ANNUAL REPORT 2024

Shaping the Future Together

COMBINE WILL

VISION

We aspire to be a world-class corporate in sustainable manufacturing, setting the industry standard for green products across ranges of production in plastic, paper, plush, die-casting and electronics products.

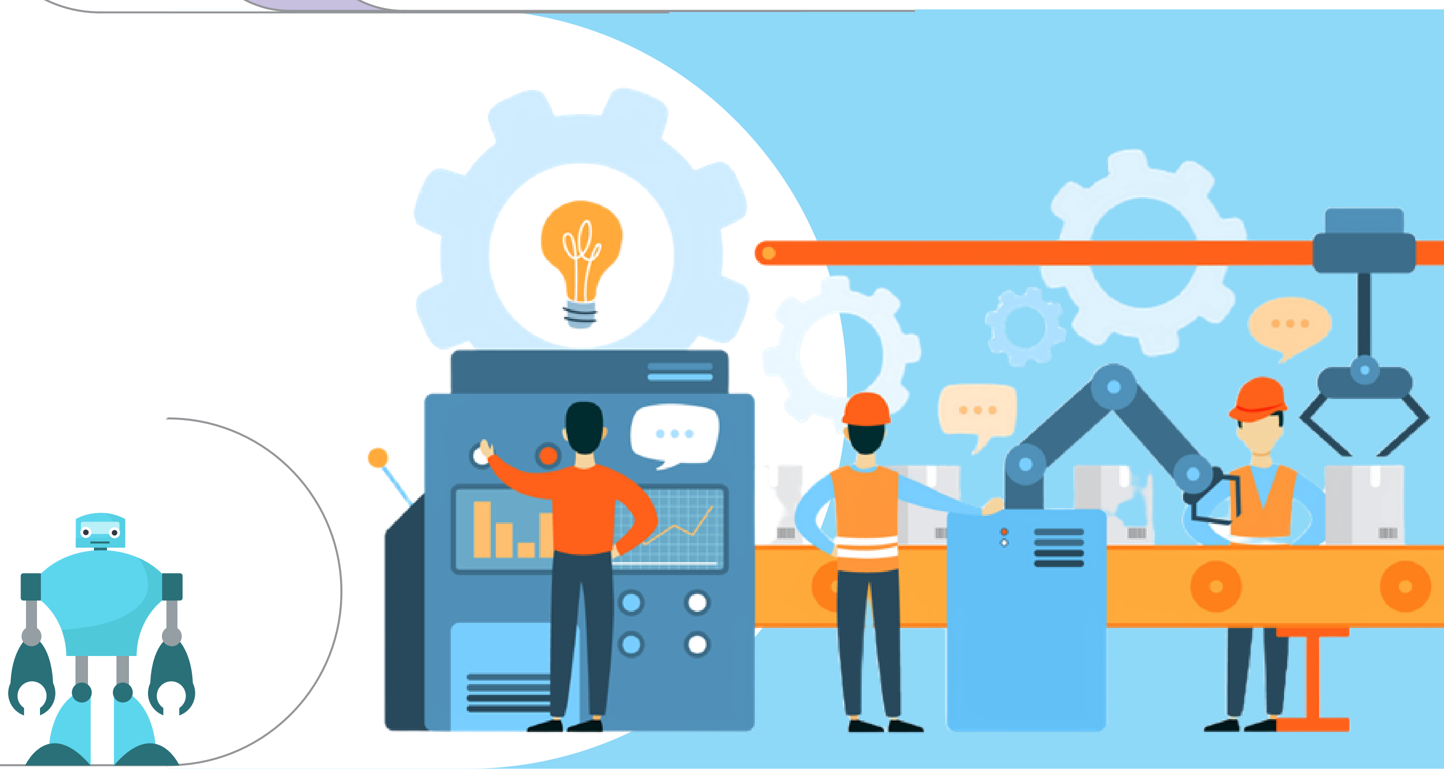
We aim to be a leader and a key supplier of choice for our customers in providing green and high-quality Original Design Manufacturer/ Original Equipment Manufacturer ("ODM/ OEM") service for corporate premiums, various types of toys and consumer products.

MISSION

Our mission is to empower our customers to turn their great ideas into sustainable products by providing the highest quality solutions through our unwavering commitment to research and development, engineering, manufacturing, digital technology, professional service, and quality management.

We strive to be a responsible corporate citizen, making meaningful contributions to the communities in which we operate.

We are dedicated to building a culture of excellence and growth, leveraging our resources to become a progressive organisation.



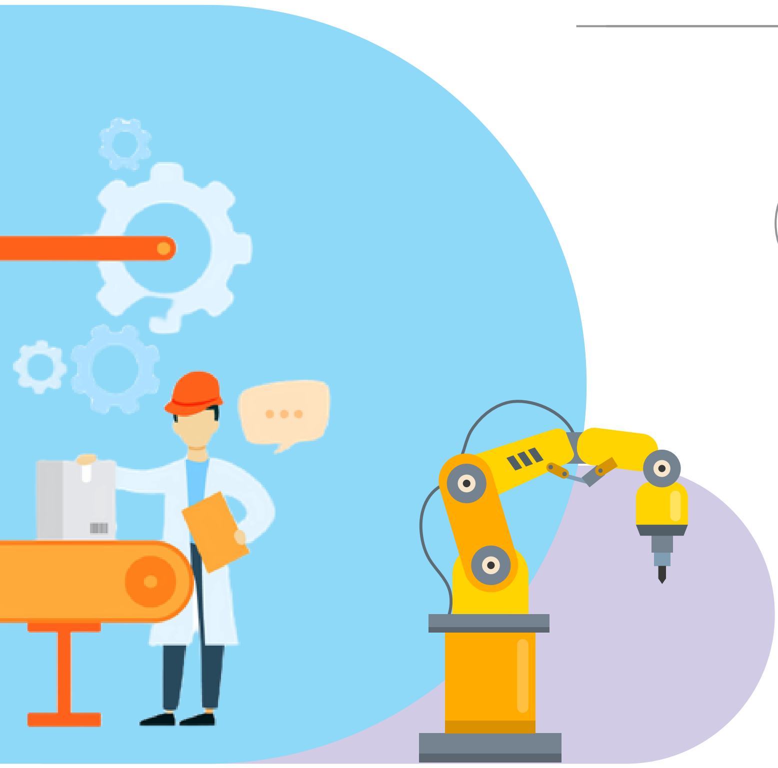
INTEGRITY
We fulfill our duties with consistent words and actions.

PROGRESSIVENESS
We pursue breakthroughs and strive for excellence.

PRODUCTIVITY
We work efficiently and collaborate to achieve more with less.

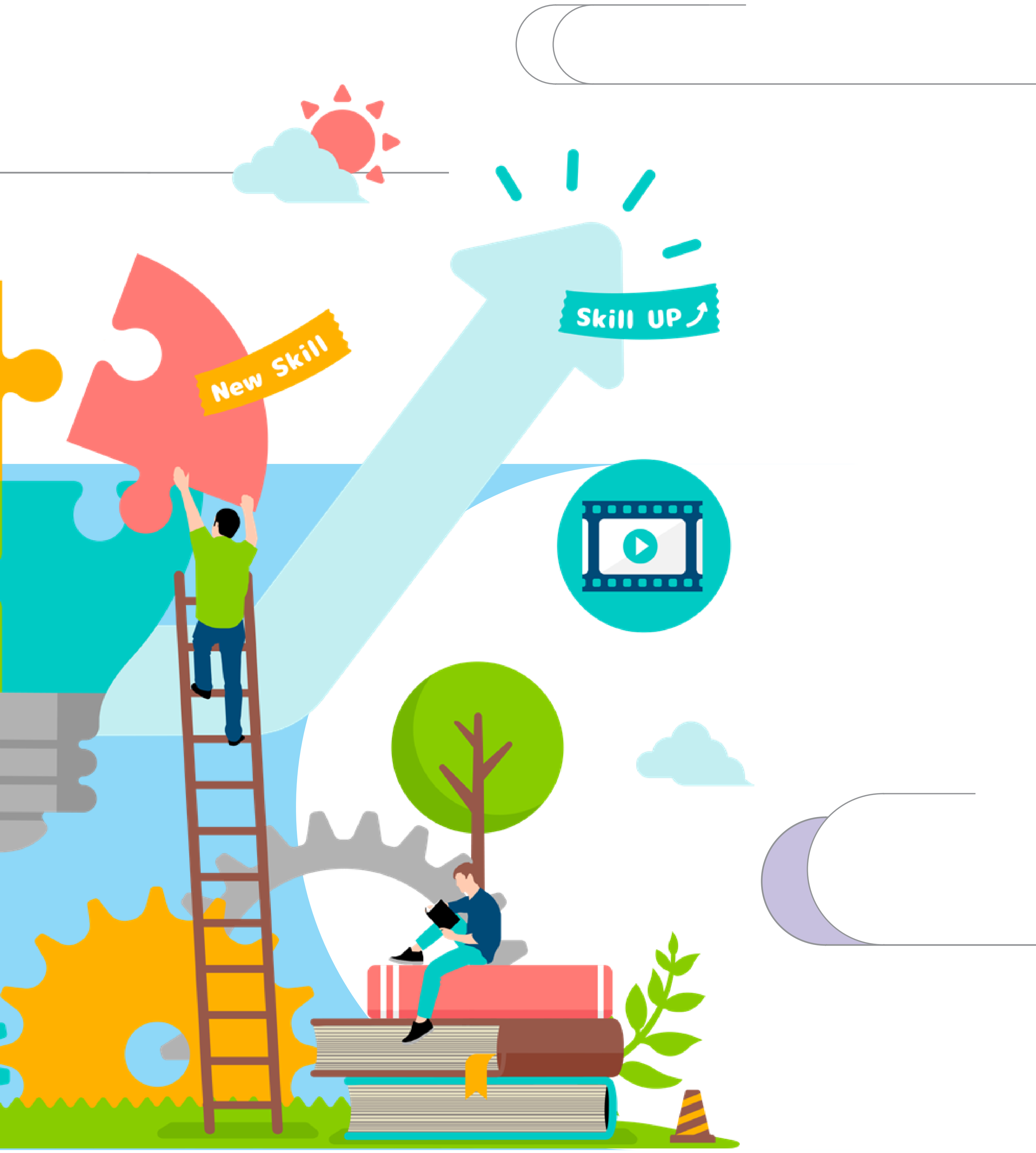
INNOVATION
We tap into our potential and dare to innovate.

INCLUSION
We promote equality, mutual assistance, inclusiveness, and symbiosis.



CONTENTS

Sustainability Through Innovation


New Skill
Skill UP

ABOUT COMBINE WILL

Combine Will Transforming Ideas into Innovation!

Established in 1992 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited in 2008, Combine Will is a leading sustainable Original Design Manufacturer/Original Equipment Manufacturer ("ODM/OEM") supplier of toys, plush, corporate premiums and consumer products with an international presence across Southeast Asia, including the People's Republic of China ("PRC"), Hong Kong, and Indonesia.

Sustainable manufacturing is at the core of the Group's strategy, delivering high-quality solutions through Research and Development ("R&D"), engineering, manufacturing, digital technology, professional service, and quality management. As a trusted supplier, we serve a diverse international portfolio of clients across Asia, Europe, and North America.

Driven by our in-house R&D team that is focused on innovation and building strategic advantages, the Group has optimised production lines, enhanced operational efficiency, reduced operating costs, and maintained high quality standards. The Group's proven ability to meet stringent production targets and requirements for renowned multinational companies in various industries, including toys, fast-moving consumer products, and international fast-food, demonstrates its comprehensive capabilities. Beyond production, the Group continuously innovate, expanding the design space for our customers. The Group provides a wide range of design options and offers one-stop rapid response production solutions.

With offices in Hong Kong, Shenzhen, Dongguan, and Singapore, the Group operates five manufacturing facilities in Dongguan, Heyuan, and Cangwu in China, and Sragen, Indonesia. Supported by a multinational workforce of over 18,000 skilled employees, Combine Will embraces sustainable operations and strives to be a responsible corporate citizen while making meaningful contributions to the communities in which we operate.

Manufacturing Facilities in Sragen, Indonesia

BUSINESS MODEL

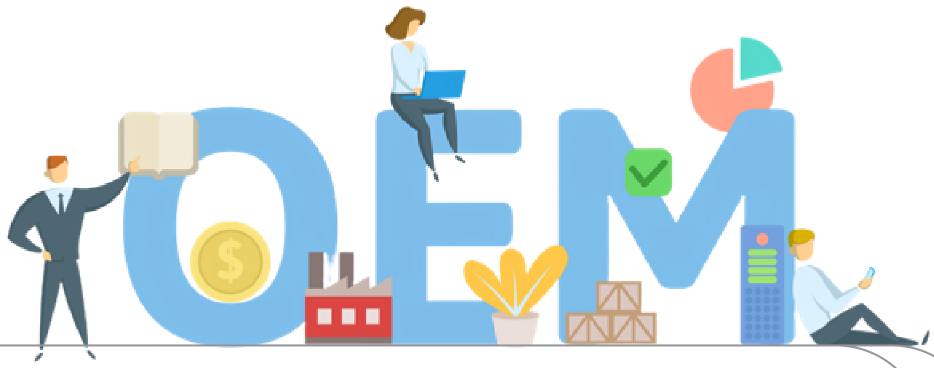
As a niche sustainable ODM/OEM of toys and plush, corporate premiums, and consumer products, we pride ourselves on our fully integrated R&D and manufacturing teams that provide seamless product development from inception to fruition.

