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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 2025

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 2025, together with the comparative figures for the previous financial year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	3	5,974,359	5,449,987
Cost of sales		<u>(4,768,502)</u>	<u>(4,196,118)</u>
Gross profit		1,205,857	1,253,869
Other revenue		112,092	124,582
Other net income		2,576	1,232
Distribution costs		(75,009)	(69,442)
Administrative expenses		<u>(370,482)</u>	<u>(377,969)</u>
Profit from operations		875,034	932,272
Finance costs	4(a)	(6,206)	(6,560)
Share of profit of an associate		<u>2,407</u>	<u>1,226</u>
Profit before taxation	4	871,235	926,938
Income tax	5	<u>(178,331)</u>	<u>(188,441)</u>
Profit for the year		<u>692,904</u>	<u>738,497</u>
Earnings per share	6		
Basic and diluted		<u>HK102.37 ¢</u>	<u>HK109.11 ¢</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	2025	2024
	HK\$'000	HK\$'000
Profit for the year	692,904	738,497
Other comprehensive income for the year (after tax and reclassification adjustments):		
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)	150	1,241
Item that may be or is reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	(11,079)	(85,288)
Other comprehensive income for the year	(10,929)	(84,047)
Total comprehensive income for the year	681,975	654,450

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	8	1,332,552	1,258,115
Investment properties		45,719	48,016
Long term receivables and prepayments		10,665	9,040
Other intangible assets		42,597	38,259
Goodwill		6,308	6,308
Interest in an associate		19,604	17,196
Deferred tax assets		6,037	5,689
Time deposits		–	4,957
Other financial assets	7	2,061	1,771
		<u>1,465,543</u>	<u>1,389,351</u>
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Current assets			
Inventories	9	922,008	833,900
Trade and other receivables	10	1,359,579	1,125,915
Current tax recoverable		–	2,750
Time deposits		139,661	199,504
Cash and cash equivalents		1,658,350	1,407,921
		<u>4,079,598</u>	<u>3,569,990</u>
		-----	-----
Current liabilities			
Trade and other payables and contract liabilities	11	983,306	636,275
Bank loans		40,952	99,612
Lease liabilities		21,515	20,022
Current tax payable		204,091	211,241
		<u>1,249,864</u>	<u>967,150</u>
		-----	-----
Net current assets		<u>2,829,734</u>	<u>2,602,840</u>
		-----	-----
Total assets less current liabilities		<u>4,295,277</u>	<u>3,992,191</u>
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	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		58,982	23,350
Deferred tax liabilities		33,364	7,923
		<u>92,346</u>	<u>31,273</u>
NET ASSETS		<u>4,202,931</u>	<u>3,960,918</u>
CAPITAL AND RESERVES			
Share capital		236,474	236,474
Reserves		3,966,457	3,724,444
TOTAL EQUITY		<u>4,202,931</u>	<u>3,960,918</u>

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2025 and 2024 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 2024 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 2025 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 HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("HKFRSs"), 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 amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

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

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 (2024: three) reportable segments. No operating segments have been aggregated to form the reportable segments.

Disaggregation of revenue

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major product lines		
– Plush stuffed toys	3,263,552	2,765,513
– Plastic figures	2,352,320	2,311,164
– Tarpaulin	358,487	373,310
	<u>5,974,359</u>	<u>5,449,987</u>

The Group's customer base is diversified and includes four (2024: four) customers with whom transactions have exceeded 10% (2024: 10%) of the Group's revenues as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Customer A	1,525,879	1,554,565
Customer B	889,156	770,698
Customer C	645,008	765,741
Customer D	610,173	565,019

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 and goodwill, and the location of operations, in the case of interest in an associate.

	Revenue from external customers	
	2025	2024
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	344,681	354,602
North America	2,682,633	2,303,264
Japan	1,636,456	1,338,662
Chinese Mainland	985,827	1,025,293
Europe	180,398	191,519
Vietnam	75,519	96,058
Korea	9,699	21,193
Other countries	59,146	119,396
	5,629,678	5,095,385
	5,974,359	5,449,987
	Specified non-current assets	
	2025	2024
	HK\$'000	HK\$'000
Hong Kong (place of domicile)	200,130	208,186
Vietnam	990,600	996,858
Indonesia	114,645	69,080
Chinese Mainland	76,253	64,998
Korea	45,524	13,435
Singapore	16,055	11,946
Japan	2,294	3,275
North America	1,279	116
	1,246,650	1,159,708
	1,446,780	1,367,894

(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 2025 and 2024 is set out below.

