30 June 2024 (six months ended 30 June 2023: \$1,752,000), resulting in a net loss on disposal of \$402,000 (six months ended 30 June 2023: gain of \$649,000).

## 9 Other financial asset

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Unlisted equity security measured at FVOCI (non-recycling) ( <i>Note</i> )	2,996	3,206

*Note:*

Unlisted equity security represents an investment in Joongang Tongyang Broadcasting Company ("JTBC"), a company incorporated in Korea and engaged in multimedia and broadcasting. The Group designated its investment in JTBC at fair value through other comprehensive income ("FVOCI") (non-recycling), as the investment is held for strategic purpose. No dividends were received on this investment during the period (2023: \$Nil).

## 10 Inventories

During the six months ended 30 June 2024, there is a reversal of write-down of inventories of \$22,508,000 (six months ended 30 June 2023: \$601,000). The reversal arose upon utilisation, disposal or an increase in the estimated net realisable value of these inventories.

During the six months ended 30 June 2024, there was a write-down of inventories of \$7,829,000 (six months ended 30 June 2023: \$7,569,000). The write-down arose upon a decrease in the estimated net realisable value of these inventories.

## 11 Trade and other receivables

As at 30 June 2024, 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 loss allowance, is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 1 month	504,377	627,341
1 to 2 months	146,478	114,012
2 to 3 months	57,941	18,895
3 to 4 months	19,468	11,483
Over 4 months	5,225	3,774
Trade debtors and bills receivable, net of loss allowance	733,489	775,505
Other receivables	196,475	122,144
Prepayments	34,183	14,767
Loans receivable	32,874	29,141
	<b>997,021</b>	<b>941,557</b>

Trade debtors and bills receivable are due within 30 to 120 days from the date of billing.

Loans receivable at 30 June 2024 and 31 December 2023 are due from a third party, fully secured by a leasehold land and a factory building held by the third party, interest-bearing at 5.4% – 9.5% per annum and recoverable within one year. The Group does not have the right to sell or re-pledge the leasehold land and the factory building held as collateral in the absence of default by the third party.



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

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Time deposits within three months to maturity when placed	429,200	545,803
Cash at bank and on hand	698,276	718,656
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	1,127,476	1,264,459
Time deposits with more than three months to maturity when placed	208,883	143,727
	<b>1,336,359</b>	<b>1,408,186</b>

Included in the balance of cash and cash equivalents and time deposits with more than three months to maturity when placed is an amount of approximately \$146,508,000 (31 December 2023: \$118,014,000) representing deposits placed with banks in Chinese Mainland by the Group. The remittance of these funds out of Chinese Mainland is subject to the exchange control restrictions imposed by the government.

**13 Trade and other payables and contract liabilities**

As at 30 June 2024, the ageing analysis of trade payables (which are included in trade and other payables and contract liabilities), based on the invoice date, is as follows:

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Within 1 month	354,134	218,389
Over 1 month but within 3 months	100,051	124,708
Over 3 months but within 6 months	28,192	24,916
Over 6 months	16,173	4,883
Trade payables	498,550	372,896
Contract liabilities – sales deposit	389	5,378
Salary and welfare payables	103,667	134,338
Value-added tax payable	4,629	7,671
Other payables and accruals	56,571	42,192
Receipt in advance	8,254	9,405
	<b>672,060</b>	<b>571,880</b>

## 14 Bank loans

All of the interest-bearing borrowings are carried at amortised cost and are expected to be settled within one year.

As at 30 June 2024, bank loans of \$23,479,000 (31 December 2023: \$7,373,000) were secured by factory buildings, certain leasehold land and property, plant and equipment of the Group with an aggregate amount of \$71,889,000 (31 December 2023: \$73,032,000). They are interest-bearing at a rate of 4.0% (31 December 2023: 4.0% to 4.2%) per annum specified at each withdrawal and repayable within one year.

As at 30 June 2024, bank loan of \$9,040,000 (31 December 2023: \$8,421,000) was secured by factory buildings, certain leasehold land and property, plant and equipment of the Group with an aggregate amount of \$38,617,000 (31 December 2023: \$39,357,000). It is interest-bearing at a rate of 1.25% over 3-month Secured Overnight Financing Rate ("SOFR") (2023: 1.25% over 3-month SOFR) per annum specified at each withdrawal and repayable within one year.

As at 30 June 2024, bank loans of \$36,051,000 (31 December 2023: \$33,993,000) were secured by time deposits of the Group with an aggregate amount of \$60,539,000 (31 December 2023: \$28,658,000). They are interest-bearing at a rate of 3.6% to 3.8% (31 December 2023: 3.8% to 6.3%) per annum specified at each withdrawal and repayable within one year.