Our R&D team is involved in all aspects of the product development process, from conceptualisation to production and supply. We work closely with our customers to develop designs that meet their product specifications, provide advice on functional capabilities and ensure manufacturability.

Our commitment to new production processes, integrating aesthetics, form, and molding, has enabled us to conceptualise and launch novel product lines. We are also equipped with the capabilities to establish specific testing centers to evaluate our customers' products, resulting in a quicker turnaround and shorter time to market.

We employ innovative production processes, methods and unique technologies to provide cost savings for our customers.

We remain committed to delivering sustainable value and returns to all our stakeholders.



Strengthening our Market Leadership

CHAIRMAN'S MESSAGE

Dear Shareholders

In 2024, Combine Will ("the Group") continued to scale new heights, anchored by our steadfast commitment to sustainable growth and long-term value creation. During the year, the global landscape remained volatile, shaped by intensifying geopolitical rivalries, inflationary pressures, and heightened market uncertainties which have placed considerable strain on the global economy.

As we navigate these evolving dynamics, we are keenly aware of the impact of geopolitical uncertainties and shifting market conditions. Agility and adaptability are paramount, and we continue to strengthen our operational capabilities, enhance supply chain resilience and diversify our business while expanding our customer base. Meanwhile, with sustainability becoming an increasing priority for consumers, we have reinforced our commitment by advancing sustainable material applications.

At the same time, we have remained focused in our strategic priorities, capitalising on our core strengths to drive sustainable growth. Through prudent investments and disciplined operations, the Group has once again demonstrated resilience, delivering a solid set of financial results. This achievement underscores our customer-driven philosophy of prioritising quality management with sustainable material applications and fostering enduring relationships with our valued stakeholders.

UNLOCKING VALUE AND GROWTH

During the year, the Group delivered double-digit revenue growth and made significant strides with our strategic expansion initiatives. Notably, we had successfully achieved our 2024 target of using green materials in over 40% of our manufacturing output. To further reinforce our commitment, the Group targets to use green materials in over 65% our total manufacturing output in 2025. This continued focus on sustainable material applications not only strengthens the Group's competitive edge but also aligns with the evolving demands of global customers and industry trends.

To enhance business resilience, we have successfully secured new customers, expanded market reach, and deepened relationships with our existing customers to foster recurring order. Additionally, our diversification efforts, including the introduction of plush toy production lines in Indonesia, have led to increased order volumes and a broader customer base. To reinforce our market position, we continue to engage actively with potential global customers. At the same time, we are fortifying our supply chain resilience by strengthening collaboration with both suppliers and customers to mitigate potential disruptions and maintain operational efficiency. Simultaneously, we remain vigilant in monitoring market conditions to safeguard its operations.

SOLIDIFYING OPERATIONAL RESILIENCE WITH STRATEGIC INVESTMENTS

Our venture into plush toy production in Indonesia has proven to be a resounding success, positively contributing to FY2024 revenue and we expect this momentum to continue. To strengthen our presence in this sector, we have partnered with an experienced plush toys producer, broadening our manufacturing capabilities and enhancing operational resilience. To support our expansion, we have

> "We had successfully achieved our 2024 target of using green materials in over 40% of our manufacturing output. To further reinforce our commitment, the Group targets to use green materials in over 65% our total manufacturing output in 2025."

converted warehouse space into spraying workshops and installed automated decoration machines in our Indonesia plant. Additionally, the construction of two new warehouses will further enhance our operational capacity. As a significant milestone, the Group has acquired leasehold lands in Indonesia to introduce diecasting production, with operations set to begin by Q4 2025. Following the successful completion of Phase 1 of the Group's plush toy production, Phase 2 is well underway and will be operational by Q2 2025. This is set to almost double Combine Will's plush toy production capacity.

Beyond Indonesia, our Shenzhen, China, and Singapore subsidiaries are instrumental in supporting operational resilience, enhancing customer-serving efficiency, and unlocking new market opportunities. Also, our efforts to strengthen our supply chain will promote greater reliability and generate new opportunities, which include the identification and conduct of due diligence on potential material suppliers, ensuring compliance with quality standards and regulatory requirements.

In line with our commitment to sustainability, we continue to integrate green practices into our manufacturing processes by utilising green materials, including green polyethylene, Mass Balanced Polypropylene, recycled PET, aluminium, and Forest Stewardship Council certified paper in our paper and hybrid toy products. Presently, the Group operates five paper production lines across Sragen, Indonesia, and Heyuan, China, reinforcing our dedication to responsible and sustainable manufacturing.

CHAMPIONING SUSTAINABILITY

Sustainability remains central to our strategy and is reflected in every facet of our operation. This year, we've made progress in our sustainability journey by fostering a more inclusive, sustainable, and responsible business environment. We continue to invest in our people and nurture a workplace that prioritises both employee well-being and family support. Beyond our workforce, we continue to uplift local communities by addressing basic needs and fostering inclusivity.

At the core of our strategy is green development. Since 2021, we have implemented a systematic tracking mechanism to monitor our carbon footprint while adhering to internationally recognised standards. By leveraging advanced data analytics, we continuously identify opportunities to reduce emissions and accelerate our transition toward carbon neutrality.

Beyond optimising our own operations, we actively engage in market-based initiatives to procure renewable energy, reducing approximately 5,434 tonnes of greenhouse gas emissions.

These efforts reinforce our commitment as a socially responsible corporate citizen to building a sustainable future.

We stay committed in strengthening our CSR strategies, integrating them deeper into our business operations. Transparency and accountability will continue to be our guiding principle as we work alongside stakeholders to drive meaningful change and create long-term value.

PROPOSED FINANCIAL DIVIDEND OF 5.0 SINGAPORE CENTS PER SHARE

Consistent with our focus to deliver value to all our shareholders, the Board of Directors has proposed a final one-tier tax-exempt cash dividend of S$0.05 per ordinary share for FY2024.

ACKNOWLEDGEMENTS

In closing, I would like to extend my sincere appreciation to all stakeholders for their unwavering support and to our dedicated management and staff, whose efforts have been pivotal to our progress. The confidence of our stakeholders amid macroeconomic uncertainties is endearing.

A special note of appreciation goes to my fellow Board members for their wise counsel and guidance. Our heartfelt thanks also go to our valued customers, business associates and suppliers for their continued support. We remain committed to fostering strong partnerships for mutual growth and value.

And we thank you, our shareholders, for your continued trust. We look forward to your continued support as we engineer a sustainable future together.

Dominic Tam
Executive Chairman

OPERATIONAL REVIEW

The Group delivered another set of resilient results on the back of ongoing strategic investments in 2024 as we progress towards our goal of manufacturing at least 65% of the total output with green materials in 2025. This momentum was underpinned by higher customer orders, reinforcing our customer-driven philosophy and strategic expansion initiatives.

EXPANDING CAPABILITIES IN PLUSH TOY PRODUCTION

As the Group embarks on a new venture in plush toy manufacturing, we remain dedicated to upholding a high standard of execution and operational excellence. To support this expansion, Phase 1 of plush toy production in Indonesia was successfully facilitated through a partnership with an experienced plush toy manufacturer. This collaboration ensured a smooth set-up of process and know-how transfer, enabling the Group to integrate best practices into its operations. To support Phase 1 production, approximately 1,500 employees have been hired.

A total of 212,000 sqm of land has been acquired in Indonesia to expand our manufacturing production in Indonesia. Following the successful execution of Phase 1 on 6,000 sqm of land, Phase 2 comprising of 37,000 sqm of space, is well underway and is expected to be operational by Q2 2025. A new 25,000 sqm warehouse was successfully registered as a bonded area. Upon completion, this expansion will nearly double the Group's plush toy production capacity, positioning it for sustainable growth. To further enhance operational capabilities, the Group has made strategic investments in infrastructure. At our Indonesia plant, 450 automated decoration machines have been installed, enhancing production efficiency. Additionally, the construction of two new warehouses, totalling 25,000 square meters, will provide increased storage capacity and further optimize logistics and supply chain operations. Moreover, the Group has expanded our footprint in Indonesia by acquiring 41,000 square meters of leasehold land to cater to demand in die-casting operations which is expected to be operational by Q4 2025.

FORTIFYING THE FUTURE

The Group has achieved a key milestone, with over 40% of our production utilising green materials. Building on this progress, we remain committed to advancing our green manufacturing, targeting at least 65% green materials usage by 2025. By integrating green materials, the Group seeks to minimise environmental impact while meeting evolving customer expectations. This commitment not only reinforces our dedication to sustainability but also strengthens our competitive advantage, positioning the Group to collaborate with environmentally conscious clients and capitalise on the growing demand for responsible manufacturing practices.

Proactive customer engagement remains central to the Group's business strategy. As part of this process, the Group works closely with clients and undergoes rigorous review, adhering to stringent qualification requirements to be certified as a supplier. To strengthen collaboration, we will arrange site visits to our factories, allowing the clients to gain insights into our production capabilities, quality control processes, and our sustainability commitments.

Strong relationships with customers coupled with a customer-driven philosophy have enabled us in driving stable order flow. To fortify our supply chain, our Group Procurement Team and Indonesian team have identified suitable material suppliers within Indonesia and beyond China, with majority situated in Indonesia. To uphold our quality control measures, all potential suppliers must undergo relevant compliance and qualification assessments mandated by customers.

To further enhance operational efficiency and ensure supply chain resilience, we have strengthened our presence in key strategic markets. This includes our subsidiary in Shenzhen, China, which focuses on research and development, design, and engineering activities, improving coordination with our Dongguan office. Meanwhile, our Singapore subsidiary serves as a regional business hub in Southeast Asia, with the aim of optimising customer service and potentially unlocking new growth opportunities.

With the investments in China and Indonesia and increased workforce, the Group will invariably face expansion related inefficiencies. To address these expansion concerns as well as navigate industry challenges, the Group will continue to allocate resources and management focus toward enhancing productivity, improving quality, and mitigating inefficiencies. By fortifying supply chain partnerships and optimising operational efficiencies, we proactively mitigate potential disruptions while maintaining agility in a dynamic market. At the same time, close monitoring of market conditions and strategic risk management ensure that the Group remains well-prepared to navigate challenges and capitalise on emerging opportunities.

DELIVERING SUSTAINABLE AND POSITIVE IMPACT

Conducting business ethically, socially responsibly and sustainably is fundamental to our long-term success. We are dedicated to protecting the natural environment, supporting our people, and uplifting communities, ensuring we deliver meaningful and lasting impacts.

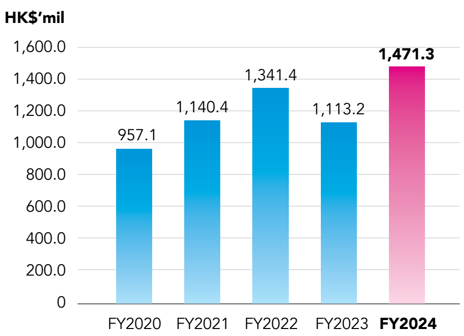
Recognising that employee well-being extends beyond the workplace, we launched our Family Friendly Factories ("FFF") initiative and educational support programmes to create a nurturing environment for employees and their children. To ease financial burdens, we introduced an educational scholarship programme, covering essential school expenses exclusively for the children of our employees. We also prioritise maternal health, providing targeted support for pregnant and breastfeeding employees.

Beyond our workforce, we are dedicated to empowering local communities. In 2024, we constructed communal water tanks, in Karangmalang and Craken Villages, Indonesia, ensuring a steady supply of clean water. Our dedication to inclusivity was further highlighted in our Indonesia's Independence Day celebration with children from a special needs school. As part of our continued support, we contributed IDR$20 million to further aid the community. Furthermore, cultural events were organised to reinforce quality awareness among employees while fostering intrinsic motivation and accountability. These initiatives created a sense of shared responsibility, ensuring smooth operations across the assembly line.

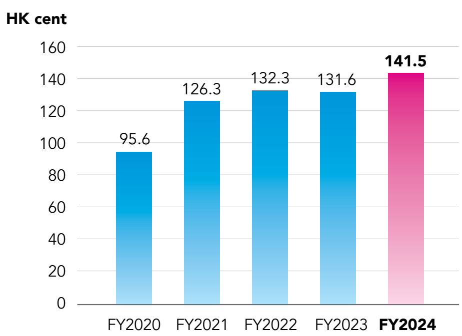
We also prioritise green development, procuring 10,127 megawatt-hours of renewable energy in 2024, reducing approximately 5,434 tonnes of greenhouse gas emissions. With a growing workforce of over 18,000 employees as of 2024, we remain committed to drive sustainable and positive impact for our people, communities, and the planet.