	Plush stuffed toys		Plastic figures		Tarpaulin		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Revenue from external customers	3,263,552	2,765,513	2,352,320	2,311,164	358,487	373,310	5,974,359	5,449,987
Inter-segment revenue	80,998	2,123	1,556	1,436	19	2	82,573	3,561
Reportable segment revenue	3,344,550	2,767,636	2,353,876	2,312,600	358,506	373,312	6,056,932	5,453,548
Reportable segment profit (adjusted EBITDA)	827,631	792,200	179,223	272,993	42,228	43,971	1,049,082	1,109,164
Bank interest income	31,018	29,701	3,034	6,884	10,158	11,407	44,210	47,992
Interest expense	(4,477)	(3,073)	(1,067)	(2,392)	(662)	(1,095)	(6,206)	(6,560)
Depreciation and amortisation for the year	(109,209)	(104,488)	(54,103)	(66,351)	(12,466)	(12,383)	(175,778)	(183,222)
Reportable segment assets	1,702,138	1,641,724	1,459,433	1,200,854	348,084	319,596	3,509,655	3,162,174
Additions to non-current segment assets during the year	47,913	39,845	146,319	116,164	6,006	7,778	200,238	163,787
Reportable segment liabilities	339,600	290,053	707,018	375,496	23,775	73,743	1,070,393	739,292

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at the adjusted EBITDA, the Group's earnings are further adjusted for items not specially attributed to individual segments, such as share of profit of an associate, directors' and auditors' remuneration and other head office or corporate administration costs.

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

	2025 HK\$'000	2024 HK\$'000
Revenue		
Reportable segment revenue	6,056,932	5,453,548
Elimination of inter-segment revenue	(82,573)	(3,561)
Consolidated revenue	5,974,359	5,449,987
Profit		
Reportable segment profit	1,049,082	1,109,164
Share of profit of an associate	2,407	1,226
Interest income	44,210	47,992
Depreciation and amortisation	(175,778)	(183,222)
Finance costs	(6,206)	(6,560)
Unallocated head office and corporate expenses	(42,480)	(41,662)
Consolidated profit before taxation	871,235	926,938

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Assets		
Reportable segment assets	3,509,655	3,162,174
Elimination of inter-segment receivables	<u>(6,585)</u>	<u>(59,642)</u>
	3,503,070	3,102,532
Interest in an associate	19,604	17,196
Club memberships	41,773	37,261
Other financial asset	2,061	1,771
Deferred tax assets	6,037	5,689
Current tax recoverable	–	2,750
Unallocated head office and corporate assets	<u>1,972,596</u>	<u>1,792,142</u>
Consolidated total assets	<u>5,545,141</u>	<u>4,959,341</u>
Liabilities		
Reportable segment liabilities	1,070,393	739,292
Elimination of inter-segment payables	<u>(6,585)</u>	<u>(59,642)</u>
	1,063,808	679,650
Deferred tax liabilities	33,364	7,923
Current tax payable	204,091	211,241
Unallocated head office and corporate liabilities	<u>40,947</u>	<u>99,609</u>
Consolidated total liabilities	<u>1,342,210</u>	<u>998,423</u>

4. PROFIT BEFORE TAXATION

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

	2025 HK\$'000	2024 HK\$'000
(a) Finance costs		
Interest expense on bank loans	2,442	3,816
Interest expense on lease liabilities	3,764	2,744
	<u>6,206</u>	<u>6,560</u>
(b) Staff costs*		
Contributions to defined contribution retirement plan	83,758	80,019
Salaries, wages and other benefits	1,635,085	1,411,068
	<u>1,718,843</u>	<u>1,491,087</u>
(c) Other items		
Depreciation charge*		
– owned property, plant and equipment	139,736	148,427
– leasehold land held for own use	6,380	4,870
– right-of-use assets	29,485	29,748
Amortisation of other intangible assets	177	177
(Reversal)/provision of loss allowances of trade receivables	(511)	487
Auditors' remuneration		
– audit services	5,572	4,999
– other services	773	778
Cost of inventories*	<u>4,768,502</u>	<u>4,196,118</u>

* Cost of inventories includes HK\$1,630,079,000 (2024: HK\$1,410,496,000) 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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Provision for the year	24,535	20,063
Under-provision in respect of prior years	1,788	270
	<u>26,323</u>	<u>20,333</u>
Current tax – Outside Hong Kong		
Provision for the year	159,155	182,482
Over-provision in respect of prior years	(41,141)	(24,278)
Withholding tax	8,876	13,178
	<u>126,890</u>	<u>171,382</u>
Deferred tax		
Origination and reversal of temporary differences	<u>25,118</u>	<u>(3,274)</u>
	<u>178,331</u>	<u>188,441</u>

The provision for Hong Kong Profits Tax for 2025 is calculated at 16.5% (2024: 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 2024.

