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## DREAM INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1126)

### RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “Board”) of directors (the “Directors”) of Dream International Limited (the “Company” or “Dream International”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024, together with the comparative figures for the previous financial year, as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	3	<b>5,449,987</b>	5,352,473
Cost of sales		<b>(4,196,118)</b>	(4,007,729)
<b>Gross profit</b>		<b>1,253,869</b>	1,344,744
Other revenue		<b>124,582</b>	90,307
Other net income		<b>1,232</b>	7,938
Distribution costs		<b>(69,442)</b>	(61,128)
Administrative expenses		<b>(377,969)</b>	(342,313)
<b>Profit from operations</b>		<b>932,272</b>	1,039,548
Finance costs	4(a)	<b>(6,560)</b>	(10,281)
Share of profit of an associate		<b>1,226</b>	3,964
<b>Profit before taxation</b>	4	<b>926,938</b>	1,033,231
Income tax	5	<b>(188,441)</b>	(203,384)
<b>Profit for the year</b>		<b>738,497</b>	829,847
<b>Earnings per share</b>	6		
Basic and diluted		<b>HK109.11 ¢</b>	HK122.60 ¢

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

	<b>2024</b>	2023
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the year</b>	<b>738,497</b>	829,847
<b>Other comprehensive income for the year</b> <b>(after tax and reclassification adjustments):</b>		
Item that will not be reclassified to profit or loss:		
– Unlisted equity securities at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	<b>1,241</b>	309
Item that may be or is reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	<b>(85,288)</b>	(18,466)
<b>Other comprehensive income for the year</b>	<b>(84,047)</b>	(18,157)
<b>Total comprehensive income for the year</b>	<b>654,450</b>	811,690

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2024**

	<i>Notes</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	<b>1,258,115</b>	1,257,397
Investment properties		<b>48,016</b>	51,335
Long term receivables and prepayments		<b>9,040</b>	6,514
Other intangible assets		<b>38,259</b>	30,423
Goodwill		<b>6,308</b>	2,753
Interest in an associate		<b>17,196</b>	15,970
Deferred tax assets		<b>5,689</b>	5,423
Time deposits		<b>4,957</b>	16,781
Other financial assets	7	<b>1,771</b>	3,206
		<b>1,389,351</b>	1,389,802
<b>Current assets</b>			
Inventories	9	<b>833,900</b>	815,616
Trade and other receivables	10	<b>1,125,915</b>	941,557
Current tax recoverable		<b>2,750</b>	74,166
Time deposits		<b>199,504</b>	126,946
Cash and cash equivalents		<b>1,407,921</b>	1,264,459
		<b>3,569,990</b>	3,222,744
<b>Current liabilities</b>			
Trade and other payables and contract liabilities	11	<b>636,275</b>	571,880
Bank loans		<b>99,612</b>	73,483
Lease liabilities		<b>20,022</b>	25,206
Current tax payable		<b>211,241</b>	226,094
		<b>967,150</b>	896,663
<b>Net current assets</b>		<b>2,602,840</b>	2,326,081
<b>Total assets less current liabilities</b>		<b>3,992,191</b>	3,715,883

	<b>2024</b>	2023
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	<b>23,350</b>	26,817
Deferred tax liabilities	<b>7,923</b>	10,322
	<u><b>31,273</b></u>	<u>37,139</u>
<b>NET ASSETS</b>	<u><b>3,960,918</b></u>	<u>3,678,744</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>236,474</b>	236,474
Reserves	<b>3,724,444</b>	3,442,270
<b>TOTAL EQUITY</b>	<u><b>3,960,918</b></u>	<u>3,678,744</u>

## NOTES TO THE FINANCIAL INFORMATION

### 1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) ("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 and will deliver the financial statements for the year ended 31 December 2024 in due course.

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

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investments in equity securities are stated at their fair values.