FINANCIAL HIGHLIGHTS

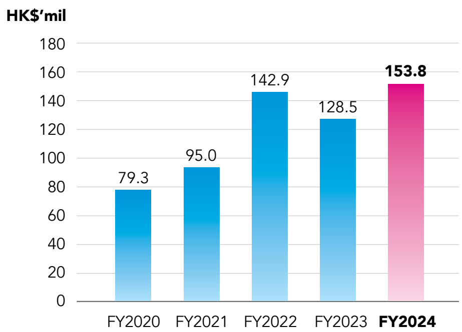
REVENUE (HK$'MIL)



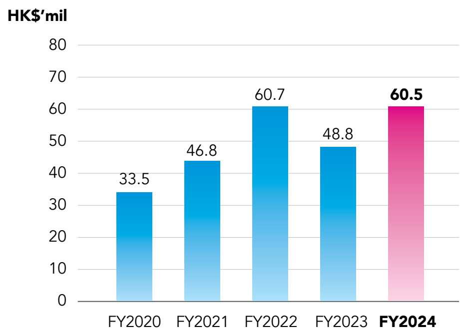
EARNING PER SHARE (HK CENTS)



GROSS PROFIT (HK$'MIL)



PROFIT BEFORE TAX (HK$'MIL)



REVENUE (HK$' mil)	GROSS PROFIT (HK$' mil)	PROFIT BEFORE TAX (HK$' mil)	EARNINGS PER SHARE (HK cents)
1,471.3	153.8	60.5	141.5

For the year (HK$'mil)	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	957.1	1,140.4	1,341.4	1,113.2	1,471.3
Gross Profit	79.3	95.0	142.9	128.5	153.8
Profit before Tax	33.5	46.8	60.7	48.8	60.5
Profit Attributable to Shareholders	30.9	40.8	42.8	42.5	45.7
Earnings Before Interest, Taxes, Depreciation and Amortisation	132.5	153.8	177.7	178.1	198.3
Basic Earnings per Share (HK cents)	95.6	126.3	132.3	131.6	141.5

As at 31 December (HK$'mil)	FY2020	FY2021	FY2022	FY2023	FY2024
Total Assets	1,596.5	1,655.7	1,542.6	1,431.0	1,611.5
Total Liabilities	900.6	911.5	822.4	684.9	861.7
Total Equity	696.0	744.2	720.1	746.2	749.9
Net Cash Generated from Operating Activities	152.4	242.6	240.5	135.9	43.6
Cash and Cash Equivalents	57.2	103.5	132.1	126.4	102.6

CORPORATE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

At Combine Will, Corporate Social Responsibility ("CSR") is an integral component of our business strategy. In FY2024, we enhanced our CSR initiatives to foster a more inclusive, sustainable, and responsible business environment. This section highlights our key CSR achievements, strategic approaches, and future commitments, underscoring our contributions to the well-being of our employees, communities, and the environment.

COMMITMENT TO EMPLOYEE WELL-BEING

At Combine Will, we recognise that employee well-being extends beyond the workplace. Through initiatives such as our Family Friendly Factories ("FFF") and educational support programmes, we strive to create a nurturing environment for both our employees and their families.

Supporting Employees and Their Families

Our FFF initiative continues to promote a supportive work-life balance by providing childcare support for employees while they work. During the summer holidays, we facilitated family reunions to reinforce strong familial bonds. In 2024, the programme welcomed children, aged between 6 and 11 from over 70 frontline workers families in Guangxi and Heyuan providing them educational, recreational, and cultural activities over a month-long period.

Family-Friendly Factory Activities in Guangxi, China

Family Fun Day

Building on our FFF initiative, our annual Family Fun Day provides employees with a meaningful opportunity to spend quality time with their children. To ensure inclusivity, we strive to accommodate as many families as possible. This year's event featured a special day out, including a meal at McDonald's, an exclusive film screening, and thoughtfully curated gift packages. The initiative reinforced family connections and created lasting memories, reflecting our commitment to employee well-being.

Family Fun Day in Guangxi, China

CORPORATE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Educational Scholarships for Employees' Children

To ease the financial burden of rising education costs, we introduced an educational scholarship programme covering essential school-related expenses, including uniforms, textbooks, and lunch allowances. By funding education for the children of our employees, we contribute to their future achievements while providing parents with peace of mind.

Educational Scholarships for Employees' Children in Indonesia

SUPPORTING MATERNAL HEALTH AND WELL-BEING

Recognising the importance of maternal health, we remain committed to providing targeted support for our pregnant and breastfeeding employees.

New Mothers' Seminar

In 2024, we organised a "New Mothers' Seminar" led by an obstetrician-gynaecologist to equip new and expectant mothers with essential knowledge on pregnancy care, postpartum nutrition, infant and toddler care, as well as strategies for maintaining both physical and mental well-being. By empowering employees with these insights, we help them balance their professional responsibilities and family life.

New Mothers' Seminar in Indonesia

New Mothers' Seminar in Indonesia

STRENGTHENING COMMUNITIES THROUGH ENGAGEMENT AND DEVELOPMENT

At Combine Will, we recognise that corporate responsibility extends beyond business operations. In 2024, we launched targeted initiatives to support local communities by addressing basic needs, fostering inclusivity, and empowering youth.

Providing Clean Water to Communities

Access to clean water is a fundamental necessity. To address water scarcity in Karangmalang and Craken Villages in Indonesia, we constructed communal water tanks that provide a reliable source of safe water to households. These efforts have improved the daily life of residents, particularly during dry seasons, by alleviating water shortages.

Water tanks for Karangmalang and Craken Villages in Indonesia

Creating Inclusive Celebrations

Our commitment to inclusivity and community support was reflected in our Indonesia Independence Day celebration, where we hosted children from a special needs school. The event, filled with music, games, and creative activities, offered the children a joyful and memorable experience. Each child received treats and souvenirs, reinforcing our long-term dedication to their well-being.

Additionally, we contributed 20 million rupiah in cash to support the school's operational expenses, including electricity, water bills, teachers' salaries, facility upgrades, and enhanced education programs. Through this initiative, we strive to create a better learning environment and brighter opportunities for the students, ensuring sustainable support for their growth and development.

Indonesia Independence Day Celebration with Students in Special Needs School

CORPORATE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Inspiring the Next Generation

Recognising the importance of youth engagement, we took active steps to support young advocates and students:

- We sponsored local youth organizations promoting green initiatives, empowering them to take an active role in environmental conservation.
- We hosted students from ATMI School at our toy manufacturing facility, providing valuable industry insights into the industry. To further nurture future young talent, we awarded scholarships to two outstanding students, opening doors to greater opportunities.

Through these initiatives, Combine Will continues to make a lasting impact, empowering communities, children, and young leaders.

ATMI School Students' Visit to Indonesia Factory

ENVIRONMENTAL IMPACT AND SUSTAINABILITY

Green development remains a strategic priority for Combine Will. Our progress in greenhouse gas ("GHG") inventory and management is detailed in the 2024 Sustainability Report.

Since 2021, we have been systematically tracking and reporting our carbon footprint by implementing specialized tools to monitor both direct and indirect CO^2 emissions across all affiliated plants. Our carbon inventory activities adhere to internationally recognised standards, including ISO 14064, the Greenhouse Gas Protocol ("GHG Protocol"), and the Intergovernmental Panel on Climate Change ("IPCC") guidelines. Through in-depth data analysis, we aim to identify opportunities for emission reduction and drive progress towards carbon neutrality.

Beyond optimizing operations, we actively participate in market-based initiatives by purchasing green power from third-party electricity retailers. In 2024, we procured a total of 10,127 megawatt-hours of green power, which is expected to reduce approximately 5,434 tonnes of greenhouse gas emissions.

Earth Day

To promote environmental awareness and creativity among employees, we organised an eco-printing workshop. Participants experimented with eco-printing techniques, using natural materials like flowers and leaves to create unique designs on fabric and tote bags. This engaging session not only deepened participants' appreciation for nature but also encouraged them to integrate eco-friendly practices into their daily lives.


Earth Day Activities in Indonesia

AWARDS:

- HR Asia (HK) - Best Company to Work For and DE&I Achievement in Asia 2024 Award (2 Awards)
- The 3rd International Green Zero-Carbon Festival (China) - 2024 ESG Model Enterprise Award and 2024 Outstanding Green Manufacturing Award (2 Awards)
- BOCHK Corporate Low-Carbon Environmental Leadership Awards (HK) – Eco Partner Certificate (1 certificate)
- PVCHK - Learning Enterprise Award (HK) - The 5th Smart Learning Enterprise Award, ESG Navigator Award, Innovation Pioneer (3 Awards)
- HERA 2024 (HK) - Best ESG Report Small-cap Commendation and Excellence in Social Positive Impact (1 Award, 1 Certificate/Certification)
- Becus Awards (Indonesia) - The award signifies PT Combine Will Industrial Indonesia's enhanced credibility and trustworthiness with the local Customs office, promising smoother future processes for goods movement in and out of our facilities