The provision for Hong Kong Profits Tax for 2025 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 2024/25 subject to a maximum reduction of HK\$3,000 for each business (2024: a maximum reduction of HK\$6,000 was granted for the year of assessment 2023/24 and was taken into account in calculating the provision for 2024).

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\$8,876,000 (2024: HK\$13,178,000) is levied on the dividend income from the Chinese Mainland subsidiaries at applicable rate of 5% (2024: 5%).

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\$692,904,000 (2024: HK\$738,497,000) and the weighted average of 676,865,000 ordinary shares (2024: 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 2025 and 2024.

7. OTHER FINANCIAL ASSETS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Unlisted equity securities measured at FVOCI (non-recycling)	<u>2,061</u>	<u>1,771</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 FVOCI (non-recycling), as the investment is held for strategic purpose. No dividends were received on this investment during the year (2024: HK\$Nil).

8. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2025, the Group acquired items of property, plant and equipment with a cost of HK\$278,475,000 (2024: HK\$240,447,000), including the additions to right-of-use assets of HK\$78,688,000 (2024: HK\$76,621,000), of which HK\$Nil (2024: HK\$16,661,000) 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\$4,733,000 (2024: HK\$42,941,000), of which HK\$Nil (2024: HK\$813,000) were additions from acquisition of subsidiaries. Items of property, plant and equipment with a net book value of HK\$24,535,000 (2024: HK\$31,193,000) were disposed of for the year ended 31 December 2025, resulting in a net gain on disposal of HK\$1,904,000 (2024: loss of HK\$4,257,000).

9. INVENTORIES

During the year ended 31 December 2025, there is a reversal of write-down of inventories of HK\$13,191,000 (2024: HK\$22,436,000). The reversal arose upon utilisation, disposal or an increase in the estimated net realisable value of these inventories.

During the year ended 31 December 2025, there was a write-down of inventories of HK\$4,199,000 (2024: HK\$3,983,000). 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 2025, 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 1 month	651,341	598,877
1 to 2 months	230,974	197,646
2 to 3 months	106,430	65,304
3 to 4 months	43,830	42,563
Over 4 months	32,282	14,649
	<hr/>	<hr/>
Trade debtors and bills receivable, net of loss allowance	1,064,857	919,039
Other receivables	240,133	155,903
Prepayments	16,588	16,462
Loans receivable	38,001	34,511
	<hr/>	<hr/>
	1,359,579	1,125,915
	<hr/> <hr/>	<hr/> <hr/>

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

Loans receivable at 31 December 2025 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% - 6.3% (2024: 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.

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 2025, the ageing analysis of trade payables, based on the due dates is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Due within 1 month or on demand	502,040	279,915
Due after 1 month but within 3 months	152,806	92,935
Due after 3 months but within 6 months	49,394	37,392
Due after 6 months but within 1 year	45,573	11,779
Over 1 year	3,818	1,847
	<hr/>	<hr/>
	753,631	423,868
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	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables	753,631	423,868
Salary and welfare payables	140,866	116,389
Value-added tax payable	4,037	5,942
Other payables and accruals	80,562	87,996
Receipt in advance	4,210	2,080
	<u>983,306</u>	<u>636,275</u>

12. DIVIDENDS

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interim dividend declared and paid of HK25 cents per ordinary share (2024: HK20 cents per ordinary share)	169,216	135,373
Final dividend proposed after the end of the reporting period of HK35 cents per ordinary share (2024: HK40 cents per ordinary share)	236,903	270,746
	<u>406,119</u>	<u>406,119</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.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK40 cents per ordinary share (2024: HK35 cents per ordinary share)	270,746	236,903

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

In 2025, the global economy continued to face challenges arising from geopolitical tensions and trade policy uncertainties, leading to supply chain volatility and generally cautious consumer sentiment. Nevertheless, the toy industry experienced positive development driven by the launch of multiple entertainment projects, a surge in collectible licensed products, and the growing popularity of tech-integrated playsets. Against this backdrop, Dream International navigated the complex operating environment by leveraging the flexibility of its multi-regional production capacity and its proven ability to deliver a diverse product mix. These efforts helped the Group sustain its relationships with renowned brands, character owners and licensors, while maintaining resilience in a highly competitive industry.