As at 30 June 2024, bank loans of \$12,510,000 (31 December 2023: \$18,200,000) were secured by time deposits and factory buildings, certain leasehold land and property, plant and equipment of the Group with an aggregate amount of \$47,470,000 (31 December 2023: \$50,004,000). They are interest-bearing at a rate of 3.8% to 4.4% (31 December 2023: 4.7% to 5.0%) per annum.

As at 31 December 2023, bank loan of \$5,496,000 was secured by time deposits of the Group with an aggregate amount of \$15,926,000. It was interest-bearing at a rate of 1.0% over 3-month SOFR per annum specified at each withdrawal and repayable within one year.

As at 30 June 2024 and 31 December 2023, no bank loans were unsecured.

As at 30 June 2024, unutilised banking facility of \$155,732,000 (31 December 2023: \$118,800,000) was secured by time deposits and factory buildings, certain leasehold land and property, plant and equipment of the Group with an aggregate amount of \$99,557,000 (31 December 2023: \$84,164,000).

As at 30 June 2024 and 31 December 2023, the Group's banking facilities were not subject to the fulfilment of any financial covenants.

## 15 Capital, reserves and dividends

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

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
Interim dividend declared and paid after the interim period of 20 cents per ordinary share (six months ended 30 June 2023: 20 cents per ordinary share)	135,373	135,373

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	
	2024 \$'000	2023 \$'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of 35 cents per ordinary share (six months ended 30 June 2023: 30 cents per ordinary share)	236,903	203,060

## 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



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

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

## (i) Fair value hierarchy (Continued)

The Group has a team headed by finance manager performing valuations for the unlisted equity security measured at FVOCI (non-recycling) which is categorised into level 3 of the fair value hierarchy at interim reporting date. The Group engages external valuer performing valuations for the unlisted equity security measured at FVOCI (non-recycling) which is categorised into level 3 of the fair value hierarchy at annual reporting date. The external valuer reports directly to management. A valuation report with analysis of changes in fair value measurement is prepared by the finance team at each interim reporting date and by external valuer at each annual reporting date, and is reviewed and approved by management.

	Fair value measurements as at 30 June 2024 categorised into			
	Fair value at 30 June 2024 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	<b>Recurring fair value measurement</b>			
<i>Financial assets:</i>				
Unlisted equity security	2,996	-	-	2,996

	Fair value measurements as at 31 December 2023 categorised into			
	Fair value at 31 December 2023 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
	<b>Recurring fair value measurement</b>			
<i>Financial assets:</i>				
Unlisted equity security	3,206	-	-	3,206

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2023: 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.

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

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

#### (ii) Information about Level 3 fair value measurements

	Valuation technique	Significant unobservable input	Percentage
Unlisted equity security	Market comparable companies	Discount for lack of marketability	30% (2023: 30%)

The fair value of unlisted equity security is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 30 June 2024, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 5% would have increased/decreased the Group's other comprehensive income by \$214,000 (2023: \$198,000).

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2024 \$'000	2023 \$'000
Unlisted equity security:		
At 1 January	3,206	2,875
Exchange difference	(210)	(104)
At 30 June	2,996	2,771

Any gains or losses arising from the remeasurement of the Group's unlisted equity security held for strategic purpose is recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity security, the amount accumulated in other comprehensive income is transferred directly to retained profits.

### (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 were not materially different from their fair values as at 30 June 2024 and 31 December 2023.

## 17 Commitments

### Capital commitments outstanding at 30 June 2024 not provided for in the interim financial report

	At 30 June 2024 \$'000	At 31 December 2023 \$'000
Contracted for		
– acquisition of property, plant and equipment	44,347	40,525
Authorised but not contracted for		
– acquisition of property, plant and equipment	47,399	79,924
	<b>91,746</b>	<b>120,449</b>

## 18 Material related party transactions

Except for the balances and transactions disclosed elsewhere in these financial statements, the company entered into material related party transactions set out below.

### Transactions with related parties

During the six months ended 30 June 2024, the Group entered into the following transactions with its related parties:

	Six months ended 30 June	
	2024 \$'000	2023 \$'000
<b>(a) Key management personnel remuneration</b>		
Salaries and other short-term benefits	18,862	17,461
<b>(b) Purchase of materials from</b>		
An associate <i>(Note (i))</i>	4,868	6,619

*Note:*

- (i) These are transactions with HH Dream Printing Company Limited, an associate of the Group, and are conducted in accordance with the terms of the respective contracts or orders.