### 2. CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and 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* (the 2020 and 2022 amendments, collectively the “HKAS 1 amendments”)**

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been 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.

The amendments do not have a material impact on these financial statements as the Group’s existing classification is consistent with the amendments.

**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. The amendments do not have a material impact on these financial statements as the Group has not entered into any supplier finance arrangements.

### 3. REVENUE AND 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 (2023: four) reportable segments. No operating segments have been aggregated to form the reportable segments.

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

#### (a) Disaggregation of revenue

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major product lines		
– Plush stuffed toys	2,765,513	2,737,208
– Plastic figures	2,311,164	2,222,130
– Tarpaulin	373,310	393,135
	<u>5,449,987</u>	<u>5,352,473</u>

The Group's customer base is diversified and includes four (2023: three) customers with whom transactions have exceeded 10% (2023: 10%) of the Group's revenues as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	1,554,565	1,349,029
Customer B	770,698	1,176,174
Customer C	765,741	495,060
Customer D	565,019	664,230

These transactions are attributable to the plush stuffed toys, plastic figures and tarpaulin segments, which arose in Hong Kong, Chinese Mainland, North America, Japan and Europe.

**(b) Geographical information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, property, plant and equipment, other intangible assets, goodwill and interest in an associate ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment properties and property, plant and equipment, the location of the operation to which they are allocated, in the case of other intangible assets, prepayments for leasehold land and property, plant and equipment and goodwill, and the location of operations, in the case of interest in an associate.

	<b>Revenue from external customers</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong (place of domicile)	<b>354,602</b>	301,867
North America	<b>2,303,264</b>	2,404,000
Japan	<b>1,338,662</b>	1,369,371
Chinese Mainland	<b>1,025,293</b>	908,853
Europe	<b>191,519</b>	164,200
Vietnam	<b>96,058</b>	77,250
Korea	<b>21,193</b>	23,942
Other countries	<b>119,396</b>	102,990
	<b>5,095,385</b>	5,050,606
	<b>5,449,987</b>	5,352,473
	<b>Specified non-current assets</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong (place of domicile)	<b>208,186</b>	205,068
Vietnam	<b>996,858</b>	1,036,156
Indonesia	<b>69,080</b>	–
Chinese Mainland	<b>64,998</b>	72,501
Korea	<b>13,435</b>	19,306
Singapore	<b>11,946</b>	14,944
Japan	<b>3,275</b>	3,326
North America	<b>116</b>	6,577
	<b>1,159,708</b>	1,152,810
	<b>1,367,894</b>	1,357,878



(c) **Segment results, 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 years ended 31 December 2024 and 2023 is set out below.

	Plush stuffed toys		Plastic figures		Tarpaulin		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000 (Restated)	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Revenue from external customers	2,765,513	2,737,208	2,311,164	2,222,130	373,310	393,135	5,449,987	5,352,473
Inter-segment revenue	2,123	2,576	1,436	123,329	2	2	3,561	125,907
<b>Reportable segment revenue</b>	<b>2,767,636</b>	<b>2,739,784</b>	<b>2,312,600</b>	<b>2,345,459</b>	<b>373,312</b>	<b>393,137</b>	<b>5,453,548</b>	<b>5,478,380</b>
<b>Reportable segment profit (adjusted EBITDA)</b>	<b>792,200</b>	<b>805,207</b>	<b>272,993</b>	<b>352,166</b>	<b>43,971</b>	<b>38,065</b>	<b>1,109,164</b>	<b>1,195,438</b>
Bank interest income	29,701	25,590	6,884	3,145	11,407	10,002	47,992	38,737
Interest expense	(3,073)	(3,130)	(2,392)	(2,850)	(1,095)	(4,301)	(6,560)	(10,281)
Depreciation and amortisation for the year	(104,488)	(79,976)	(66,351)	(80,711)	(12,383)	(11,160)	(183,222)	(171,847)
<b>Reportable segment assets</b>	<b>1,641,724</b>	<b>1,992,398</b>	<b>1,200,854</b>	<b>1,237,775</b>	<b>319,596</b>	<b>279,948</b>	<b>3,162,174</b>	<b>3,510,121</b>
Additions to non-current segment assets during the year	39,845	24,806	116,164	44,193	7,778	9,833	163,787	78,832
<b>Reportable segment liabilities</b>	<b>290,053</b>	<b>295,193</b>	<b>375,496</b>	<b>630,524</b>	<b>73,743</b>	<b>22,218</b>	<b>739,292</b>	<b>947,935</b>