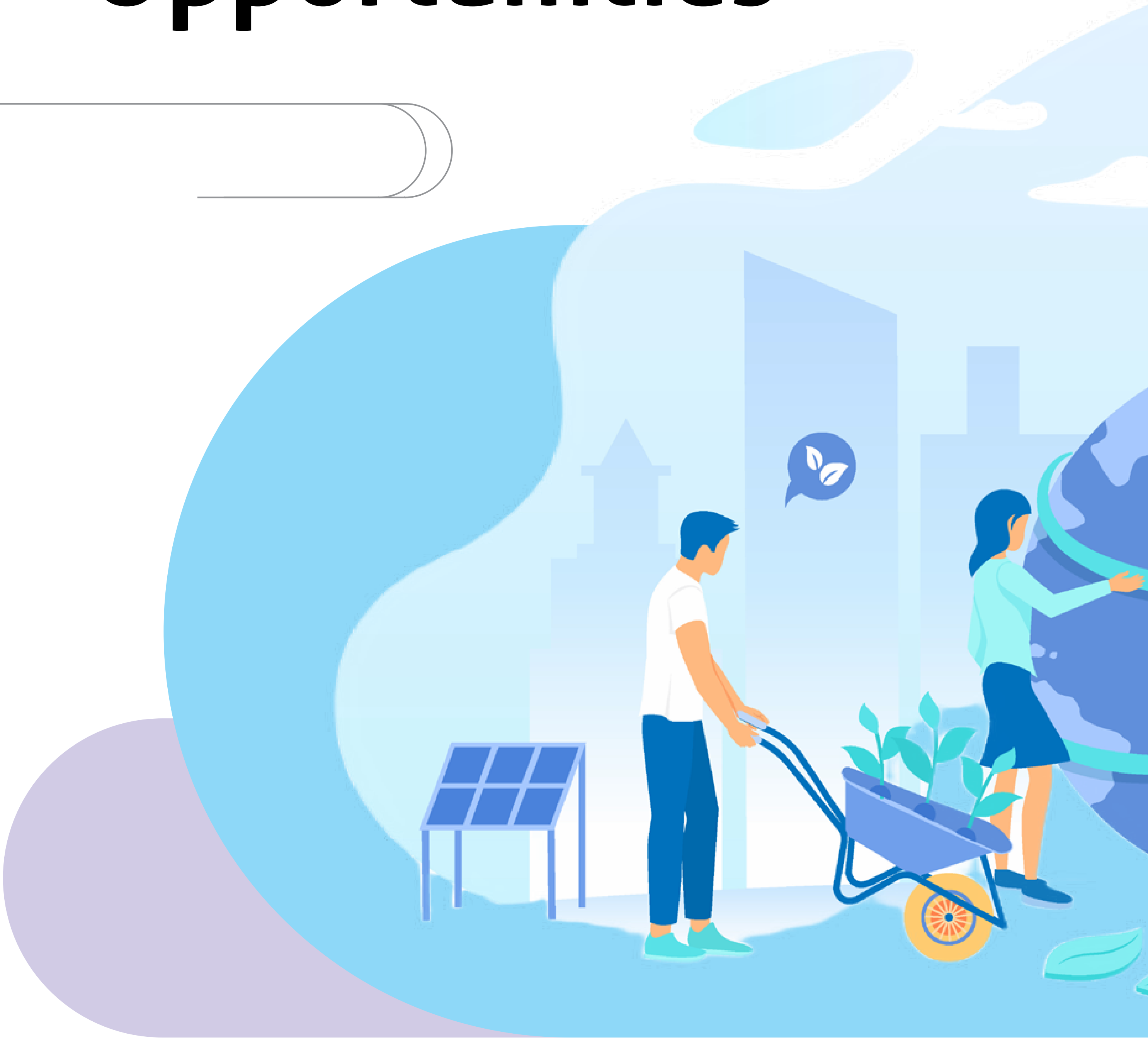
Conclusion

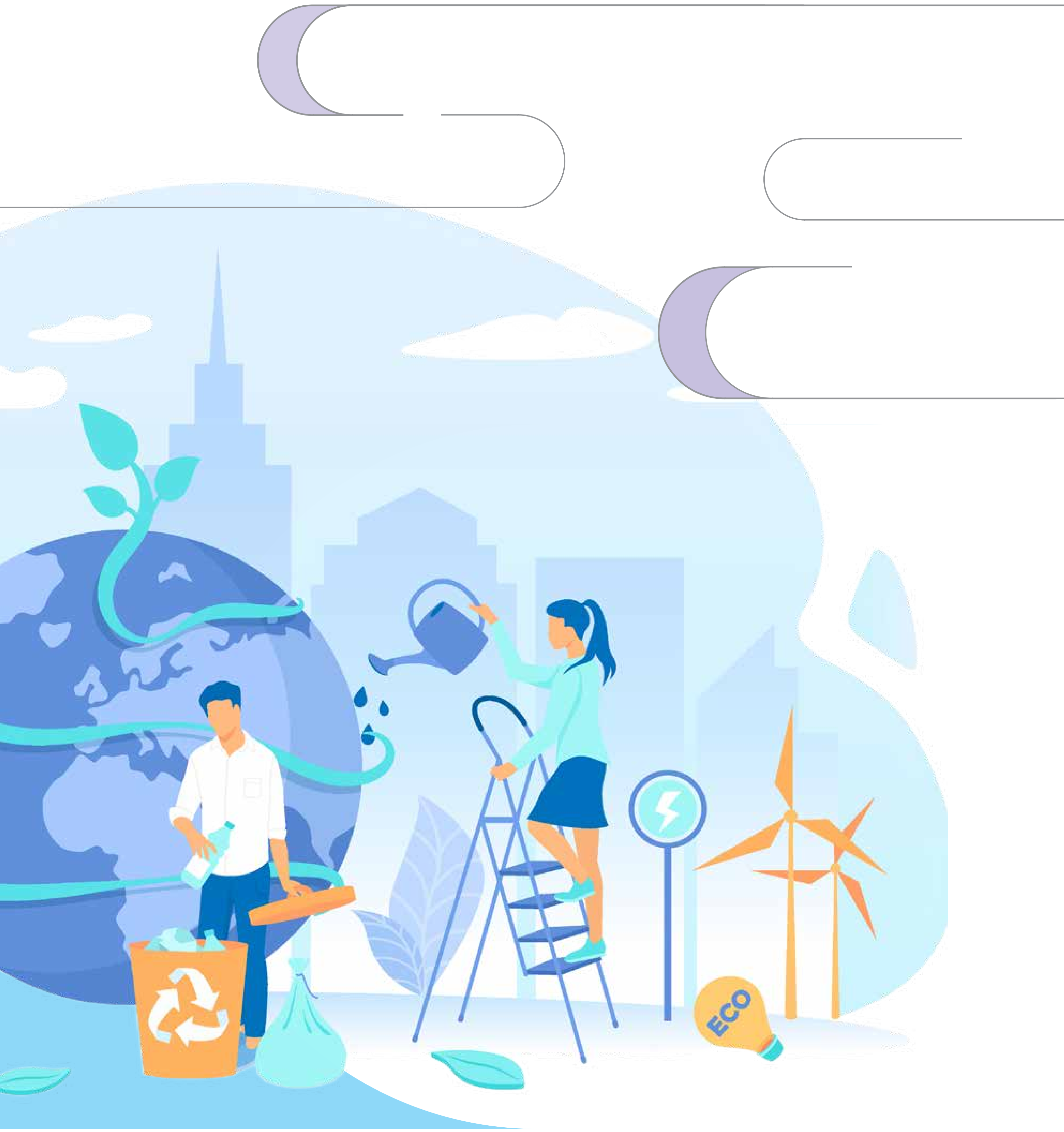
Looking ahead, we remain committed in enhancing our CSR strategies, embedding them deeper into our business operations. We are committed to maintain transparency and accountability, regularly reporting on our progress. By collaborating with stakeholders, we strive to achieve greater heights in our CSR endeavors, contributing to a more sustainable and prosperous future.

Further details on our social responsibility content can be found in the 2024 Sustainability Report that will be issued by the end of April 2025.

Earth Day Activities in Indonesia

Gearing up for Green Opportunities

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BOARD OF DIRECTORS

TAM JO TAK, DOMINIC, 70
Executive Chairman

Date of first appointment as director: 27 December 2007

Date of last re-election as a director: 27 April 2023

Length of service as a director (as at 31 December 2024): Approximately 17 years

Board committee(s) served on: Nil

Academic & Professional Qualification(s): Bachelor of Science Honorary Degree in Production Engineering and Management, Loughborough University, United Kingdom

Present Directorships (as at 31 December 2024):
Listed Companies: Nil
Others: DJKS Holdings Limited

Major Appointments (other than Directorships): Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2022 to 31 December 2024): Nil

Mr. Tam Jo Tak, Dominic is the Executive Chairman of our Group.

He was appointed to our Board on 27 December 2007. Since the inception of the Group in 1992, he oversees all business and management activities of the Group and is responsible for setting business directions and goals, exploring new business opportunities and the overall customer relationships of the Group. Mr. Tam has more than 40 years of experience in toy product development and manufacturing. Prior to setting up our Group, he was a product development director at Zindart Industrial Co., Ltd from 1989 to 1991. He held senior positions with many US companies in Hong Kong from 1982 to 1988 in the areas of production planning, quality control and engineering. The companies he served including Galco International Toys, LJN Toys, ERTL (HK) Ltd, Ideal Toys and Hong Kong Industrial Co., Ltd. He was also a visiting lecturer of the Hong Kong Polytechnic from 1980 to 1983. Mr. Tam is now Honorary President of The Hong Kong Foundry Association, The Toys Manufacturer's Association of Hong Kong, as well as President Emeritus of The Professional Validation Council of Hong Kong Industries. Mr. Tam graduated with an Honours Bachelor of Science degree in Production Engineering and Management from the Loughborough University in the UK in 1980.

CHIU HAU SHUN, SIMON, 65
Chief Executive Officer

Date of first appointment as director: 8 October 2007

Date of last re-election as a director: 25 April 2024

Length of service as a director (as at 31 December 2024): Approximately 17 years

Board committee(s) served on: Nil

Academic & Professional Qualification(s): School of Business, Indiana University, USA

Present Directorships (as at 31 December 2024):
Listed Companies: Nil
Others: DJKS Holdings Limited

Major Appointments (other than Directorships): Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2022 to 31 December 2024): Nil

Mr. Chiu Hau Shun, Simon is the Chief Executive Officer of our Group and prior to 1 October 2006, he was responsible for the finance and accounts of the Group. He was appointed to our Board on 8 October 2007 and has been with our Group since 2000. He was the chief financial officer of various companies, such as Hua Yang Industrial Co., Ltd., Waly Decoration Company Limited, DMC Hong Kong Limited and G.J.M. Hong Kong Ltd. He was also an assistant general manager of Sumida (HK) Limited from 1991 to 1993. He started his career as an accountant at Arthur Andersen & Co. where he practised for close to eight years. Mr. Chiu received his education from the Indiana University School of Business, USA.

WEE SUNG LENG, 59

Non-Executive and Independent Director

Date of first appointment as director: 26 April 2019

Date of last re-election as a director: 21 April 2022

Length of service as a director (as at 31 December 2024): Approximately 5 years and 8 months

Board committee(s) served on: Audit Committee (Chairman), Nominating Committee (Member), Remuneration Committee (Member)

Academic & Professional Qualification(s): Bachelor of Accountancy

Present Directorships (as at 31 December 2024):
Listed Companies: Independent Non-Executive Director, Hoe Leong Corporation Ltd.
Others: Fortune Green Global Corp

Major Appointments (other than Directorships): Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2022 to 31 December 2024): SMI Vantage Limited

Upon his graduation from National University of Singapore in 1991, Mr. Wee Sung Leng worked as a regional accountant in Geco-Prakla (Singapore) Ltd, part of Schlumberger Limited, a Fortune Global 500 company in the oil and gas industry listed on the New York Stock Exchange. In 1993, he left Geco-Prakla to establish his career in the corporate and investment banking sector with roles ranging from credit and marketing, corporate lending and investment banking. In his investment banking career, he has been actively involved in origination, due diligence and execution of corporate transactions such as initial public offerings, reverse takeovers, share placement and rights issue, acted as independent financial advisor to listed companies in interested persons transactions, delistings and general offer transactions and advise on industry positioning and investor relations marketing strategies. Between May 2018 and June 2019, he was Chief Financial Officer of MoneyMax Financial Services Ltd and was responsible for the Group's accounting and finance function. He currently advises on corporate positioning and strategies, restructuring and company reporting. Between November 2013 and January 2023, he was Independent Director of SMI Vantage Limited. Besides Combine Will, Mr. Wee is also Independent Director of Hoe Leong Corporation Limited listed on the Mainboard of the Singapore Exchange Securities Trading Limited. Mr. Wee graduated with a Bachelor of Accountancy degree from the National University of Singapore.

LEE KIA JONG ELAINE (ELAINE LIM), 69

Non-Executive and Independent Director

Date of first appointment as director: 01 January 2022

Date of last re-election as a director: 21 April 2022

Length of service as a director (as at 31 December 2024): 3 years

Board committee(s) served on:

Audit Committee (Member), Nominating Committee (Chairman), Remuneration Committee (Chairman)

Academic & Professional Qualification(s): Master of Business Administration, University of Chicago Booth Graduate School of Business; Fellow, Singapore Institute of Directors

Present Directorships (as at 31 December 2024):
Listed Companies: Sabana Industrial REIT, Del Monte Pacific Limited

Major Appointments (other than Directorships): Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2022 to 31 December 2024): Nil

Mrs Elaine Lim is one of the most experienced communication specialists with an unparalleled record in capital markets transactions (with some 280 IPOs and many landmark M&As), stakeholder relations, crisis management and distressed companies involved in shareholder/proxy fights and financial restructuring. She spent more than three decades helming two investor relations consultancies and four years at Stamford Corporate Services, part of Morgan Lewis Stamford. Mrs Lim had served on diverse boards across the public sector, non-profit organisations and SGX-listed companies, including the Singapore Land Authority, Singapore Institute of Directors, the Diversity Action Committee, National Youth Council, National Council of Social Service, the Community Chest of Singapore, Singapore Dance Theatre, SATA and Lien Aid. On the corporate front, she had served as independent director on the boards of SGX-listed M1 Limited, Chemical Industries (FE) Limited and HSR Global Limited. A graduate of the University of Chicago Booth Graduate School of Business, she pioneered the under-graduate investor relations course at the Singapore Management University. She also taught investor and stakeholder relations as well as corporate governance to directors at the Singapore Institute of Directors for seven years.

BOARD OF DIRECTORS (CONT'D)

TO SIU LUN, DICKY, 56

Non-Executive and Independent Director

Date of first appointment as director: 27 March 2023

Date of last re-election as a director: Nil

Length of service as a director (as at 31 December 2024): 1 year and 9 months

Board committee(s) served on: Audit Committee (Member), Nominating Committee (Member), Remuneration Committee (Member)

Academic & Professional Qualification(s): Bachelor of Social Sciences, Master of Arts in Training & Human Resources, Fellow member of Association of Chartered Certified Accountants, Member of the Hong Kong Institute of Certified Public Accountants, Member of Taxation Institute of Hong Kong

Present Directorships (as at 31 December 2024):
Listed Companies: Director, Reverslogix Corporation, INED, China MeiDong Auto Holdings Limited
Others: Director, ORI Capital II Inc., Director, ICO Strategy Limited

Major Appointments (other than Directorships): Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2022 to 31 December 2024): Nil

Dicky To is a partner of ORI Capital Limited, a venture capital firm investing in the healthcare sector globally. He joined ORI Capital Limited in April 2019. Before that, Dicky has over 25 years of experience in structuring, transaction and tax advisory. He was a partner of RSM Hong Kong and worked with the Hong Kong and Shanghai offices of Arthur Andersen for 10 years. Dicky was qualified with Arthur Andersen & Co in Hong Kong and worked with the Tax & Business Advisory Division of Arthur Andersen's Hong Kong and Shanghai Offices for more than nine years. He left the professional field and worked with two Hong Kong listed companies as their Chief Operating Officer from 2000 to 2002. Dicky joined the Tax & Advisory Department of RSM Advisory (Hong Kong) Limited in April 2003 and retired from the partnership in March 2019. Dicky received a Bachelor of Social Sciences in Economics from the University of Hong Kong and an Master of Arts in Training & Human Resources from the University of Technology, Sydney. He is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of the Taxation Institute of Hong Kong.

LING CHUNG YEE, ROY, 47

Non-Executive and Independent Director

Date of first appointment as director: 25 April 2024

Date of last re-election as a director: Nil

Length of service as a director (as at 31 December 2024): 8 months

Board committee(s) served on: Audit Committee (Member), Nominating Committee (Member), Remuneration Committee (Member)

Academic & Professional Qualification(s): Global EMBA, INSEAD, Chartered Financial Analyst, CFA Institute, BBA (Hons), The National University of Singapore

Present Directorships (as at 31 December 2024):
Listed Companies: Advanced Systems Automation Ltd, Memiontec Holdings Ltd, VinFast Auto Ltd. United Food Holdings Ltd.
Others: CASE Endowment Fund Governing Board, Follow Trade Pte. Ltd.

