Dream International Limited

DREAM INTERNATIONAL LIMITED
德林國際有限公司

Incorporated in Hong Kong with limited liability

Stock Code : 1126

2026
Interim Report

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The operating environment was complex in the first half of 2026. Persistent geopolitical tensions continued to cause supply chain volatility, elevated raw material costs and freight rate fluctuations, while consumer sentiment remained cautious in certain markets. Despite these headwinds, the toy industry continued to benefit from structural growth drivers, most notably licensed merchandise, premium collectibles and the burgeoning "kidult" market. Supported by its long-standing partnerships with leading toy brands, character owners and licensors, a diversified product portfolio and flexible multi-region production capacity, Dream International Limited (the "Company" or "Dream International", together with its subsidiaries, the "Group") maintained steady order momentum, demonstrating the Group's operational resilience.

For the six months ended 30 June 2026 (the "Period"), the Group's revenue rose by 12.3% to HK$2,896.5 million (six months ended 30 June 2025: HK$2,578.3 million), driven by higher aggregate order volumes from key customers and sustained demand across major regional markets. Nevertheless, upward pressure on labour and raw material costs weighed on gross profit, which amounted to HK$445.5 million (six months ended 30 June 2025: HK$517.6 million), representing a gross profit margin of 15.4% (six months ended 30 June 2025: 20.1%). Accordingly, profit for the Period of the Company reached HK$205.0 million (six months ended 30 June 2025: HK$307.0 million), with a net profit margin of 7.1% (six months ended 30 June 2025: 11.9%).

As at 30 June 2026, the Group's financial position remained sound, with cash and cash equivalents and bank deposits of HK$1,431.8 million (31 December 2025: HK$1,798.0 million). To reward shareholders of the Company (the "Shareholders") for their long-term support, the board (the "Board") of directors (the "Directors") of the Company has recommended an interim dividend of HK25 cents per ordinary share (six months ended 30 June 2025: HK25 cents) for the Period.

Business Review

Product Analysis

Plush Stuffed Toys

Segment revenue increased by 17.0% year-on-year to HK$1,549.1 million (six months ended 30 June 2025: HK$1,324.3 million), accounting for 53.5% of total revenue of the Group. The growth was primarily driven by higher order volumes from existing customers, together with new customer wins and projects secured, reflecting the Group's ongoing efforts to enhance competitiveness. During the Period, the Group strengthened collaboration with customers on product development and production planning, while enhancing its design capabilities to meet demand for sustainable materials, and trend-driven products. Meanwhile, targeted cost-saving measures were implemented to strike an optimal balance between material specifications and design-to-value principles.

Plastic Figures

Segment revenue increased by 8.0% year-on-year to HK$1,154.8 million for the Period (six months ended 30 June 2025: HK$1,069.0 million), representing 39.9% of total revenue of the Group. This growth stemmed from robust replenishment orders following inventory normalisation across major retail channels, supported by sustained demand for entertainment-licensed products and the "kidult" trend. To capitalise on this favourable momentum, the Group further expanded its higher value-added product range, including premium collectibles, blind boxes, play sets, remote-controlled vehicles and tech toys. It also strengthened its engineering teams in China to improve real-time technical communication and rapid prototyping, and implemented a flexible, multi-regional production model to boost supply chain responsiveness. Greater automation, localised sourcing and prudent raw material procurement also helped mitigate rising labour and raw material costs.

Tarpaulin

Segment revenue for the Period increased by 4.1% to HK$192.6 million (six months ended 30 June 2025: HK$185.0 million), accounting for 6.6% of total revenue of the Group, supported by gradual demand recovery in the US and steady order inflows from key customers. The Group strengthened customer relationships through targeted marketing, participation in international exhibitions and customised product solutions, while expanding its client base. The Group also continued to improve production efficiency through automation, process improvements and diversified sourcing.

Business Review *(Continued)*

Geographical Market Analysis

For the six months ended 30 June 2026, United States remained the Group's largest market, accounting for 45.3% of total revenue of the Group. Sales from Japan accounted for 30.1% of total revenue, followed by Chinese Mainland at 14.5%, Hong Kong at 3.9%, and Europe at 3.0%.