(d) **Reconciliations of reportable segment revenues, profit or loss, assets and liabilities**

	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>		
Reportable segment revenue	5,453,548	5,478,380
Elimination of inter-segment revenue	(3,561)	(125,907)
<b>Consolidated revenue</b>	<b>5,449,987</b>	<b>5,352,473</b>
<b>Profit</b>		
Reportable segment profit	1,109,164	1,195,438
Share of profit of an associate	1,226	3,964
Interest income	47,992	38,737
Depreciation and amortisation	(183,222)	(171,847)
Finance costs	(6,560)	(10,281)
Unallocated head office and corporate expenses	(41,662)	(22,780)
<b>Consolidated profit before taxation</b>	<b>926,938</b>	<b>1,033,231</b>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	3,162,174	3,510,121
Elimination of inter-segment receivables	<u>(59,642)</u>	<u>(295,268)</u>
	<b>3,102,532</b>	3,214,853
Interest in an associate	17,196	15,970
Club memberships	37,261	28,947
Other financial asset	1,771	3,206
Deferred tax assets	5,689	5,423
Current tax recoverable	2,750	74,166
Unallocated head office and corporate assets	<u>1,792,142</u>	<u>1,269,981</u>
Consolidated total assets	<u><b>4,959,341</b></u>	<u><b>4,612,546</b></u>
<b>Liabilities</b>		
Reportable segment liabilities	739,292	947,935
Elimination of inter-segment payables	<u>(59,642)</u>	<u>(295,268)</u>
	<b>679,650</b>	652,667
Deferred tax liabilities	7,923	10,322
Current tax payable	211,241	226,094
Unallocated head office and corporate liabilities	<u>99,609</u>	<u>44,719</u>
Consolidated total liabilities	<u><b>998,423</b></u>	<u><b>933,802</b></u>

#### 4. PROFIT BEFORE TAXATION

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest expense on bank loans	3,816	7,825
Interest expense on lease liabilities	2,744	2,456
	<u>6,560</u>	<u>10,281</u>
<b>(b) Staff costs*</b>		
Contributions to defined contribution retirement plan	80,019	58,161
Salaries, wages and other benefits	1,411,068	1,266,117
	<u>1,491,087</u>	<u>1,324,278</u>
<b>(c) Other items</b>		
Depreciation charge*		
– owned property, plant and equipment	148,427	141,074
– leasehold land held for own use	4,870	4,368
– right-of-use assets	29,748	26,257
Amortisation of other intangible assets	177	148
Provision/(reversal) of loss allowances of trade receivables	487	(29)
Auditors' remuneration		
– audit services	4,999	6,072
– other services	778	1,151
Cost of inventories*	<u>4,196,118</u>	<u>4,007,729</u>

\* Cost of inventories includes HK\$1,410,496,000 (2023: HK\$1,253,627,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 4(b) for each of these types of expenses.

## 5. INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	20,063	23,311
Under/(Over)-provision in respect of prior years	270	(118,349)
	<u>20,333</u>	<u>(95,038)</u>
<b>Current tax – Outside Hong Kong</b>		
Provision for the year	182,482	184,088
(Over)/Under-provision in respect of prior years	(24,278)	113,318
Withholding tax	13,178	–
	<u>171,382</u>	<u>297,406</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(3,274)	1,016
	<u>188,441</u>	<u>203,384</u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for the Company which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For the Company, the first HK\$2 million 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 for the Company was calculated at the same basis in 2023.