Major Appointments (other than Directorships): Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2022 to 31 December 2024): Amplefield Ltd., Ley Choon Group Holdings Ltd, Debao Property Development Ltd

Mr. Ling is a distinguished Board Director with deep expertise in ESG & Sustainability Governance, Asia Real Estate, and Investment Banking. Concurrently, he also serves as the CEO & Founder of FollowTrade, and an Adjunct Instructor with NUS, NTU, SMU.

With over 20 years of investment banking experience at JPMorgan, Lehman Brothers, Goldman Sachs, and Salomon Smith Barney, Mr. Ling has led some of the most prominent advisory and capital market transactions in the region. He also has over 18 years of corporate governance experience as a distinguished Board Director in various public listed companies across Asia. Recognized for his industry leadership, he was honored as the Real Estate Executive of the Year by Singapore Business Review and named one of the 20 Rising Stars in Real Estate by Institutional Investor.

Mr. Ling holds a Global EMBA from INSEAD and a BBA (Hons) from the National University of Singapore.

EXECUTIVE MANAGEMENT

XU YU FENG, STEVEN

Chief Operating Officer

Mr. Xu Yu Feng, Steven, is the Chief Operating Officer and is responsible for the group business development and operation.

Prior to joining our group in 2020, Mr. Xu worked in various international companies in various roles including GM for Shenzhen Longdian Sci-Tech Industrial Co., Ltd. in ASSA ABLOY Asia Pacific and VP Operations in Da Kong (HK) Ltd. Group.

Mr. Xu obtained his Bachelor of Engineering degree from Tsinghua University in 2007, Master of Philosophy in MEEM from City University of Hong Kong in 2009, and MBA from Hong Kong University of Science and Technology in 2018.

SUEN KA FAI, SIMON

Chief Financial Officer

Mr. Suen Ka Fai, Simon, joined Combine Will Group in 2021 as Senior Internal Manager and was appointed as Chief Financial Officer in 2022. He is responsible for overseeing the financial operations, IT, banking and investor relationship, and risk management.

Prior to joining our group, Mr. Suen has more than 16 years of extensive experience in accounting, finance, and internal audit. Before joining Combine Will, he served as Head of Internal Audit at NewOcean Energy Holdings Limited, Finance Manager at ENN Natural Gas Co., Ltd., CGN New Energy Holdings Co., Ltd., and the Hong Kong and Shanghai Banking Corporation Limited. He also held the position of Audit Manager at Deloitte Touche Tohmatsu in Hong Kong.

Mr. Suen graduated with a Bachelor's degree in Accounting, Finance, and Operations Management from Indiana University's Kelley School of Business in 2007. He is a member of both the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

TANG KAI MAN, NICHOLAS

Director of R&D and Engineering, ODM/OEM Business Unit
Director of PT Combine Will Industrial Indonesia

Mr. Tang Kai Man, Nicholas has been the Director of R&D and Engineering, ODM/OEM Business Unit since 2008 and is responsible for the design, research, development and engineering functions of our ODM/OEM Business Unit. In 2016, he is appointed as Director of PT Combine Will Industrial Indonesia, overseeing the operation and future expansion of our Indonesia plant.

Prior to joining our group, Mr. Tang has been working in toy manufacturing industry for 30 years. He was the Director/ General Manager of Hutchison Harbour Ring Group, Engineering Director of Hasbro Toys, Galco Toys and General Manager of Buddy L (HK) Ltd where he started as Project Engineer. He has extensive experience in product engineering and manufacturing.

Mr. Tang graduated from the Hong Kong Polytechnic with Associateship in Production and Industrial Engineering and passed the Council of Engineering Institute (CEI) Part 2 in 1977.

CHUNG KAI KEI, PAUL

Director of Business & Product Development

Mr. Chung Kai Kei, Paul, Director of Business & Product Development, joined Combine Will Group in 2001 as Senior Project Engineer. He is responsible for the key customers' business development and overseeing the product development from concept early involvement to mass production. In recognition of his expertise and leadership, since 2019, Mr. Chung has been appointed to be the project leader on sustainable material development on researching new material alternatives for leveraging group sustainability development.

Before joining Combine Will Group, Mr. Chung worked for famous HK-based toy manufacturers such as Early Light & Qualidux where he started as Project Engineer. He has been working in toy manufacturing industry over 25 years of extensive experience in product engineering and manufacturing, making him a seasoned veteran in the field.

Mr. Chung obtained his Bachelor degree of Manufacturing Engineering from City University of Hong Kong in 2002. Continuing his lifelong pursuit of learning and professional growth, he is currently advancing his expertise by studying for an Executive Master of Business Administration (EMBA) at the same esteemed institution.

TSE KWOK WEI, MARIO

Business Development Director – Local Market
(Appointed on 23 September 2024)

Mr.Tse graduated from Chinese University of Hong Kong with Bachelor Degrees in Business Administrations (Second Class Honor). He got a scholarship to Japan and studied in Keio University as an exchange student.

He has 35 years of professional experience in business development and top management, having served as Senior General Manager and chief of Corporate Headquarters for Bandai Namco (the world's third largest toy company), Global Business Development Director for Hayco (a plastic injection and mold-making expert). He also served as Vice President of Business Development in an EMS company that is listed in HK Stock Exchange. Mario worked as General Manager in several manufacturing enterprises, such as the largest Japanese manufacturer of eyewear frames, a Spanish kitchen appliances enterprise, and a USA switches and connectors company. At his mid-twenties, he was the Director of Hong Kong Trade Development Council (HKTDC)'s Osaka office.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tam Jo Tak, Dominic
Executive Chairman

Chiu Hau Shun, Simon
Chief Executive Officer

Wee Sung Leng
Lead Independent
Non-Executive Director

Lee Kia Jong Elaine (Mrs Elaine Lim)
Independent Non-Executive Director

To Siu Lun, Dicky
Independent Non-Executive Director

Ling Chung Yee, Roy*
Independent Non-Executive Director

Hu Hou Zhi (Resigned)*
Independent Non-Executive Director

AUDIT COMMITTEE

Wee Sung Leng (Chairman)
Lee Kia Jong Elaine (Mrs Elaine Lim)
To Siu Lun, Dicky
Ling Chung Yee, Roy*
Hu Hou Zhi (Resigned)*

NOMINATING COMMITTEE

Lee Kia Jong Elaine (Mrs Elaine Lim)
(Chairman)
Wee Sung Leng
To Siu Lun, Dicky
Ling Chung Yee, Roy*
Hu Hou Zhi (Resigned)*

REMUNERATION COMMITTEE

Lee Kia Jong Elaine (Mrs Elaine Lim)
(Chairman)
Wee Sung Leng
To Siu Lun, Dicky
Ling Chung Yee, Roy*
Hu Hou Zhi (Resigned)*

** with effect from 25 April 2024*

COMPANY SECRETARY

Ng Joo Khin, LLB (Hons)

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS

Room 901-2, Block 4,
Tai Ping Indutrial Centre,
51A Ting Kok Road,
Tai Po, N.T.
Hong Kong

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory
Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

AUDITORS

RSM Hong Kong
Certificate Public Accountants
Hong Kong
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

Partner-in-charge:
Mr. Wong Poh Weng, CPA
(with effect from FY2021)

JOINT AUDITORS

RSM SG Assurance LLP
Public Accountants and Chartered
Accountants
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

Partner-in-charge:
Ms. Woo E-Sah
(with effect from FY2021)

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
10/F, HSBC Main Building
1 Queen's Road, Central,
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
7/F, Standard Chartered Bank Building,
4-4A Des voeux Road, Central,
Hong Kong

Bank of China (Hong Kong) Limited
24/F, Bank of China Tower,
1 Garden Road,
Hong Kong

United Overseas Bank Limited
Hong Kong Branch
28/F, Champion Tower,
3 Garden Road,
Central, Hong Kong

The Bank of East Asia, Limited
38/F, BEA Tower, Millennium City 5,
418 Kwun Tong Road, Kowloon,
Hong Kong

DBS Bank (Hong Kong) Limited
16/F, The Center, 99 Queen's Road Central,
Central,
Hong Kong

Citibank, N.A.
22/F Citi Tower, One Bay East,
83 Hoi Bun Road, Kwun Tong,
Kowloon, Hong Kong

INVESTOR RELATIONS CONTACT

Combine Will International Holdings Limited
Email: ir@combinewill.com

Investor Relations Website
www.combinewill.com

Stock Code
SGX: N0Z

Counter Name
Combine Will

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**" or the "**Directors**") and the management (the "**Management**") of Combine Will International Holdings Limited (the "**Company**") are committed to achieving and maintaining high standards of corporate governance, in compliance with the principles set out in the Code of Corporate Governance 2018 (the "**Code**") and the relevant sections of the listing manual issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**").

This report sets out the Company's key corporate governance practices with references to the Code, where appropriate. The Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below in accordance with Rule 710 of the Listing Manual.

The corporate governance practices of the Company for the financial year ended 31 December 2024 ("**FY2024**") are described herein under the following sections:

I. Board Matters

II. Remuneration Matters

III. Accountability and Audit

IV. Shareholder Rights and Responsibilities

V. Dealings in Securities

VI. Material Contracts

VII. Risk Management

VIII. Interest Person Transactions

I. BOARD MATTERS

(Principles 1, 2, 3, 4 and 5 of the Code)

A. Board's Conduct of its Affairs

The Board is responsible for supervising the management and affairs of the Company. In providing stewardship for the Company, the Board also endeavours to enhance and protect long term returns and value for the shareholders of the Company (the "**Shareholders**"). The Board's primary duty is to ensure that the Company is managed in the best interests of the Shareholders as a whole, while taking into account the interests of other stakeholders, and at the same time not losing track of its viability.

There is a clear division of responsibilities in the top management with clearly defined lines of responsibility between the Board and executive functions of the Management. The Board is assisted by experienced and qualified executive officers of the Company.

Broadly, the responsibilities of the Board include but are not limited to the following:

- reviewing and approving overall business strategies developed and recommended by the Management;
- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Company is operated to preserve its financial integrity and its operations are in accordance with policies approved by the Board;
- providing oversight in ensuring that the Company's activities are consistent with its strategic intent, operating environment, effective internal controls, capital sufficiency and applicable regulatory standards;
- overseeing, through the Audit Committee ("**AC**"), the quality and integrity of the Company's accounting and financial reporting systems, disclosure controls and procedures, and internal controls and risk management systems;
- reviewing transactions entailing any material acquisitions or disposals of assets; and
- assuming overall responsibility for corporate governance.

CORPORATE GOVERNANCE REPORT

Following Provision 1.3 of the Code, the Company has put in place a set of guidelines and clear directions to the Management on matters reserved for the Board's decision and approval, and examples of such matters are set out as follows:

- matters involving a conflict of interest for a substantial Shareholder or a Director;
- annual capital expenditure budget or any unbudgeted capital expenditure exceeding S$2,000,000;
- corporate governance policies;
- new or additional investments exceeding S$2,000,000;
- disposal of assets or investments with net book value or fair value exceeding S$2,000,000.
- increase or decrease in any subsidiary's capital of more than S$5,000,000;
- provision of corporate guarantees or letters of comfort; and
- pledging of assets or investments with a net book value exceeding S$2,000,000 for financing purposes.

In addition, in accordance with Provision 1.1 of the Code, a director who faces a conflict of interest will recuse himself or herself from any discussions and decisions which involve that conflict of interest.

The Board also delegates certain of its functions to the AC, the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), and these functions are described separately under the various sections below that cover each committee. Each committee has its own defined terms of references and operating procedures, and they report their activities regularly to the Board.

B. Board Composition and Guidance

As of 31 December 2024, the Board consisted of six members, comprising four independent non-executive Directors and two executive Directors. This is in accordance with Provision 2.2 of the Code, which states that where the chairman is not independent, independent directors are to make up a majority of the Board, and Provision 2.3 of the Code, which states that non-executive directors are to make up a majority of the Board. The Nominating Committee assesses the independence of each Director, taking into account the guidance in the Code for assessing independence. On this basis, Mr. Wee Sung Leng, Mdm. Lee Kia Jong Elaine, Mr. To Siu Lun, Dicky and Mr. Ling Chung Yee, Roy are independent Directors. A brief profile of each Director is presented in the Profile of Board of Directors section of this Annual Report and their shareholdings in the Company and its subsidiaries as at 31 December 2024 are disclosed in the Directors' Statement for FY2024.

There is a good balance between the executive and non-executive Directors. There is also a strong and independent element on the Board. Nevertheless, given the scale of the Company and the complexity of the business, the size of the Board will be reviewed from time to time to ensure that it can provide the optimum balance to facilitate effective decision-making. The Board, taking into account the scope and nature of the operations of the Company, considers the current size of six Directors to be adequate for effective decision-making.

The independent Directors provide a strong independent element on the Board, being independent in conduct, character and judgment and free from business or other relationships which could materially interfere, or be reasonably perceived to interfere, with the exercise of their judgment in the best interests of the Company. These Directors continue to provide stability to the Board and the Company has benefited greatly from the presence of individuals who are specialists in their own field. Furthermore, their length of service on the Board has not only allowed them to gain valuable insight into the Group, its business, markets and industry, but has also given them the opportunity to bring the full breadth and depth of their business experience to the Company.