For the year ended 31 December 2025 (the “Year”), the Group’s revenue increased to HK\$5,974.4 million (2024: HK\$5,450.0 million), driven by sustained order inflows for plush stuffed toys and plastic figures. However, rising labour costs as well as production schedule adjustments to accommodate customers’ inventory management inevitably impacted gross profit. For the Year, it amounted to HK\$1,205.9 million (2024: HK\$1,253.9 million), with a gross profit margin of 20.2% (2024: 23.0%). Consequently, profit attributable to shareholders of the Company amounted to HK\$692.9 million (2024: HK\$738.5 million), with a net profit margin of 11.6% (2024: 13.6%).

As at 31 December 2025, the Group was in a healthy financial position with cash and cash equivalents and bank deposits amounting to HK\$1,798.0 million (2024: HK\$1,607.4 million). To reward shareholders for their long-term support, the Board has recommended a final dividend of HK35 cents per ordinary share for the Year (2024: HK40 cents).

Business Review

Product Analysis

Plush Stuffed Toys

Revenue for this segment increased by 18.0% year-on-year to HK\$3,263.6 million (2024: HK\$2,765.5 million), representing 54.6% of total revenue. This growth was primarily driven by demand from theme parks in the Asian market, where customers scaled up their procurement in response to rising visitor numbers and seasonal events. Through continued coordination with customers on demand forecasts and efforts to enhance production and procurement planning, the Group was able to sustain its performance and secure repeat orders for certain items. To cater to customers’ demand for products that support sales appeal, the Group continued to expand its design capabilities while working to improve manufacturing flexibility and quality control.

Plastic Figures

Revenue for this segment amounted to HK\$2,352.3 million (2024: HK\$2,311.2 million), accounting for 39.4% of total revenue. The growth was primarily fuelled by the “Kidult” trend, together with steady order inflows from new entertainment activities and seasonal promotions in the second half of the Year. The Group leveraged this momentum to refine its product mix, increasing the proportion of higher-value items such as premium figures and playsets. To enhance profitability, the Group continued to introduce automation equipment to improve efficiency and strived to secure raw materials at competitive prices. The Group also worked with major customers to streamline logistics and reduce transportation costs as part of broader efforts to integrate more deeply into customers’ supplier-management systems.

Tarpaulin

Revenue for this segment reached HK\$358.5 million (2024: HK\$373.3 million), accounting for 6.0% of the Group’s total revenue. Orders from the US fluctuated during the Year amid fluctuations in China-US tariff negotiations. Meanwhile, demand in Europe and Japan softened due to economic slowdowns and intensifying price competition. However, the Group endeavoured to maintain its performance by expanding its product portfolio to include more eco-friendly offerings and refining its marketing initiatives. These efforts helped to re-engage previous customers and establish new partnerships. Additionally, the Group invested in production automation while closely monitoring material costs to maintain effective cost control.

Geographical Market Analysis

For the year ended 31 December 2025, North America remained the Group’s largest geographical market, accounting for 44.9% of total revenue. Sales from Japan accounted for 27.4% of total revenue, followed by the Chinese mainland at 16.5%, Hong Kong at 5.8%, and Europe at 3.0%.

Operational Analysis

As of 31 December 2025, the Group operated 30 factories (eight in China, 21 in Vietnam and one in Indonesia), maintaining an average utilisation rate of around 85.9%. To support stable large-scale production, the Group continued to advance production automation and expand capacity in response to growing demand. It introduced advanced equipment while maintaining a reasonably sized skilled workforce. It also expanded its R&D teams to provide real-time technical support and rapid prototyping, supporting greater operational flexibility. On the supply chain front, the Group sought to strengthen its supply chain resilience by establishing local supplier networks in Vietnam and Indonesia. It has long adopted multi-party bidding, optimised procurement timing, and strategically stockpiled key materials to mitigate the impact of cost volatility.