Operational Analysis

As of 30 June 2026, the Group operated 31 factories (nine in Chinese Mainland, 21 in Vietnam and one in Indonesia), with an average utilisation rate of 87.5%. Production capacity continued to be allocated flexibly across the three manufacturing hubs to ensure timely deliveries and respond to different changing order patterns. The Group continued to enhance manufacturing efficiency through automation, supply chain optimisation and disciplined production planning. Automated processes improved productivity and reduced reliance on manual labour, while localised sourcing, open bidding and forward procurement of key raw materials helped mitigate cost pressures and price volatility arising from geopolitical shifts.

Prospects

The second half of 2026 is expected to remain challenging amid macroeconomic volatility, such as global trade barriers and ongoing geopolitical uncertainties. Nevertheless, the toy industry's long-term growth drivers remain intact, supported by new trends including a steady pipeline of major entertainment IP releases and continued growth in the collectible toy segment. Backed by long-standing partnerships with leading global brands, character owners and licensors, the Group remains cautiously optimistic about its outlook.

Prospects *(Continued)*

To meet evolving customer demand, the Group's customer-centric strategy focuses on leveraging its "China Plus One" production capacity network to address global supply chain shifts, while offering a highly diversified product portfolio with a higher proportion of value-added offerings that caters to varied market segments.

Operationally, the Group continues to deepen its supply chain integration with key clients by enhancing in-house engineering, product development and precision manufacturing capabilities. Production allocation remains dynamically optimised across regions. Furthermore, the Group is expanding capacity, including the Indonesian plant expansion project scheduled for commissioning in August 2026, to meet the increasing demand. In response to industry-wide challenges of rising labour and raw material costs, in addition to actively advancing automation, the Group will continue to implement a disciplined raw material procurement strategy, highlighted by localised sourcing and a diversified supplier network, together with ongoing cost engineering and yield management, to enhance overall profitability.

Moving forward, with its diversified production layout, product innovation capabilities and long-standing customer relationships, Dream International is well positioned to navigate market uncertainties and deliver sustainable long-term value for the Shareholders.

Number and Remuneration of Employees

As at 30 June 2026, the Group had 32,668 (31 December 2025: 30,466) 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 Period was HK$951.0 million (six months ended 30 June 2025: HK$804.7 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 2026, the Group had net current assets of HK$2,738.1 million (31 December 2025: HK$2,829.7 million). The Group's total cash and cash equivalents as at 30 June 2026 amounted to HK$1,287.4 million (31 December 2025: HK$1,658.4 million). The bank loans of the Group as at 30 June 2026 amounted to HK$28.1 million (31 December 2025: HK$41.0 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 loans over the total equity, was at 0.7% at 30 June 2026 (31 December 2025: 1.0%).

Pledge on Group Assets

Factory buildings, certain leasehold land, property, plant and equipment, and time deposits of the Group with an aggregate carrying amount of HK$50.1 million (31 December 2025: HK$116.4 million) as at 30 June 2026 were pledged as security for bank loans of the Group of HK$28.1 million (31 December 2025: HK$41.0 million).

As at 30 June 2026, unutilised banking facilities of HK$82.0 million (31 December 2025: HK$82.1 million) were secured by factory buildings, leasehold land and other property, plant and equipment, and time deposits of the Group with an aggregate carrying amount of HK$72.9 million (31 December 2025: HK$117.7 million).

As at 30 June 2026, property, plant and equipment with a carrying amount of Nil were pledged for both utilised and unutilised banking facilities (31 December 2025: HK$38.4 million). The total carrying amount of pledge assets as at 30 June 2026 was HK$123.0 million (31 December 2025: HK$195.6 million).

Significant Investment Held

There was no significant investment held by the Group during the six months ended 30 June 2026.

Material Acquisition and Disposals of Subsidiaries, Associated Companies and Joint Ventures

There was no material acquisition or disposal of subsidiaries, associated companies and joint ventures by the Group during the six months ended 30 June 2026.