C. Board Diversity

The Company is committed to building a diverse, inclusive and collaborative culture. The Company recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as essential to supporting the attainment of its strategic objectives and its sustainable development. The Company recognises the benefits of a Board that possesses a balance of skillsets, experience, expertise and diversity of perspectives appropriate for the strategies of the Company, and believes that board diversity enhances decision-making capability and thus the overall effectiveness of the Board in achieving sustainable business operations and enhancing Shareholder value.

In accordance with Rule 710A of the Listing Manual and Provision 2.4 of the Code, the Board has in place a board diversity policy that addresses gender, age, culture, ethnicity, educational background, professional experience, core competences and other factors that may be relevant from time to time towards achieving a diversified Board. This varied diversity will be considered in determining the optimal composition of the Board and when possible, should be balanced appropriately.

All board appointments are made based on merit and needs / attributes, in the context of skills, experience and knowledge, to complement / expand the competencies, experience and perspectives of the Board as a whole, aligning with the Company's corporate strategy. The Board has used its best efforts to ensure that the Directors appointed to the Board have the appropriate mix of expertise and diversity in experience, such that each of them possesses the background and knowledge in technology, finance, business and management skills critical to the Company's business to enable the Board to analyse the global environment, to assess business development opportunities and to make sound and well considered decisions.

Members of the Board comprise professionals that provide core competencies to ensure the effectiveness of the Board. Such core competencies include accounting, finance, strategic ability, business acumen, management experience and in-depth understanding the industry and customer base, familiarity with regulatory requirements, as well as knowledge of risk analyses and control.

Apart from having a dynamic balance and mix of skills, knowledge and experience, the Board views gender diversity as an important facet and in respect of which the Board will continue to strive towards an appropriate balance in the representation of both genders at the board level. In particular, as and when vacancies on the Board arises, the need for further diversity in terms of gender will be taken into consideration when selecting potential candidates for appointment. Currently, one out of six Board members (i.e., 16.7%) is female.

With the assistance and recommendations of the Nominating Committee, the Board is responsible for reviewing the structure, size, diversity profile and skills matrix of the Board and the progress in achieving the diversity objectives of the Company. Collectively, they are also responsible for the selection and appointment of Directors and the review of the Directors' succession plan. To this end, the Board and the Nominating Committee are mindful of appropriately structured recruitment, selection and training programmes at appropriate levels to identify and prepare suitable talent for Board positions.

In view of the above, the Board is of the view that its size and level of independence are appropriate and that the Board comprises Directors who, as a group, have an appropriate balance and mix (as well as breadth and depth) of skills, knowledge, experience and diversity of thought so as to avoid groupthink and foster constructive debate.

D. Board Committees

The Board has established specific committees to assist in the efficient implementation of its functions, namely, the AC, the NC and the RC. Specific responsibilities have been delegated to each of the committees. These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis.

The Board meets at least once every half year and ad-hoc meetings are convened as and when circumstances require. The Company's articles of association (the "**Articles**") provide for Directors to participate in Board and Board committee meetings in person or by means of teleconference, video conferencing or audio-visual equipment.

In accordance with Provision 1.6 of the Code, the Board also receives documents from the Management on matters requiring its consideration prior to, and in advance of, each meeting and for circular resolutions. Where appropriate or necessary, the relevant Board committee will also be asked to review and provide its recommendations to the Board. The Board papers and papers accompanying circular resolutions are required to be comprehensive and encompass both quantitative and qualitative factors so that informed decisions can be made. All proceedings of the Board and Board committees are minuted and signed by the respective Chairmen of the meetings.

CORPORATE GOVERNANCE REPORT

In accordance with Provision 1.5 of the Code, each Director is to attend and actively participate in Board and Board committee meetings. During FY2024 the number of meetings held by the Board and the Board committees, and the details of attendance are as follows:

Name of Directors	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended	No. of Meetings held	No. of Meetings attended
Tam Jo Tak, Dominic	2	2	2	-	1	-	1	-
Chiu Hau Shun, Simon	2	2	2	-	1	-	1	-
Wee Sung Leng	2	2	2	2	1	1	1	1
Lee Kia Jong, Elaine	2	2	2	2	1	1	1	1
To Siu Lun, Dicky	2	2	2	2	1	1	1	1
Ling Chung Yee, Roy	2	1	2	1	1	-	1	-
Hu Hou Zhi	2	1	2	1	1	1	1	1

E. Executive Chairman, Chief Executive Officer and Lead Independent Director

Mr. Tam Jo Tak, Dominic ("**Mr. Tam**") is the co-founder and Executive Chairman of the Group. Mr. Chiu Hau Shun, Simon ("**Mr. Chiu**") is the Chief Executive Officer of the Group. Both Mr. Tam and Mr. Chiu are also executive Directors of the Group.

Since the inception of the Group in 1992, Mr. Tam has overseen all business and management activities of the Group and is responsible for setting out business directions and goals, exploring new business opportunities and maintaining overall customer relationships of the Group. Mr. Tam has more than 40 years of experience in toy product development and manufacturing. Mr. Tam is also responsible for heading the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in the Board's decision-making process. Mr. Chiu is responsible for planning, implementing and executing the Group's strategies and policies, for talent management, and for conducting the Group's business.

Mr. Tam and Mr. Chiu are not related to one another. In compliance with Provisions 2.2 and 2.3 of the Code, the independent non-executive Directors comprise a majority of the Board, and they bring objective and independent judgment to the decision-making processes of the Board and provide an adequate check and balance for the executive Directors, ensuring an appropriate balance of power between the Board and the Management.

Provision 3.3 of the Code recommends the appointment of a lead independent director to provide leadership in situations where the chairman is conflicted, and especially where the chairman is not independent.

The Code also recommends that the lead independent director be available to the Shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman of the Company or the Management are inappropriate or inadequate. For this purpose, Mr. Wee Sung Leng ("**Mr. Wee**") has been appointed as the Lead Independent Director since 21 April 2022.

Led by Mr. Wee, the independent non-executive Directors meet periodically without the presence of the other Directors and the Management to discuss matters in relation to the Group in accordance with Provision 2.5 of the Code. Subsequent to each such meeting and as appropriate, Mr. Wee, in his capacity as the Lead Independent Director, provides feedback to the Board and Mr. Tam, the Executive Chairman of the Group.

F. Board Membership

The NC comprises four Directors, all of whom, including the NC Chairman, are independent non-executive Directors:

Lee Kia Jong Elaine (Elaine Lim) (Chairman)
Wee Sung Leng
To Siu Lun, Dicky
Ling Chung Yee, Roy

The NC is to assist the Board with its oversight responsibilities on key areas including:

- the review of the structure, size and composition of the Board and the Board committees;
- the review of succession plans for the Executive Chairman, the Directors, the Chief Executive Officer and members of senior management;
- the development of a transparent process for evaluating the performance of the Board, its Board committees and Directors, including assessing whether Directors are able to commit enough time to discharge their responsibilities and the maximum number of listed company board representations which a Director may hold;
- the review of training and professional development programmes for the Board;
- the appointment and reappointment of all Directors (including any alternate Directors); and
- the review and confirmation of, at least annually, and as and when the circumstances require, the independence of each Director.

The NC has the following responsibilities, powers and discretion:

- to ensure that new Directors are briefed on their duties and obligation;
- to regularly and strategically (and at least annually) review the structure, size and composition, including the skills, qualifications, knowledge, experience and diversity of the Board and the Board committees, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- to review the size and composition of the Board and the Board committees from time to time to ensure that the Board and the Board committees each have an appropriate balance of independent Directors and to ensure an appropriate balance of expertise, skills, attributes and ability among the Directors, having regard to the strategic plan of the Company and the critical issues and challenges for the Company from time to time, and to recommend changes thereto;
- to establish and review from time to time the profile of the required skills and attributes for the Board members, having regard to the strategic plan of the Company and the critical issues and challenges for the Company from time to time;
- to identify individuals suitably qualified to become Board members and select, or make recommendations to the Board on the selection of, individuals nominated for directorships. Specifically, the NC shall:
    - consider candidates from a diverse range of backgrounds;
    - consider candidates on their own merits and evaluate them against objective criteria such as their experience, knowledge and skills in relation to the needs of the Board, and whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties;
    - consider the composition and progressive renewal of the Board and the Board committees; and
    - appoint an independent third party to source for and screen candidates, if necessary.

  Before recommending any appointee to the Board, the NC shall ask him or her to disclose any existing or expected future business interest that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board.

  Following the Board's confirmation, the Executive Chairman will send the newly-appointed Director a formal appointment letter which clearly sets out his or her roles and responsibilities, authority, and the Board's expectations in respect of his or her time commitment as a Director of the Company;
- to review and make recommendations to the Board on the appointment or re-appointment of Directors in accordance with the Articles at each annual general meeting of the Company ("**AGM**"). The NC may recommend that the Board removes or reappoints a non-executive Director at the end of his or her term. It may also recommend that the Shareholders re-elect Directors under the provisions of the Articles on the policy of retirement by rotation. In making these recommendations, the NC should consider the Director's performance, commitment and his or her ability to continue contributing to the Board;
- to review the independent status of non-executive Directors and that of alternate Director(s) (if applicable) annually or when necessary, together with issues of conflict of interest, taking into account applicable law, regulations, listing rules and all other salient factors;

CORPORATE GOVERNANCE REPORT

- to develop and recommend the performance evaluation framework for the Board, the Board committees, and individual Directors. The NC should also propose objective performance criteria for the Board. It conducts the evaluations, analyzes the findings, and reports the results to the Board. The NC will also recommend areas that need improvement. This process can be assisted by independent third-party facilitators;
- to identify appropriate training programmes for the Board;
- to recommend the membership of the Board committees to the Board;
- to review and spearhead succession planning, particularly for Board renewal, and in relation to the Executive Chairman, the Chief Executive Officer, and senior key managers of the Company; and
- to keep up to date with developments in corporate governance initiatives, including changes to relevant legislation and strategic issues that may affect the Company and the industry in which it operates.

The independent non-executive Directors have multiple board representations. Nevertheless, amongst other contributions to the Company, the independent non-executive Directors have attended all the Board and Board committee meetings (where applicable) and have provided constructive input in these meetings. Consequently, the NC is satisfied that the Directors have, in accordance with Provision 1.5 of the Code, been able to devote adequate time and attention to fulfil their duties as Directors of the Company, in addition to their multiple board representations.

The NC notes the requirement under the Code for companies to fix the maximum number of listed company board representations that their directors may hold and to disclose this in their annual report. Details of such directorships and other principal commitments of our Directors may be found on pages 22 to 24 in accordance with Provision 4.5 of the Code. As time requirements are subjective, the NC recognises that its assessment of each Director's ability to discharge his or her duties adequately should not be confined to the sole criterion of the number of his or her board representations. Thus, it will also take into account contributions by Directors during Board and Board committee meetings and their attendance at such meetings, in addition to each of their principal commitments.

The Board through the NC ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. The NC first establishes and reviews the profile required of Board members and makes recommendations to the Board on the appointment, re-nomination and retirement of Directors. When an existing Director chooses to retire or is required to retire from office by rotation, or the need for a new Director arises, the NC will review the spectrum of expertise, skills and attributes of the Board based on its existing composition. Subsequently, the NC will identify the Company's needs and prepare a shortlist of candidates with the appropriate profile for nomination or re-nomination. Where necessary, the NC may seek advice from external search consultants.

In accordance with Provision 1.2 of the Code, a newly appointed director will be briefed on the Group's business and governance practices and, as required, will attend formal courses conducted by the Singapore Institute of Directors (or other professional or training institutes or organisations) to familiarise himself or herself with the regulatory environment in Singapore and the roles and responsibilities as a director of a listed company within one year of his or her appointment.

In addition, from time to time, the Directors will also continue to undergo relevant training programmes where necessary with regard to any new developments, particularly on relevant new laws, regulations and changing commercial risks.

G. Board Performance

The NC reviews the criteria for evaluating the Board's performance as a whole and the contributions by each Director. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board and its Directors. The Board, led by the Lead Independent Director, also assesses the effectiveness of the Executive Chairman.

The performance criteria for the Board, Board committees and individual Directors will include an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management, corporate integrity, managing the Company's performance, strategic review, Board committee effectiveness, the Chief Executive Officer's performance and succession planning, Director development and management, risk management and standard of conduct of the Directors. The NC also takes factors such as attendance, preparedness, participation and candour at Board meetings into consideration.

In addition, an annual performance evaluation will be conducted during each financial year to assess the effectiveness of the Board and contribution of each Director. The purpose of the evaluation is to increase the overall effectiveness of the Board. As part of the annual performance evaluation, the NC will conduct a peer appraisal process whereby Directors will be requested to complete appraisal forms to assess the overall effectiveness of the Board and the Board committees, as well as each individual Director's contributions to the Board and the Board committees. The results of the appraisal exercise would be considered by the NC, which would then make recommendations to the Board, thus helping the Board to discharge its duties more effectively.