Prospects

Looking ahead to 2026, a new wave of entertainment activities is expected to support demand for licensed toys, bringing growth opportunities to the Group. Nevertheless, the global economic outlook remains uncertain amid rising trade barriers and ongoing geopolitical conflicts, which continue to disrupt supply chains and put pressure on operating expenses. Adding to this, recent escalating conflicts in the Middle East heightens oil price volatility, exerting further upward pressure on raw material costs. To address upcoming headwinds, Dream International will concentrate on enhancing its core competitiveness. The Group will prioritise deepening its long-standing relationships with renowned brands, character owners, and licensors, while upholding product quality and diversity. By flexibly allocating production across its multi-regional manufacturing footprint and accelerate supply chain localisation, the Group aims to protect profit margins in a challenging market landscape.

A diverse, high-quality product portfolio remains central to the Group's resilience. It will further refine its product mix by increasing the share of higher-value-added offerings and serving as a reliable partner for innovation-focused customers, in order to deepen collaboration with existing customers while broadening its customer base. Closer coordination in product design and production planning will enhance capacity and procurement flexibility, thereby reinforcing long-term customer relationships. Meanwhile, partnerships with several emerging IP brands are progressing, with related products expected to enter mass production from 2026 onwards.

Expanding production capacity remains key to long-term development. The Group is continuing its "China Plus One" strategy, with Vietnam and Indonesia playing an increasingly important role amid complex geopolitical conditions. Alongside upgrades to existing facilities, a new plant in China commenced operations in January 2026, while the construction of a new plant in Vietnam and the second-phase expansion of the Indonesian facility are on track for completion by June 2026. Once fully operational, these facilities will significantly boost the Group's overall production capacity, enabling it to better serve existing customers and capture demand from toy companies diversifying their supply chains.

In parallel with its business development, the Group continues to integrate ESG principles into its operations. In line with global environmental trends, it is working with customers to adopt more eco-friendly materials in production, while also advancing energy and water conservation, recycling, and waste reduction, thereby supporting the industry's green transition.

While 2026 is expected to present both challenges and opportunities, the Group will continue its prudent planning amid generally cautious market sentiment and subdued consumer spending. By consolidating its competitive strengths, the Group will strive to maintain its business performance and seek to deliver stable, long-term value to shareholders and stakeholders.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2025, the Group had 30,466 (31 December 2024: 28,697) 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\$1,718.8 million (31 December 2024: HK\$1,491.1 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 2025, the Group had net current assets of HK\$2,829.7 million (2024: HK\$2,602.8 million). The Group's total cash and cash equivalents as at 31 December 2025 amounted to HK\$1,658.4 million (2024: HK\$1,407.9 million). The bank loans of the Group as at 31 December 2025 amounted to HK\$41.0 million (2024: HK\$99.6 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, Japanese Yen and Indonesian Rupiah. 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 1.0% at 31 December 2025 (2024: 2.5%).

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\$116.4 million (31 December 2024: HK\$186.0 million) as at 31 December 2025 were pledged as security for bank loans of the Group of HK\$41.0 million (31 December 2024: HK\$99.6 million).

As at 31 December 2025, unutilised banking facility of HK\$82.1 million (2024: HK\$60.3 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\$117.7 million (2024: HK\$95.0 million).

SIGNIFICANT INVESTMENT HELD

There was no significant investment held by the Group during the year ended 31 December 2025.

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

As at 31 December 2025, there are no treasury shares held by the Company.

During the year ended 31 December 2025, 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 2025, 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 as set out in Appendix C3 to the Listing Rules as the code of conduct regarding Directors' securities transactions. The Company has made specific enquires of all 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 2025.

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 2025. 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 HK35 cents (2024: HK40 cents) per ordinary share in respect of the year ended 31 December 2025. The proposed final dividend which totals HK\$236,903,000 (2024: HK\$270,746,000), if approved at the forthcoming annual general meeting, will be paid on 28 May 2026 to the Shareholders on the register of members as at 13 May 2026 (i.e. record date).

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 30 April 2026 to 6 May 2026, 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 6 May 2026 (i.e. record date) are entitled to attend the forthcoming annual general meeting scheduled on 6 May 2026. 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 29 April 2026.

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 13 May 2026, 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 12 May 2026.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") 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 2025.

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

Hong Kong, 27 March 2026

At the date of this announcement, the Directors are:

Executive Directors:

Mr. Kyoo Yoon Choi (*Chairman*)
Mr. Min Jung Lee
Ms. Hyunjoo Kim
Mr. Jae Seng Yu

Independent non-executive Directors:

Professor Cheong Heon Yi
Dr. Chan Yoo
Professor Seung Yeon Yoo