Future Plans For Material Investments And Capital Assets

As at 30 June 2026, the Group had no specific future plans for material investments or capital assets.

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, Japanese Yen and Indonesian Rupiah. During the six months ended 30 June 2026, 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.

Contingent Liabilities

As of 30 June 2026, the Group did not have any significant contingent liabilities.

Interim Dividend and Closure of Register of Members

The Board declared an interim dividend of HK25 cents per ordinary share for the six months ended 30 June 2026 (six months ended 30 June 2025: HK25 cents per ordinary share). The interim dividend of HK$169,216,000 (six months ended 30 June 2025: HK$169,216,000) will be paid on 15 October 2026 to the Shareholders registered at the close of business on the record date, 30 September 2026.

The register of members will be closed for one day on 30 September 2026, 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 Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 29 September 2026.

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 2026, 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				
	Personal interests *(Note 1)*	Family interests	Corporate interests	Total	Percentage of issued shares of the Company
The Company					
Kyoo Yoon Choi	389,211,000	–	72,150,000 *(Note 2)*	461,361,000	68.16%
Min Jung Lee	–	23,500,000 *(Note 3)*	–	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 2026, 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 2026 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 2026, 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%

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

Note:

(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.

Save as disclosed above, as at 30 June 2026, 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 2026, there are no treasury shares held by the Company.

During the six months ended 30 June 2026, 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 2026, 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.

Changes In Directors' Information

Changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

(1) Mr. Min Jung Lee resigned as an executive Director and the Chief Financial Officer of the Company and ceased to be a member of each of the nomination committee (the "Nomination Committee") and remuneration committee (the "Remuneration Committee") of the Company and the authorised representative (the "Authorised Representative") of the Company under Rule 3.05 of the Listing Rules with effect from 26 August 2026; and

(2) Mr. Hyun Ho Kim was appointed as an executive Director, a member of each of the Nomination Committee and the Remuneration Committee and the Authorised Representative with effect from 26 August 2026.

Save as disclosed above, there were no changes in the Directors' information that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication of annual report of the Company for the year ended 31 December 2025.

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 2026.

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 2026. The Audit Committee considered that the unaudited interim results for the six months ended 30 June 2026 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 2026 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 2026

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

KPMG

REVIEW REPORT TO THE BOARD OF DIRECTORS OF DREAM INTERNATIONAL LIMITED

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 14 to 36, which comprises the consolidated statement of financial position of Dream International Limited (the "Company") as of 30 June 2026 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to express our conclusion, based on our review, on this 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* as 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 2026 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 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Notes	**2026 $'000**	2025 $'000
Revenue	*3, 4*	**2,896,463**	2,578,311
Cost of sales		**(2,450,996)**	(2,060,691)
Gross profit		**445,467**	517,620
Other revenue		**48,133**	50,491
Other net (loss)/income		**(420)**	36,724
Distribution costs		**(41,202)**	(42,150)
Administrative expenses		**(193,584)**	(169,226)
Profit from operations		**258,394**	393,459
Finance costs	*5(a)*	**(3,085)**	(3,589)
Share of profit of an associate		**1,286**	242
Profit before taxation	*5*	**256,595**	390,112
Income tax	*6*	**(51,612)**	(83,086)
Profit for the period		**204,983**	307,026
Attributable to:			
Equity shareholders of the Company		**205,850**	307,026
Non-controlling interests		**(867)**	–
Profit for the period		**204,983**	307,026
Earnings per share attributable to equity shareholders of the Company for the period	*7*		
Basic and diluted		**$0.304**	$0.454

The notes on pages 22 to 36 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Profit for the period	**204,983**	307,026
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that may be or is reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	**44,454**	33,226
Transfer to profit or loss upon deregistration of a subsidiary	**(953)**	–
Other comprehensive income for the period	**43,501**	33,226
Total comprehensive income for the period	**248,484**	340,252
Attributable to:		
Equity shareholders of the Company	**249,351**	340,252
Non-controlling interests	**(867)**	–
Profit for the period	**248,484**	340,252