The provision for Hong Kong Profits Tax for 2024 is taken into account a reduction granted by the Hong Kong Special Administrative Region Government of 100% of the tax payable for the year of assessment 2023/24 subject to a maximum reduction of HK\$3,000 for each business (2023: a maximum reduction of HK\$6,000 was granted for the year of assessment 2022/23 and was taken into account in calculating the provision for 2023).

Taxation for the Company and subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

Withholding tax of HK\$13,178,000 (2023: HK\$Nil) is levied on the dividend income from the Chinese Mainland subsidiaries at applicable rate of 5% (2023: Nil).

Current tax in Hong Kong for the year ended 31 December 2023 includes a tax refund of HK\$84 million related to offshore income claimed in respect of prior years, of which HK\$5 million was received in 2023 with the remainder received in 2024. Respective tax position for the offshore income is included under current tax outside Hong Kong.

## 6. EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$738,497,000 (2023: HK\$829,847,000) and the weighted average of 676,865,000 ordinary shares (2023: 676,865,000 ordinary shares) in issue during the year.

### (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 years ended 31 December 2024 and 2023.

## 7. OTHER FINANCIAL ASSETS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unlisted equity securities measured at FVOCI (non-recycling)	<u>1,771</u>	<u>3,206</u>

Unlisted equity securities represent 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 (non-recycling), as the investment is held for strategic purpose. No dividends were received on this investment during the year (2023: HK\$Nil).

## 8. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2024, the Group acquired items of property, plant and equipment with a cost of HK\$240,447,000 (2023: HK\$107,040,000), including the additions to right-of-use assets of HK\$76,621,000 (2023: HK\$22,673,000), of which HK\$16,661,000 (2023: HK\$Nil) were additions from acquisition of subsidiaries. The additions to right-of-use assets were related to the capitalised lease payments payable under new tenancy agreements. The amounts also included the purchase of leasehold properties of HK\$42,941,000 (2023: HK\$3,734,000), of which HK\$813,000 (2023: HK\$Nil) were additions from acquisition of subsidiaries. Items of property, plant and equipment with a net book value of HK\$31,193,000 (2023: HK\$25,182,000) were disposed of for the year ended 31 December 2024, resulting in a net loss on disposal of HK\$4,257,000 (2023: gain of HK\$875,000).

## 9. INVENTORIES

During the year ended 31 December 2024, there is a reversal of write-down of inventories of HK\$22,436,000 (2023: HK\$9,687,000). The reversal arose upon utilisation, disposal or an increase in the estimated net realisable value of these inventories.

During the year ended 31 December 2024, there was a write-down of inventories of HK\$3,983,000 (2023: HK\$6,667,000). The write-down arose upon a decrease in the estimated net realisable value of these inventories.

## 10. TRADE AND OTHER RECEIVABLES

As at 31 December 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	598,877	627,341
1 to 2 months	197,646	114,012
2 to 3 months	65,304	18,895
3 to 4 months	42,563	11,483
Over 4 months	14,649	3,774
	<hr/>	<hr/>
Trade debtors and bills receivable, net of loss allowance	919,039	775,505
Other receivables	155,903	122,144
Prepayments	16,462	14,767
Loans receivable	34,511	29,141
	<hr/>	<hr/>
	<b>1,125,915</b>	<b>941,557</b>
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Trade debtors and bills receivable are due within 30 to 120 days from the date of billing.

Loans receivable at 31 December 2024 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% (2023: 6.3% - 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.

As at 31 December 2023, amount due from a related party, included in other receivables, of HK\$3,691,000 was trade in nature, unsecured, interest-free and repayable on demand.

