

★ Chairman's Statement





Chairman's Statement

主席報告書



Mr. Kyoo Yoon CHOI (*Chairman*)

崔奎琬先生 (主席)

Dear Shareholders:

2003 was a challenging year for the global economy including the toy industry. As a major player in the toy industry, Dream International Limited (the "Company") and its subsidiaries (the "Group") was inevitably affected. The unexpected outbreak of SARS stopped overseas customers from visiting our showroom in Hong Kong and the US-led Iraqi war further hampered developments in the economic environment. These external factors came together to give the Group a tough first half of 2003.

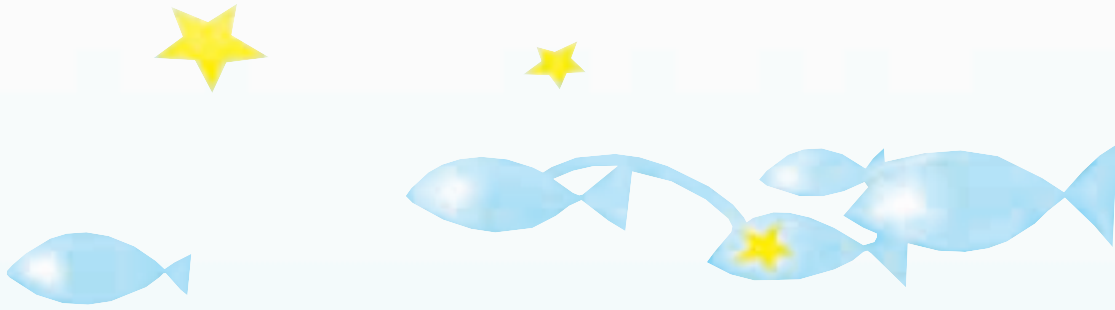
However, with our sizeable operation and established reputation, we were able to continue to receive orders from our overseas customers through our offices located in the US, Korea and Japan, which maintained close contacts with our customers during the critical period.

致各位股東：

全球經濟在二零零三年受到極大衝擊，當中包括玩具業。德林國際有限公司（「公司」）及附屬公司（「集團」）作為玩具業內的領導者，亦無可避免受到影響。非典型肺炎突然爆發，海外客戶因而取消前來位於香港的陳列室，而美伊戰爭更令經濟環境雪上加霜。這些外來的環境因素令集團在二零零三年上半年經歷了一段困難時期。

然而，憑藉我們具規模的營運及已建立的良好聲譽，我們於最困難的時期，仍能透過位於美國、韓國及日本的辦事處與海外客戶保持緊密的聯繫，持續取得訂單。





Business Review and Prospects

During the year under review, we achieved numerous strategic objectives. On 30 September 2003, we successfully acquired the entire issued share capital of Dream INKO Co., Ltd (“Dream INKO”) through the Company’s wholly owned subsidiary, J.Y. International Company Limited. The acquisition eliminated connected transaction and heavy reliance issues, and increased transparency, hence boosting shareholders’ confidence. Additionally, the acquisition improved our operational efficiencies with the full control of activities ranging from design to marketing.

Cementing our role as the world’s largest plush stuffed toy manufacturing company, we expanded our manufacturing capacity at the newly relocated plant in Fuyong, Shenzhen, the PRC. This plant has boosted current production capacity by 13% with total production growing by 9,000,000 pieces per year. This additional capacity further strengthens our leading position in the plush stuffed toy industry.

In effort to expand our marketing operation, we appointed a former Disney Executive, Mr. Dewey Gaines, to oversee the mass-market and licensed market management in the US under Dream International’s new Caltoy Division. Capitalizing on Mr. Gaines’ 35 years of insight experience in retail management, sales and marketing and dealing with licensed characters in Disney, we are confident that Mr. Gaines will lead the Group to achieve growth in both our OEM and ODM businesses.

Looking ahead, with our additional marketing arm in the US, we will be expanding our ODM business aggressively. Leveraging on our stable relationships with the leading chain stores in the US, our Caltoy products will gain higher recognition and will make a significant contribution to the Group.

業務回顧及展望

於回顧年內，我們達成多個策略性的重要事項。於二零零三年九月三十日，我們透過公司的全資附屬公司J.Y. International Company Limited成功全面收購 Dream INKO Co., Ltd (「Dream INKO」)。該項收購消除集團的關連交易及倚重母公司的問題，增加集團的透明度，從而加強股東的信心。此外，此項收購使集團能操控由設計至市場推廣的業務，進一步提高我們的營運效益。

為鞏固集團作為全球最具規模毛絨玩具生產公司的地位，我們於中國深圳市福永鎮重置新廠房以擴大產能。新廠房使集團年產能提升13%，每年多生產9,000,000件，進一步加強集團在毛絨玩具業之領導地位。

為致力擴展市場推廣，我們委任了前迪士尼行政人員Dewey Gaines先生，為集團在美國新成立的Caltoy部門管理大眾市場及特許造型市場的推廣。憑藉Gaines先生在消費市場管理與銷售及市場推廣方面逾三十五年的豐富經驗，以及其於迪士尼工作時處理特許造型的經驗，我們深信Gaines先生將帶領集團在OEM及ODM業務上取得更大成就。

展望未來，憑藉新增的美國市場推廣隊伍，我們將積極擴展ODM業務。建基於我們與美國大型連鎖店的穩健關係，我們的Caltoy產品在市場上將取得更高知名度，並將為集團帶來重大貢獻。



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We are now considering establishing a production plant in Vietnam to tap on the comparatively lower labor costs and high sewing skills of the local workforce. This move highlights our commitment to implement prudent cost control policies together with the diversification of our geographical production risk.

由於越南擁有較低的勞工成本及優質的縫紉技術，我們正考慮在當地興建生產廠房。此項建議乃源自我們致力施行嚴謹的成本控制，以及減低集中生產設施於單一國家之風險所致。

Finally, on behalf of the Board, I would like to extend my gratitude to the management and staff for their commitment and contribution to the Group. Our employees are valuable assets, which is the Group's major growth driver for the years ahead. Without their dedicated efforts, we would not have achieved the many successes in the year under review.

最後，本人謹代表董事會向管理層及員工所作出的努力與貢獻致以衷心的謝意。我們亦視員工為集團的重要資產以及未來發展之動力。本人深信全賴員工們的努力，集團因而能於回顧年內達至如此輝煌的成績。

Kyoo Yoon Choi
Chairman

崔奎玠
主席

Hong Kong, 7 April 2004

香港，二零零四年四月七日