The notes on pages 22 to 36 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Notes	**At 30 June 2026 $'000**	At 31 December 2025 $'000
Non-current assets			
Property, plant and equipment	*8*	**1,384,136**	1,332,552
Investment properties		**44,781**	45,719
Long term receivables and prepayments		**12,138**	10,665
Other intangible assets		**42,057**	42,597
Goodwill		**6,970**	6,308
Interests in an associate		**20,889**	19,604
Deferred tax assets		**7,091**	6,037
Time deposits	*11*	**58,378**	–
Other financial asset		**1,942**	2,061
		1,578,382	1,465,543
Current assets			
Inventories	*9*	**1,099,814**	922,008
Trade and other receivables	*10*	**1,425,460**	1,359,579
Time deposits	*11*	**86,066**	139,661
Cash and cash equivalents	*11*	**1,287,374**	1,658,350
		3,898,714	4,079,598
Current liabilities			
Trade and other payables and contract liabilities	*12*	**976,113**	983,306
Bank loans	*13*	**28,122**	40,952
Lease liabilities		**30,700**	21,515
Current tax payable		**125,694**	204,091
		1,160,629	1,249,864
Net current assets		**2,738,085**	2,829,734
Total assets less current liabilities		**4,316,467**	4,295,277

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

at 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Notes	At 30 June 2026 $'000	At 31 December 2025 $'000
Non-current liabilities			
Lease liabilities		69,241	58,982
Deferred tax liabilities		33,050	33,364
		102,291	92,346
NET ASSETS		4,214,176	4,202,931
CAPITAL AND RESERVES	*14*		
Share capital		236,474	236,474
Reserves		3,977,702	3,966,457
TOTAL EQUITY		4,214,176	4,202,931

The notes on pages 22 to 36 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Notes	Share capital $'000	General reserve fund $'000	Other reserve $'000	Exchange reserve $'000	Fair value reserve (non-recycling) $'000	Retained profits $'000	Total $'000
Balance at 1 January 2025		236,474	39,411	(29,391)	(88,892)	(6,937)	3,810,253	3,960,918
Changes in equity for the six months ended 30 June 2025:								
Profit for the period		–	–	–	–	–	307,026	307,026
Other comprehensive income		–	–	–	33,226	–	–	33,226
Total comprehensive income		–	–	–	33,226	–	307,026	340,252
Appropriation to general reserve fund		–	18,209	–	–	–	(18,209)	–
Final dividend approved in respect of the previous year	*14(b)*	–	–	–	–	–	(270,746)	(270,746)
Balance at 30 June 2025		236,474	57,620	(29,391)	(55,666)	(6,937)	3,828,324	4,030,424
Balance at 1 July 2025		236,474	57,620	(29,391)	(55,666)	(6,937)	3,828,324	4,030,424
Changes in equity for the six months ended 31 December 2025:								
Profit for the period		–	–	–	–	–	385,878	385,878
Other comprehensive income		–	–	–	(44,305)	150	–	(44,155)
Total comprehensive income		–	–	–	(44,305)	150	385,878	341,723
Appropriation to general reserve fund		–	114	–	–	–	(114)	–
Dividends declared in respect of the current year	*14(a)*	–	–	–	–	–	(169,216)	(169,216)
Balance at 31 December 2025		236,474	57,734	(29,391)	(99,971)	(6,787)	4,044,872	4,202,931

The notes on pages 22 to 36 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

for the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

	Notes	Share capital $'000	General reserve fund $'000	Other reserve $'000	Exchange reserve $'000	Fair value reserve (non-recycling) $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2026		236,474	57,734	(29,391)	(99,971)	(6,787)	4,044,872	4,202,931	–	4,202,931
Changes in equity for the six months ended 30 June 2026:										
Profit for the period		–	–	–	–	–	205,850	205,850	(867)	204,983
Other comprehensive income		–	–	–	43,501	–	–	43,501	–	43,501
Total comprehensive income		–	–	–	43,501	–	205,850	249,351	(867)	248,484
Acquisition of non-controlling interest of a subsidiary		–	–	(1,203)	–	–	–	(1,203)	867	(336)
Final dividend approved in respect of the previous year	*14(b)*	–	–	–	–	–	(236,903)	(236,903)	–	(236,903)
Balance at 30 June 2026		236,474	57,734	(30,594)	(56,470)	(6,787)	4,013,819	4,214,176	–	4,214,176