## 11. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As at 31 December 2024, the ageing analysis of trade payables, based on the due dates is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Due within 1 month or on demand	279,915	218,389
Due after 1 month but within 3 months	92,935	124,708
Due after 3 months but within 6 months	37,392	24,916
Due after 6 months but within 1 year	11,779	1,941
Over 1 year	1,847	2,942
	<hr/>	<hr/>
	<b>423,868</b>	<b>372,896</b>
	<hr/> <hr/>	<hr/> <hr/>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	423,868	372,896
Contract liabilities – sales deposit	–	5,378
Salary and welfare payables	116,389	134,338
Value-added tax payable	5,942	7,671
Other payables and accruals	87,996	42,192
Receipt in advance	2,080	9,405
	<u>636,275</u>	<u>571,880</u>

## 12. DIVIDENDS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interim dividend declared and paid of HK20 cents per ordinary share (2023: HK20 cents per ordinary share)	135,373	135,373
Final dividend proposed after the end of the reporting period of HK40 cents per ordinary share (2023: HK35 cents per ordinary share)	270,746	236,903
	<u>406,119</u>	<u>372,276</u>

The final dividend proposed after the end of the reporting period 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 year

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK35 cents per ordinary share (2023: HK30 cents per ordinary share)	236,903	203,060

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

In 2024, the global economic recovery continued to face challenges, including geopolitical conflicts and financial market volatility, which led to weak consumer sentiment and the risk of economic instability. In order to ensure stable business performance in such a turbulent environment, Dream International further strengthened its partnerships with major brands and character owners to expand into new product, while effectively supporting its customers' inventory management and rapid order delivery by flexibly allocating capacity at its dual production bases and continuously enhancing the automation level of its production facilities, thereby seizing opportunities despite market challenges.

For the year ended 31 December 2024 (the "Year"), the Group's revenue increased to HK\$5,450.0 million (2023: HK\$5,352.5 million), driven by the continued sales momentum of plush stuffed toys and increased orders for plastic figures. In spite of the intensified competition, gross profit stood at HK\$1,253.9 million (2023: HK\$1,344.7 million), with gross profit margin of 23.0% (2023: 25.1%). Profit attributable to shareholders of the Company still reached HK\$738.5 million (2023: HK\$829.8 million), with net profit margin 13.6% (2023: 15.5%).

As at 31 December 2024, the Group was in a healthy financial position with cash and cash equivalents and bank deposits amounting to HK\$1,607.4 million (2023: HK\$1,391.4 million). To reward shareholders of the Company (the "Shareholders") for their long-term support, the Board has recommended the payment of a final dividend of HK40 cents per ordinary share for the Year (2023: HK35 cents).

### Business Review

#### *Product Analysis*

##### *Plush Stuffed Toys*

During the Year, this segment continued to deliver stable performance, with sales revenue increasing moderately to HK\$2,765.5 million (2023: HK\$2,737.2 million), accounting for 50.7% of the Group's total revenue. This increase was primarily driven by Asian markets, particularly the continued sales momentum of theme park products. In addition, inventory levels in the US and European markets have stabilized, leading to a gradual recovery in order intake from these regions. During the Year, the Group expanded its cooperation with major customers through regular feedback meetings and tailored solutions to meet their specific needs, thus fortifying long-term business relationships and facilitating order visibility for better production planning.



### *Plastic Figures*

The segment's revenue increased steadily to HK\$2,311.2 million (2023: HK\$2,222.1 million), accounting for 42.4% of the Group's total revenue. This growth reflects the Group's efforts in leveraging strong partnerships with top-tier toy brands to capture the traditional peak season in the second half of the year, when there was strong demand across North America and Japan. During the Year, in order to meet the ever-changing market demand and enhance competitiveness and responsiveness, the Group increased investment in R&D, and further optimized the production capacity utilization and efficiency, as well as shortened production and delivery time through close cooperation with supply chain partners and customers. In addition, the Group continuously monitored raw material prices, negotiated with selected suppliers, and implemented proactive bulk purchasing while boosting the automation level of production facilities to manage costs. Supported by these strategies, the Group was entrusted with additional production lines, large-volume orders, and extended collaborations with existing customers, while also seizing new opportunities to diversify its customer base.

