

# TARGET

## Intelligence Report

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T U E S D A Y

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**DREAM INTERNATIONAL LTD:  
KEEPING ONE'S ATTENTION ON THAT WHICH ONE  
IS TRYING TO ACHIEVE ... EVEN WHEN  
THE SITUATION MIGHT APPEAR EXCEEDINGLY DIFFICULT**

The Total Revenue of Dream International Ltd in respect of the 2021 Financial Year, ended December 31, 2021, hit a Five-Year record high of \$HK4,799,785,000.00.

However, the Company's Net Profit Attributable to Shareholders in respect of the 2021 Financial Year hit a Five-Year low of \$HK193,562,000.00.

Dream International Ltd (德林國際有限公司) (Code: 1126, Main Board, The Stock Exchange of Hongkong Ltd) is a publicly listed company, engaged in the manufacturing and sales of toys for the most part.

Management of the Company sought and obtained a listing of its entire Issued and Fully Paid-Up Share Capital on the premier equity market of The Stock Exchange of Hongkong Ltd on or about February 7, 2002.

At Page 13 of the 152-page, 2021 Annual Report of the Company, one was informed of the following:

*'The principal activities of the Company are the design, development, manufacture and sale of plush stuffed toys, plastic figures, die-casting products, tarpaulin and investment holding.'*

A more-explanatory definition of the principal activities of the Company was given in TOLFIN (泰達資訊), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider, as follows:

The Company operates its businesses through four segments:

1. The Plastic Figures Segment: This segment is engaged in the design, development, manufacture and sales of plastic figures;

2. The Plush Stuffed Toys Segment: This segment is engaged in the design, development, manufacture and sales of plush stuffed toys;
3. The Tarpaulin Segment: This segment is engaged in the design, development, manufacture and sales of tarpaulin; and,
4. The Die-Casting Products Segment: This segment is engaged in the design, development, manufacture and sales of die-casting products.

In an eight-paragraph statement, found at Pages Four and Five of the 2021 Annual Report of the Company, Mr Choi Kyoo Yoon (崔奎琬), the Chairman of the Board of Directors and an Executive Director of the Company, had this to pass on to his shareholders:

*‘... Under the lingering pandemic (COVID-19), the operations of many manufacturers continued to be affected. To meet the recovering market demand, major toy companies demonstrated a strong preference for working with manufacturing partners that are known to have a high production capacity, consistently high product quality and punctual delivery, such as Dream International. Therefore, during the year under review, we received an increasing number of orders from our extensive top-tier clientele, thus boosting our income and fortifying our leading position within the industry amid the adverse environment. Having such a solid foundation built over many years is clearly an advantage that cannot be underestimated.*

*‘Our successful two-pronged business strategy, supported by our dual production bases, has proven its effectiveness, particularly under the pandemic. Regarding the former, in addition to our well-established plush stuffed toy business, we have committed efforts to the expansion of our product portfolio in the past few years, to cover new segments and create new growth drivers such as plastic figures and die-casting products. We also acquired the tarpaulin business in 2021 to help fuel the Group’s development with strong and stable income. In terms of product categories, we enhanced the proportion of non-seasonal products to increase sales and improve the utilisation rate of production facilities during the low season. These combined efforts provided the Group with more diversified income sources with potential for value growth going forward.*

*‘Moreover, our dual production bases located in China and Vietnam allowed us to enjoy high flexibility during the pandemic. In the third quarter of 2021, the epidemic took a turn for the worse in Vietnam, causing local authorities to impose lockdowns, including in Ho Chi Min City and surrounding areas. For the Group, its production activities were halted due to associated anti-pandemic measures. Thanks to our two production bases with plants that spread across various cities, we were able to swiftly reallocate the production activities to China and several other cities in Vietnam, thus minimising the negative impact and meeting our customers’ product delivery schedules. In addition to facilitating*

*revenue growth, such flexibility also differentiated Dream International from other industry players.*

*‘Looking ahead, new uncertainties in the global economy have arisen due to geopolitical tensions and the potential interest rate hike. In particular, conflict in eastern Europe has provoked an upsurge in oil prices, which in turn led to a surge in raw material prices, posing new challenges to the manufacturing sector. With the toy industry being less sensitive to market conditions, as well as the strong demand driven by the gradual reopening of theme parks around the world, we remain prudently optimistic about our prospects, and are committed to strengthening our advantages to sustain revenue growth while launching a number of measures to maintain profitability.*

*‘To enhance our flexibility under the “new normal”, we are planning to establish three more plants in China, in addition to a new plant in Vietnam which will commence operation in June 2022, to increase production capacity and capture the market demand, especially in our expanding PRC market. With regards to the supply chain, we are currently striving to strengthen our partnerships with suppliers to ensure a stable source of raw materials, while minimising the costs through bulk purchasing. In terms of production, we will continue to review our production flow and restructure the production lines, where appropriate, to enhance cost efficiency ...’.*

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