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Notes	**2026** **$'000**	2025 $'000
Operating activities			
Cash generated from operations		**96,072**	452,786
Tax paid		**(131,949)**	(96,983)
Net cash (used in)/generated from operating activities		**(35,877)**	355,803
Investing activities			
Payment for purchase of property, plant and equipment	*8*	**(102,377)**	(101,465)
Proceeds from the disposal of property, plant and equipment	*8*	**9,861**	7,614
Prepayment for purchase of leasehold land and property, plant and equipment		**(2,503)**	(2,759)
(Increase)/decrease in time deposits with maturity over three months when placed		**(4,783)**	97,544
Net cash inflow in respect of acquisition of a subsidiary		**194**	–
Payment for purchase of shares from non-controlling interests		**(1,151)**	–
Other cash flows arising from investing activities		**19,881**	22,261
Net cash (used in)/generated from investing activities		**(80,878)**	23,195

CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

for the six months ended 30 June 2026 – unaudited
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
	Notes	**2026** **$'000**	2025 $'000
Financing activities			
Capital element of lease rentals paid		**(13,484)**	(10,620)
Interest element of lease rentals paid		**(2,353)**	(1,711)
Dividends paid		**(236,903)**	(270,746)
Proceeds from new bank loans		**40,869**	84,693
Repayment of bank loans		**(53,984)**	(123,146)
Other cash flows arising from financing activities		**(731)**	(1,878)
Net cash used in financing activities		**(266,586)**	(323,408)
Net (decrease)/increase in cash and cash equivalents		**(383,341)**	55,590
Cash and cash equivalents at 1 January		**1,658,350**	1,407,921
Effect of foreign exchange rate changes		**12,365**	15,842
Cash and cash equivalents at 30 June	*11*	**1,287,374**	1,479,353

The notes on pages 22 to 36 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 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 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 2025 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 HKFRS Accounting Standards.

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 2025 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 2025 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 HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period.

None of these developments have had a material effect on the Group's consolidated financial statements. 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 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 2025: three) reportable segments. No operating segments have been aggregated to form the following reportable segments.

(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	
	2026	2025
	$'000	$'000
Revenue from sales of goods within the scope of HKFRS 15		
Disaggregated by major product lines		
– Plush stuffed toys	**1,549,054**	1,324,333
– Plastic figures	**1,154,794**	1,068,951
– Tarpaulin	**192,615**	185,027
	2,896,463	2,578,311

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Disaggregated by geographical location of customers		
– Hong Kong (place of domicile)	**111,691**	173,400
– United States	**1,312,475**	1,043,071
– Japan	**870,623**	702,306
– Chinese Mainland	**420,503**	509,205
– Europe	**87,638**	79,689
– Other countries	**93,533**	70,640
	2,896,463	2,578,311

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	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000	2026 $'000	2025 $'000	2026 $'000	2025 $'000
For the six months ended 30 June								
Revenue from external customers	1,549,054	1,324,333	1,154,794	1,068,951	192,615	185,027	2,896,463	2,578,311
Inter-segment revenue	1,048	5,422	1,711	–	489	3	3,248	5,425
Reportable segment revenue	1,550,102	1,329,755	1,156,505	1,068,951	193,104	185,030	2,899,711	2,583,736
Reportable segment profit (adjusted EBITDA)	292,529	340,508	39,062	92,970	13,804	26,064	345,395	459,542
	30 June 2026 $'000	31 December 2025 $'000	30 June 2026 $'000	31 December 2025 $'000	30 June 2026 $'000	31 December 2025 $'000	30 June 2026 $'000	31 December 2025 $'000
Reportable segment assets	2,078,446	1,702,138	1,449,814	1,459,433	336,024	348,084	3,864,284	3,509,655
Reportable segment liabilities	464,469	339,600	605,405	707,018	21,465	23,775	1,091,339	1,070,393