### *Tarpaulin*

The segment recorded revenue of HK\$373.3 million (2023: HK\$393.1 million), accounting for 6.9% of the Group's total revenue. Its performance was impacted by subdued order inflow, particularly in the US market where inventory levels were high and being cleared. To address this challenge, the Group strategically expanded its market reach by securing additional orders from Europe and Asia. It also secured new customers and won initial orders by showcasing its diversified product categories at several international exhibitions. Moreover, the Group procured raw materials within its estimated cost range to effectively manage raw material cost fluctuations.

### ***Geographical Market Analysis***

For the year ended 31 December 2024, North America remained the Group's largest geographical market, accounting for 42.3% of the Group's total revenue. Sales from Japan accounted for 24.6% of the Group's total revenue, followed by Chinese Mainland at 18.8% and Europe at 3.5%.

### ***Operational Analysis***

As of 31 December 2024, the Group operated 27 factories (seven in China, 20 in Vietnam) with an average utilization rate of around 80.2%. During the Year, the Group continued to enhance automation in key production processes, including expanding the adoption of full automation for some production lines, which could reduce labor requirements of these lines, optimizing material usage and increasing output levels. Automation was also adopted for packaging to further improve efficiency. Additionally, the Group maximized capacity utilization by increasing off-peak operations and pre-building production in collaboration with customers. This strategy ensured that all orders were fulfilled on time and increased flexibility in capacity allocation throughout the Year.

## Prospects

While easing global inflation may help avert an economic downturn, geopolitical conflicts remain a source of uncertainty. In parallel with rising trade protectionism around the world, the global economy is expected to face adjustment pressure in 2025. In this context, the toy market is expected to see modest growth, underpinned by the potential for increased demand in key toy markets such as the US and Asia. In addition, major brands and character owners are exploring various production options to mitigate ongoing geopolitical risks. Leveraging its competitive edges and leading market position built over decades, the Group is well prepared to work with its long-term partners and customers to capitalize on these opportunities.

Deepening collaboration with major customers through co-development initiatives and exclusive product lines will be one of the Group's business development focuses in 2025. In particular, recognizing that consumers increasingly prefer smart and interactive elements, the Group will continue to build on its 2024 diversification efforts to apply such features to its expanding product range, hence further helping customers to meet changing market demands. Furthermore, by leveraging its ability to offer innovative and differentiated products, particularly licensed character merchandise, the Group will continue to seek partnerships with new toy brands and character owners to seize opportunities arising from new entertainment trends.

Meanwhile, the Group will continue to deploy resources to optimize production. Initiatives to enhance production efficiency and capacity, as well as to boost the Group's market responsiveness, will continue. For example, the level of automation in various production line processes is expected to be further enhanced. To support the future growth, the Group is advancing its expansion strategy by establishing a new production facility in Indonesia, which is expected to be fully operational by mid-2025. Once put into operation, the plant will be able to cater in particular for customers seeking an alternative production base beyond China and Vietnam. In addition to continuously improving bargaining power in raw material procurement, the Group will implement stricter internal controls through supply chain management to address economic uncertainties in the coming year.

Committed to sustainable development and in solidarity with all stakeholders for a better future, the Group is actively working with customers and supply chain partners to address sustainability objectives and meet increasingly stringent ESG standards. Additionally, the Group has also been using recycled materials in all segments. The Group is encouraging customers to reduce packaging or use recyclable alternatives as well.

Amidst the evolving global landscape, Dream International remains committed to expansion, operational excellence, and sustainability. In executing its strategic initiatives, the Group is well positioned to leverage its solid financial position, established production capabilities and customer-centric approach to navigate market complexities with agility and foresight. It aims to deliver resilient performance and sustainable growth, ultimately creating long-term value for stakeholders.