H. Access to Information

In accordance with Provisions 1.6 and 1.7 of the Code, the Directors have separate and independent access to the Management and prior to each Board meeting, Directors are provided with timely and complete information from the Management to enable them to fulfill their responsibilities. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial statements, risk management reports, budgets, forecasts, and reports of variances from budgets and forecasts. The Directors also have separate and independent access to the secretary of the Company (the "**Company Secretary**"). All Board and Board committee meetings are to be conducted with the attendance of the Company Secretary (or the Company's legal advisers) to ensure that the Board procedures are followed and applicable rules and regulations are complied with. The Board is responsible for the appointment and removal of the Company Secretary.

Where members of the Board, either individually or as a group, seek independent legal or professional advice, after consultation with the Executive Chairman, such expenses will be borne by the Company.

II. REMUNERATION MATTERS

(Principles 6, 7 and 8 of the Code)

A. Procedures for Developing Remuneration Policies

The RC comprises four Directors, all of whom, including the RC Chairman, are independent non-executive Directors:

Lee Kia Jong Elaine (Elaine Lim) (Chairman)
Wee Sung Leng
To Siu Lun, Dicky
Ling Chung Yee, Roy

The RC is to assist the Board to review and recommend, and seek the Board's approval for, the following:

- the remuneration structure and quantum of fees for the non-executive Directors of the Company;
- the remuneration philosophy, policies, framework, structure, levels and packages for all executive Directors and key management personnel;
- the relevant performance measures, short-term and long-term performance expectations and linking remuneration strategy to value creation and sustained performance over both periods; and
- the talent management and remuneration framework for the Company, including staff development and succession planning.

The RC has the following responsibilities, powers and discretion:

- to establish formal and transparent procedures for developing remuneration policies, framework and structure of remuneration levels that are aligned with performance measures and value creation, relative to internal and external peers and competitors. In doing so, the RC shall take into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, and also consider the Company's risk appetite and ensure that the policies are aligned to the Company's long-term goals and objectives;
- to review the Management's remuneration proposals and make recommendations to the Board on the specific remuneration packages of individual executive Directors and key management personnel, including benefits-in-kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

CORPORATE GOVERNANCE REPORT

- to make recommendations to the Board on the remuneration of non-executive Directors, ensuring that the remuneration is aligned to the level of contribution, taking into account factors such as effort, time spent and responsibilities. The Board should recommend the proposed non-executive Directors' fees for the Shareholders' approval;
- to review the ongoing parity and relevance of the Company's remuneration policies, including whether the remuneration is sufficient to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage and grow value for the Company over the long term;
- to obtain reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any relevant reports, surveys or related information. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board;
- to oversee any major changes in employee benefits or remuneration structures;
- to review the design of all long-term and short-term incentive plans for approval by the Board and the Shareholders;
- to review and administer the Company's compensation schemes from time to time including executive share option or share performance plans that may be put in place. As part of its review, the RC shall ensure that all aspects of the schemes are comparable to schemes implemented by other similar companies within the industry;
- to consider all aspects of remuneration to ensure they are fair, including reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate. Poor performance should not be rewarded;
- to set performance measures and determine targets for any performance-related pay schemes operated by the Company;
- to ensure that no Director, other person or any of their associates is involved in deciding his or her own remuneration; and
- to work and liaise, as may be necessary, with all other Board committees on any other matters connected with remuneration.

The current policy of the RC in respect of Directors' remuneration is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the Shareholders.

B. Level and Mix of Remuneration

The RC reviews and recommends a general framework of remuneration for the Board and key management personnel, with specific packages for each. The RC's recommendations would be submitted for endorsement by the entire Board.

In fine-tuning remuneration packages, the RC takes into consideration pay and employment conditions within the industry and in comparable companies. In addition, for executive Directors and key executives (who are not Directors), the Company's relative performance and individual performance are factored into each remuneration package in accordance with Provision 7.1 of the Code. The RC ensures that such performance-related remuneration is aligned with the interests of the Shareholders, promotes the long-term success of the company, takes account of the risk policies of the company, is symmetric with risk outcomes and is sensitive to the time horizon of risks.

In accordance with Provision 7.2 of the Code, the remuneration of non-executive Directors will be appropriate to their respective levels of contribution, taking into account factors such as effort and time spent, and their responsibilities. The Board will recommend the remuneration of the non-executive Directors for approval at the AGMs of the Company.

C. Remuneration Components

Remuneration benefits for both executive Directors and key executives (who are not Directors) comprise a fixed component and a variable component.

The fixed component comprises the base salary. The variable component includes a performance bonus, which shall be determined based on the Company's relative performance and individual performance. In compliance with the Code, the Company has incorporated appropriate "claw-back mechanisms" to allow it to reclaim the variable incentive-based component of remuneration from Directors and key management personnel in the exceptional circumstances of (i) misstatement of financial results; or (ii) misconduct resulting in financial loss to the Company.

D. Disclosure of Remuneration

The remuneration of the Directors for FY2024 is disclosed below:

Name	Salary / Directors' fees (%)	Bonus (%)	Benefits in kind (%)	Share Options (%)	Share-based incentives (%)	Other long-term incentives (%)	Total Compensation (S$'000)
Executive Directors							
Tam Jo Tak, Dominic	95	0	5	0	0	0	348
Chiu Hau Shun, Simon	99	0	1	0	0	0	335
Non-Executive Directors							
Wee Sung Leng	100	0	0	0	0	0	100
Lee Kia Jong Elaine	100	0	0	0	0	0	100
To Siu Lun, Dicky	100	0	0	0	0	0	100
Ling Chung Yee, Roy	100	0	0	0	0	0	75
Hu Hou Zhi	100	0	0	0	0	0	25

The remuneration of the key executives (who are not Directors) for FY2024 is disclosed below:

Name	Salary / Directors' fees (%)	Bonus (%)	Benefits in kind (%)	Share Options (%)	Share-based incentives (%)	Other long-term incentives (%)	Total Compensation (S$'000)
Key Executives (who are not Directors)							
Xu Yu Feng, Steven	88	11	1	0	0	0	275
Suen Ka Fai, Simon	85	14	1	0	0	0	273
Tang Kai Man, Nicholas	86	14	0	0	0	0	240
Chung Kai Kei, Paul	87	11	2	0	0	0	192
Tse Kwok Wei, Mario	85	14	1	0	0	0	57

The total remuneration paid to the top five key executives (who are not Directors) were S$1,037,000.

The aggregate amount of termination, retirement and post-employment benefits that may be granted to the Directors, the Chief Executive Officer and the top five key executives (who are not Directors) were S$2,120,000.

There was no employee that is a substantial Shareholder of the Company, or is an immediate family member of any Director, the Chief Executive Officer or a substantial Shareholder of the Company, and whose remuneration exceeds S$100,000 for FY2024.

There were no employee share schemes for FY2024.

III. ACCOUNTABILITY AND AUDIT

(Principles 9 and 10)

A. Accountability

The Board understands its accountability to the Shareholders regarding the Group's performance. The objective of presenting annual financial statements and half-yearly announcements to the Shareholders is to provide the Shareholders with a detailed and balanced analysis of the Group's financial position and prospects.

CORPORATE GOVERNANCE REPORT

The Board is committed to ensuring compliance with legislative and regulatory requirements including but not limited to requirements under the Listing Manual.

The Management understands its role to provide all members of the Board with balanced and understandable management accounts on a monthly basis of the Group's performance, position and prospects.

B. Audit Committee

The AC comprises four Directors, all of whom, including the AC Chairman, are independent non-executive Directors:

Wee Sung Leng (Chairman)
Lee Kia Jong Elaine (Elaine Lim)
To Siu Lun, Dicky
Ling Chung Yee, Roy

In accordance with Provision 10.2 of the Code, at least two members of the AC, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience. In accordance with Provision 10.3 of the Code, for FY2024, the AC does not comprise former partners or directors of the company's existing auditing firms, RSM Hong Kong and RSM SG Assurance LLP: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation. Mr. To Siu Lun, Dicky ("**Mr. To**"), who was appointed to the AC with effect from 27 March 2023, is a former partner of RSM Tax Advisory (Hong Kong) Limited. The NC has reviewed Mr. To's background and track record, and has deemed that he possesses the relevant qualifications and experience, and that there are no conflicts of interests arising from his past position at RSM Tax Advisory (Hong Kong) Limited, as he has left RSM Tax Advisory (Hong Kong) Limited for a period of approximately 6 years.

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, with a focus principally on assisting the Board in fulfilling its duties by providing an independent and objective review of the financial process, internal controls and the audit function.

The AC has explicit authority to investigate any matter within its terms of reference. The AC also has full access to, and the co-operation of, the Management, as well as full discretion to invite any Director to attend its meetings. The AC is equipped with reasonable resources to enable it to discharge its functions.

The AC is to assist the Board in fulfilling its oversight responsibilities in key areas including:

- financial statement preparation and reporting, and integrity;
- risk management and internal controls (in relation to financial reporting and other financial-related risks);
- the internal audit process (including resources, performance and scope of work); and
- the external audit process (including qualifications, independence, engagement and fees).

In addition, the AC has oversight responsibilities in the following areas:

- corporate governance and compliance (including legal, regulatory and company policies);
- fraud risk management;
- whistleblowing policies, processes and reporting; and
- interested party transactions ("**IPTs**") and related party transactions ("**RPTs**").

The AC has the following responsibilities, powers and discretions:

(a) <u>Oversight of the Company's Financial Reporting</u>

- to review the significant financial reporting issues and judgments so as to ensure the integrity of the Company's financial statements and annual report and accounts, half-year report and quarterly reports (if applicable), and to recommend changes, if any, to the Board. In reviewing these reports before submission to the Board, the AC shall focus particularly on:

- any changes in accounting policies and practices;
- decisions requiring a significant element of judgment;
- clarity of disclosures;
- significant adjustments resulting from audit, if any;
- significant financial reporting and disclosure issues, including major litigation;
- going concern assumptions and qualifications, if any;
- compliance with accounting standards;
- reviewing the assurance provided by the Chief Executive Officer and the Chief Financial Officer that the financial records and financial statements have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances; and
- compliance with the Listing Manual and legal requirements in relation to financial reporting.

• where the external auditors, in their review or audit of the Company's year-end financial statements, raise any significant issues (e.g. significant adjustments) which have a material impact on the interim financial statements or financial updates previously announced by the Company, the AC should bring this to the Board's attention immediately. The AC should also advise the Board if changes are needed to improve the quality of future interim financial statements or financial updates; and

• the AC shall consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and shall give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(b) <u>Oversight of the Company's Risk Management and Internal Controls</u>

• to review at least annually and report to the Board on the adequacy and effectiveness of the Company's risk management systems and internal controls (including financial, operational, compliance and information technology controls);

• to ensure that periodic reviews of the effectiveness of the internal control system are carried out by the external or internal auditors;

• to discuss the risk management and internal control systems with the Management to ensure that the Management has performed its duty to have effective systems. This discussion should include consideration of adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The AC should also state whether it concurs with the Board's comment on the adequacy and effectiveness of the Company's internal controls and risk management systems;

• to appraise and report to the Board on the audits undertaken by the external auditors and the internal auditors, the adequacy of disclosure of information and appropriateness / quality of the system of management and internal control;

• to consider major investigative findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Management's response to those findings;

• to ensure co-ordination between the internal and external auditor, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

• to review the Company's risk profile / risk dashboard on a regular basis to understand the significant financial reporting and other financial-related risks facing the Company, and how they are being mitigated;

• to review the risk appetite statements in relation to financial reporting and other financial-related risks and recommend such to the Board for approval;

• to review the Company's levels of risk tolerance and risk policies relating to financial reporting and other financial-related risks;

• to review disclosures made in the annual report relating to the adequacy and effectiveness of risk management and internal control systems in relation to financial reporting and financial-related risks and controls, including assurances received from the Chief Executive Officer and the Chief Financial Officer, and concurrences received from the AC;

CORPORATE GOVERNANCE REPORT

- to review the policy and arrangements by which staff and other persons may, in confidence, raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters (the "**Whistleblowing Policy**");
- to undertake such other functions and duties as may be required by applicable law, regulations, rules or the relevant regulatory authorities; and
- to undertake such other reviews or projects and consider any other matters specifically referred to the AC by the Board;

(c) <u>Internal Audit</u>

- to review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function;
- to monitor and assess the role and effectiveness of the internal audit function, including the internal audit charter, plans, activities, staffing, budget, resources, and organisational structure of the internal audit function;
- to act as the primary reporting line of the internal audit function and ensuring that the internal audit function has unfettered access to all of the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company;
- to review and approve the annual internal audit plan and ensure that internal audit resources are allocated effectively in accordance with the key business and financial risk areas, focusing on optimum coverage and minimum duplication of efforts between the external and internal auditors;
- to review the internal auditors' evaluation of the internal control system;
- to review the reports of the internal auditors and assess the effectiveness of responses / actions taken by the Management on the audit recommendations and observations;
- to review the assistance given by the Management to the internal auditors; and
- to meet with the internal auditors without the presence of the Management at least annually;

(d) <u>External Audit</u>

- to review the overall performance, adequacy, effectiveness, scope and results of the external auditors;
- to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to recommend to the Board the remuneration and terms of engagement of the external auditor, and address any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity;
- to review and monitor the effectiveness of the audit process in accordance with applicable standards and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to review the external auditor's findings, evaluation of the system of internal accounting controls, the external auditor's management letter, any material queries raised by the external auditor to the Management about the accounting records, financial accounts or systems of control and the Management's response;
- to ascertain whether there are any follow-up actions in respect of key audit matters which should be taken to reduce the extent of uncertainty and corresponding need for judgment for future periods;
- to ensure that the Management will provide a timely response to the issues raised in the external auditor's management letter;
- to review the assistance given by the Management to the external auditors;
- to report to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- to act as the key representative body for overseeing the Company's relations with the external auditor;
- to develop and implement the policy on engaging an external auditor to supply non-audit services, and to review the nature and extent of non-audit services supplied by the external auditors to ensure the external auditor's independence or objectivity is not impaired. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally;

- to ensure that the external auditors have direct and unrestricted access to the AC Chairman and the Executive Chairman of the Board; and
- to meet with the external auditors without the presence of the Management at least annually;
- to take into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority when appointing or re-appointing external auditors.