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 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	
	2026	2025
	$'000	$'000
Reportable segment profit	**345,395**	459,542
Interest income	**19,891**	22,290
Depreciation and amortisation	**(87,296)**	(66,802)
Finance costs	**(3,085)**	(3,589)
Share of profit of an associate	**1,286**	242
Unallocated head office and corporate expenses	**(19,596)**	(21,571)
Consolidated profit before taxation	**256,595**	390,112

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 2026, the plush stuffed toys and plastic figures segments reported reportable segment revenue of $3,564,897,000 and $2,441,430,000 respectively (twelve months ended 30 June 2025: $2,900,217,000 and $2,384,333,000 respectively), and reportable segment profit of $779,652,000 and $125,315,000 respectively (twelve months ended 30 June 2025: $826,442,000 and $267,960,000 respectively).

5 Profit before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Interest expense on bank borrowings	**732**	1,878
Interest expense on lease liabilities	**2,353**	1,711
	3,085	3,589

(b) Other items

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Depreciation charge		
– owned property, plant and equipment	**69,625**	48,554
– leasehold land held for own use	**1,830**	3,435
– right-of-use assets	**15,753**	14,725
Expenses related to short-term lease	**9,130**	8,159
Amortisation of intangible assets	**88**	88
Inventories write-down *(note 9)*	**11,617**	9,817
Reversal of write-down of inventories *(note 9)*	**(3,980)**	–
Bank interest income	**(19,891)**	(22,290)
Net gain on disposal of other property, plant and equipment	**(212)**	(369)

6 Income tax

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Current tax – Hong Kong Profits Tax	**11,859**	14,201
Current tax – Outside Hong Kong	**40,343**	61,227
Deferred taxation	**(590)**	7,658
	51,612	83,086

The provision for Hong Kong Profits Tax for the six months ended 30 June 2026 is calculated at 16.5% (six months ended 30 June 2025: 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 2025.

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 $12,374,000 (six months ended 30 June 2025: $8,876,000) is levied on the dividend income from Chinese Mainland subsidiaries at applicable rate of 5% (six months ended 30 June 2025: 5%) 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 $205,850,000 (six months ended 30 June 2025: $307,026,000) and the weighted average number of ordinary shares of 676,865,000 shares (six months ended 30 June 2025: 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 2026 and 2025.

8 Property, plant and equipment

(a) Right-of-use assets

During the six months ended 30 June 2026, additions to right-of-use assets were $45,897,000 (six months ended 30 June 2025: $26,762,000). 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 2026, the Group acquired items of other property, plant and equipment with a cost of $103,508,000 (six months ended 30 June 2025: $103,701,000). Items of other property, plant and equipment with a net book value of $10,073,000 were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: $7,245,000), resulting in a net gain on disposal of $212,000 (six months ended 30 June 2025: $369,000).

9 Inventories

During the six months ended 30 June 2026, there was a write-down of inventories of $11,617,000 (six months ended 30 June 2025: $9,817,000). The write-down arose upon a decrease in the estimated net realisable value of these inventories.

During the six months ended 30 June 2026, there is a reversal of write-down of inventories of $3,980,000 (six months ended 30 June 2025: Nil). The reversal arose upon utilisation, disposal or an increase in the estimated net realisable value of these inventories.

10 Trade and other receivables

As at 30 June 2026, 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 2026 $'000	At 31 December 2025 $'000
Within 1 month	**576,286**	651,341
1 to 2 months	**300,545**	230,974
2 to 3 months	**139,514**	106,430
3 to 4 months	**18,958**	43,830
Over 4 months	**12,295**	32,282
Trade debtors and bills receivable, net of loss allowance	**1,047,598**	1,064,857
Other receivables	**311,950**	240,133
Prepayments	**27,177**	16,588
Loans receivable	**38,735**	38,001
	1,425,460	1,359,579

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

Loans receivable at 30 June 2026 are due from third parties, of which $36,435,000 (31 December 2025: $35,687,000) are fully secured by a leasehold land and a factory building held by the third party, interest-bearing at 5.4% – 6.3% 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 Cash and cash equivalents and time deposits

	At 30 June 2026 $'000	At 31 December 2025 $'000
Time deposits within three months to maturity when placed	**494,161**	705,619
Cash at bank and on hand	**793,213**	952,731
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	**1,287,374**	1,658,350
Time deposits with more than three months to maturity when placed	**144,444**	139,661
	1,431,818	1,798,011

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 $174,537,000 (31 December 2025: $334,015,000) 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.