## **NUMBER AND REMUNERATION OF EMPLOYEES**

As at 31 December 2024, the Group had 28,697 (31 December 2023: 26,210) employees in Hong Kong, Chinese Mainland, Korea, the US, Japan, Vietnam, Singapore, and Indonesia. The total amount of staff costs of the Group for the Year was HK\$1,491.1 million (31 December 2023: HK\$1,324.3 million). The Group values its human resources and recognizes 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 courses.

## **LIQUIDITY AND FINANCIAL RESOURCES AND GEARING**

The Group continued to maintain a reasonable liquidity position. As at 31 December 2024, the Group had net current assets of HK\$2,602.8 million (2023: HK\$2,326.1 million). The Group's total cash and cash equivalents as at 31 December 2024 amounted to HK\$1,407.9 million (2023: HK\$1,264.5 million). The bank loans of the Group as at 31 December 2024 amounted to HK\$99.6 million (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 2.5% at 31 December 2024 (2023: 2.0%).

## **PLEDGE ON GROUP ASSETS**

Factory buildings, certain leasehold land and other property, plant and equipment and bank deposit of the Group with an aggregate carrying amount of HK\$186.0 million (31 December 2023: HK\$207.0 million) as at 31 December 2024 were pledged as security for bank loans of the Group of HK\$99.6 million (31 December 2023: HK\$73.5 million).

As at 31 December 2024, unutilised banking facility of HK\$60.3 million (2023: HK\$118.8 million) was secured by factory buildings, leasehold land and other property, plant and equipment, and bank deposit of the Group with an aggregate amount of HK\$95.0 million (2023: HK\$84.2 million).

## **SIGNIFICANT INVESTMENT HELD**

There was no significant investment held by the Group during the year ended 31 December 2024.

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

As at 31 December 2024, there are no treasury shares held by the Company.

During the year ended 31 December 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 year ended 31 December 2024, the Company has complied with Corporate Governance Code (the "CG Code") as set out in Appendix C1 to 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 the positions as it helps to maintain the continuity of the policies and stability of the operations of the Company. The Board including three independent non-executive directors has a fairly independent element in the composition and will play an active role to ensure a balance of power and authority.

## **COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (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 year ended 31 December 2024.

## **SCOPE OF WORK OF KPMG**

The financial figures in this announcement have been agreed by the Group's external auditor, KPMG, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2024. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by KPMG on this announcement.

## **FINAL DIVIDEND**

The Board has resolved to recommend the payment of a final dividend of HK40 cents (2023: HK35 cents) per ordinary share in respect of the year ended 31 December 2024. The proposed final dividend which totals HK\$270,746,000 (2023: HK\$236,903,000), if approved at the forthcoming annual general meeting, will be paid on 30 May 2025 to the Shareholders on the register of members as at 16 May 2025.

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

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members will be closed from 6 May 2025 to 9 May 2025, both days inclusive.

During this period, no transfer of shares will be registered. Shareholders whose names appear on the register of members of the Company on 9 May 2025 are entitled to attend the forthcoming annual general meeting scheduled on 9 May 2025. In order to qualify for the right to vote for and/or attend the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 2 May 2025.

The proposed final dividend is subject to the passing of an ordinary resolution by the Shareholders at the forthcoming annual general meeting. For determining the entitlement to the proposed final dividend, the register of members will be closed for one day on 16 May 2025, during that day no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 15 May 2025.

## **AUDIT COMMITTEE**

The audit committee of the Company has reviewed with the management of the Company with respect to the accounting policies, principles and practices adopted by the Group and discussed risk management and internal control system, and financial reporting matters, including a review of the annual results for the year ended 31 December 2024.

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

Hong Kong, 28 March 2025

At the date of this announcement, the Directors are:

*Executive Directors:*

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

*Independent non-executive Directors:*

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