As at 30 June 2026, a time deposit with a carrying amount of $13,410,000 (31 December 2025: $41,506,000) was pledged to secure banking facilities granted to the Group as further detailed in note 13 to the consolidated financial statements.

12 Trade and other payables and contract liabilities

As at 30 June 2026, 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 2026 $'000	At 31 December 2025 $'000
Within 1 month	**391,684**	502,040
Over 1 month but within 3 months	**229,017**	152,806
Over 3 months but within 6 months	**112,626**	49,394
Over 6 months but within 1 year	**19,697**	45,573
Over 1 year	**7,207**	3,818
Trade payables	**760,231**	753,631
Salary and welfare payables	**141,552**	140,866
Value-added tax payable	**3,204**	4,037
Other payables and accruals	**68,587**	80,562
Receipt in advance	**2,539**	4,210
	976,113	983,306

13 Bank loans

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

As at 30 June 2026, bank loans of $21,647,000 (31 December 2025: $4,222,000) were secured by property, plant and equipment of the Group with a carrying amount of $36,666,000 (31 December 2025: $74,918,000). They are interest-bearing at a rate of 3.6% to 4.0% (31 December 2025: 3.7%) per annum specified at each drawdown and are repayable within one year.

As at 30 June 2026, bank loans of $6,475,000 (31 December 2025: $36,730,000) were secured by bank deposits of the Group with a carrying amount of $13,410,000 (31 December 2025: $41,506,000). They are interest-bearing at a rate of 3.8% (31 December 2025: 3.7% to 4.1%) per annum specified at each drawdown and are repayable within one year.

As at 30 June 2026, unutilised banking facilities of $388,319,000 were unsecured (31 December 2025: $336,513,000).

As at 30 June 2026, unutilised banking facilities of $82,026,000 (31 December 2025: $82,069,000) were secured by leasehold land and other property, plant and equipment and bank deposits of the Group with an aggregate carrying amount of $62,865,000 (31 December 2025: $99,888,000) and $10,068,000 (31 December 2025: $17,773,000) respectively.

As at 31 December 2025, property, plant and equipment with a carrying amount of $38,447,000 were pledged for both utilised and unutilised banking facilities. The total carrying amount of pledged assets as at 31 December 2025 was $195,638,000.

As at 30 June 2026 and 31 December 2025, the Group's banking facilities were not subject to the fulfilment of any financial covenants.

14 Capital, reserves and dividends

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

	Six months ended 30 June	
	2026	2025
	$'000	$'000
Interim dividend declared and paid after the interim period of 25 cents per ordinary share (six months ended 30 June 2025: 25 cents per ordinary share)	**169,216**	169,216

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	
	2026	2025
	$'000	$'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 2025: 40 cents per ordinary share)	**236,903**	270,746

15 Commitments

Capital commitments outstanding at 30 June 2026 not provided for in the interim financial report

	At 30 June 2026 $'000	At 31 December 2025 $'000
Contracted for		
– acquisition of property, plant and equipment	42,002	48,561
Authorised but not contracted for		
– acquisition of property, plant and equipment	–	546
	42,002	49,107

16 Material related party transactions

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

Transactions with related parties

During the six months ended 30 June 2026, the Group entered into the following transactions with its related parties:

			Six months ended 30 June	
			2026	2025
			$'000	$'000
(a)	**Key management personnel remuneration**			
	Salaries and other short-term benefits		**18,210**	19,923
(b)	**Purchases of materials from**			
	An associate	*(Note (i))*	**2,322**	6,668
(c)	**Sales of goods to**			
	A related company	*(Note (ii))*	–	341

Notes:

(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.

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