(e) <u>Compliance and Corporate Governance</u>

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements, and to follow up on any instances of non-compliance;
- to review the Company's compliance with the Listing Manual and the Code, as well as the disclosures in the Corporate Governance Report;
- to monitor the processes for addressing complaints on accounting, internal controls or auditing matters;
- to clarify the Company's code of conduct and process for communicating with all company staff, and monitor levels of compliance;
- to maintain open communication with, and receive periodic reports on compliance matters from the Management and the Company's legal counsel; and
- be aware of anti-corruption laws in the various jurisdictions in which the Company operates, and ensure that processes are in place to comply with these laws;

(f) <u>IPTs and RPTs</u>

- to review all IPTs and RPTs. Specifically, it shall:
    - review IPTs and RPTs to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority Shareholders;
    - determine the methods or procedures for checking that the transaction prices are adequate for transactions to be carried out on normal commercial terms, and that they will not prejudice the interests of the Company or its minority Shareholders;
    - subject to a specific mandate, direct management to present the rationale, cost-benefit analyses and other details relating to IPTs and RPTs;
    - receive reports from the Management and internal audit regarding IPTs and RPTs;
    - ensure proper disclosure and reporting to the Shareholders on IPTs as required by the Listing Manual; and
    - ensure proper disclosure and reporting in the annual report on RPTs as required by the accounting standards;

(g) <u>Whistleblowing</u>

- to ensure that proper whistle-blowing policies and procedures are in place for fair and independent investigation into all whistle-blower complaints for appropriate follow-up action. The AC Chairman may direct the group internal audit team or any independent person with the appropriate background to undertake any investigations. The outcome of the investigation would be formally reported to the Management and/or the AC. In respect of the Whistleblowing Policies, the AC shall:
    - oversee the establishment and operation of the whistleblowing process in the company;
    - ensure that policies and arrangements are in place by which staff may safely raise concerns about possible improprieties in financial reporting or other matters;
    - ensure that there are appropriate arrangements for an independent investigation, and follow-up on concerns raised; and
    - review reports on all whistleblowing incidents and ensure that they are appropriately dealt with.

CORPORATE GOVERNANCE REPORT

In particular, the external auditor provides regular updates and periodic briefings to the AC regarding changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The AC met at least two times during FY2024. At these meetings, Mr. Suen Ka Fai, Simon, the Chief Financial Officer, was also in attendance. During FY2024, the AC reviewed the half-yearly financial statements prior to approving or recommending to the Board of their release, as applicable. It reviewed the results of audits performed by the internal auditors based on the approved audit plan. In accordance with Provision 10.5 of the Code, the AC also met with the internal and external auditors, without the presence of the Management, during FY2024.

C. Internal Controls and Internal Audit

The Board is cognisant of its responsibility for maintaining a sound system of internal controls to safeguard Shareholders' investment and the Group's assets and business.

The AC ensures that a review of the effectiveness of the Company's system of internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. The internal audit function carries out (among others) reviews and internal control advisory activities aligned to the key risks in the Group's business, and reports directly to the AC Chairman on audit matters. The AC also decides on the appointment, termination and remuneration of the head of the internal audit function. In compliance with Provision 9.2 of the Code, this provides independent assurance to the AC on the adequacy and effectiveness of the risk management, financial reporting processes, and internal control and compliance systems. The internal auditors' scope of work will be reviewed by the AC, and the resulting report issued by the internal auditors will be reviewed in detail by the AC in conjunction with the Management. In accordance with Provision 10.4 of the Code, the internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company. The AC is satisfied that the internal audit function is independent and effective, and that the internal audit function has adequate resources and appropriate standing within the Group to perform its functions effectively.

For the purposes of compliance with Provisions 9.1 and 9.2 of the Code, the Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the Group's financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances, and from the Chief Executive Officer and other key management personnel who are responsible that the Company's risk management and internal control systems are adequate and effective.

Based on the existing framework of financial, operational and compliance controls established and the reviews conducted by the Management and the internal and external auditors, the Board opines, with the concurrence of the AC and for the purposes of compliance with Rule 610(5) and Rule 719(1) of the Listing Manual, that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective, taking into account the nature and scope of the Group's operations.

The system of internal control and risk management established by the Management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The AC assesses the independence of the external auditor annually. During FY2024, the aggregate amount of fees incurred is as follows:

(a) to RSM Hong Kong, an amount of HK$1,800,000, with the fees paid for its provision of audit and non-audit services amounting to HK$1,350,000 and HK$450,000 respectively; and

(b) to RSM SG Assurance LLP, an amount HK$1,016,000, with the fees paid for its provision of audit services and non-audit services amounting to HK$726,000 and HK$290,000 respectively.

The AC has undertaken a review of all non-audit services provided by RSM Hong Kong and RSM SG Assurance LLP and they would not, in the AC's opinion, affect the independence of either RSM Hong Kong or RSM SG Assurance LLP.

The Board of Directors and the AC, having reviewed the adequacy of the resources and experience of RSM Hong Kong and RSM SG Assurance LLP, the audit engagement partners assigned to the audit, their other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, were satisfied that the Group had complied with Rules 712 and 715 of the Listing Manual.

D. Whistleblowing Policy

The Group is committed to a high standard of compliance with the relevant statutory and regulatory requirements relating to, inter alia, accounting and financial reporting, internal controls, disclosure controls and procedures and corporate governance. The Company has put in place the whistleblowing policy which sets out the procedures for a whistle-blower to make a report to the Company on misconduct or wrongdoing relating to the Company and its officers (the "**Whistleblowing Policy**"). The AC is responsible for oversight and monitoring of the Whistleblowing Policy.

The AC has reviewed the adequacy of the Whistleblowing Policy adopted and implemented by the Group. This promotes responsible and secure whistleblowing without fear of adverse consequences. All whistleblower complaints shall at first instance be reviewed by the Group internal audit team, which will then decide on the cases to be escalated to the AC. The AC shall review all whistleblower complaints directed from the Group internal audit team to ensure independent and thorough investigation and adequate follow-up. The Group internal audit team and the AC shall ensure that the identity of any whistleblower is kept confidential, and the Group is committed to ensuring that the whistleblower is protected against detrimental or unfair treatment.

IV. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

(Principles 11, 12 and 13 of the Code)

A. Shareholder Rights

The Company is committed to providing the Shareholders with adequate, timely and sufficient information pertaining in the Group's business that could have a material impact on its share price and value.

In accordance with Provisions 11.1 and 11.4 of the Code, the Company encourages attendance, participation and voting by the Shareholders at the Company's AGM and extraordinary general meetings, at which they are allowed to vote in person or in absentia through proxies and the relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. The Shareholders will be afforded adequate opportunities to communicate their views on matters relating to the Company. In accordance with Provision 11.3 of the Code, all members of the Board, including the AC Chairman, the NC Chairman and the RC Chairman, and the external auditors will be available during the AGM to address any relevant queries from the Shareholders. For FY2024, all the members of the Board, including the AC Chairman, the NC Chairman and the RC Chairman, and the external auditors attended the AGM of the Company (being the sole general meeting of the Company for FY2024).

Registered Shareholders, including corporations, who are unable to attend the AGM are provided with an option to appoint up to two proxies. The Company also allows corporations which provide nominee or custodial services to appoint more than two proxies. These allow Shareholders who hold shares through corporations to attend and participate in the AGM as proxies.

The Company's AGM for FY2024 was held physically. Shareholders were able to submit questions to the Chairman of the AGM in advance of or live at the AGM, and were able to vote live at the AGM or by appointing a proxy(ies) (other than the Chairman of the AGM) to vote live at the AGM on their behalf, or by appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.

CORPORATE GOVERNANCE REPORT

B. Communication with Shareholders

It is the Company's policy to keep the Shareholders informed on a timely basis, through different media, of all major developments relating to the Company, in line with the disclosure obligations of the Company under the Listing Manual. Pursuant to this and in accordance with Provisions 12.1, 12.2 and 12.3 of the Code, a comprehensive investor relations policy has been put in place to ensure the Shareholders have ready access to pertinent information and are notified of any significant developments concerning the Group.

The Company makes timely disclosures on any new material information to the SGX-ST, and material and price sensitive information is always released via SGXNet. Information on Shareholders' meetings is disseminated through notices published in newspapers, as well as through reports or circulars sent to all registered Shareholders. These filings and notices are also posted on the Investor Relations ("IR") section of the Company's website immediately, so investors are made aware of business and strategic developments on a timely and consistent basis. The IR section is the key resource of information for the investment community. In addition to the half-yearly financial results materials, it contains additional investor related information, including annual reports, research reports, factsheets and contact details for investor queries. The Company maintains an email address and contact number specifically to handle any investor queries or requests for information.

In accordance with Provisions 13.1, 13.2 and 13.3 of the Code, the Company regularly engages its stakeholders through various channels (including major supplier and major customer trips) to ensure that the Company's business interests are aligned with those of its stakeholders. The Company's stakeholders have been identified as those who are impacted by the Company's business and operations and similarly, those who are able to impact the Company's business and operations. The Company has identified the following stakeholders' groups through an assessment of their significance to our operations. They are namely, employees, Shareholders, major suppliers, major customers, and government regulators.

The Company has identified key areas of focus in relation to the management of stakeholder relationships. The details on the key areas of focus are included in the Sustainability Report of this Annual Report. The Company maintains a website at www.combinewill.com to communicate and engage with stakeholders.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors might deem appropriate. The Board is recommending a dividend of 5.0 Singapore cents per ordinary share for FY2024 to thank the Shareholders for their continuous patience and loyalty.

C. Conduct of Shareholder Meetings

Shareholders are encouraged to attend the AGM as this is the principal forum for any dialogue they may have with the Directors of the Company.

The Company's Annual Report, together with the notice of AGM, is despatched to the Shareholders at least 14 days before the AGM. In accordance with Provision 11.2, separate resolutions on each substantially separate issue are proposed at general meetings for approval. "Bundling" of resolutions is kept to a minimum and is done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved.

The Company has introduced the system of voting by poll and the results of each resolution put to vote at the AGM are announced with details of the percentage voting in favour and against.

The minutes of AGMs and special general meetings which capture the attendance of Board members at the meetings, matters approved by the Shareholders, voting results and substantial and relevant comments or queries from the Shareholders relating to the agenda of the general meeting together with responses from the Board and the Management are prepared by the Company. At present, the Company has published the minutes on the Company's website to comply with Provision 11.5 of the Code, and these minutes are also available to the Shareholders upon their request.

V. DEALINGS IN SECURITIES

The Company has adopted an internal code of practice for securities transactions by all Directors and designated employees, in compliance with Rule 1207(19) of the Listing Manual.

Under the above-mentioned Rule 1207(19), Directors and designated employees must refrain from dealing in the listed securities of the Company on short-term considerations and when they are in possession of unpublished price-sensitive information in relation to the Company and/or its subsidiaries or associated companies. Directors and designated employees are also not to deal in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial statements (as the Company does not announce its quarterly financial statements).

VI. MATERIAL CONTRACTS

There were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Chief Executive Officer, Directors or controlling Shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

VII. RISK MANAGEMENT

The Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Management also reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

To supplement the Group's risk management capabilities, the Group has implemented and adopted a risk matrix to identify and document the impact of particular risks and the Group's responses. All risk assessment and control issues documented in the risk matrix will be communicated to the Management and Group employees.

VIII. INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transactions with interested persons and established procedures for the review and approval of such transactions.

All interested person transactions will be properly documented and submitted to the AC for half-yearly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Shareholders.

There were no significant interested person transactions during FY2024.

FINANCIAL STATEMENTS

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2024

The Directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2024.

Opinion of Directors

In the opinion of the Directors,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon as set out on pages 51 to 103, are drawn up so as to give a true and fair view of the consolidated financial position of the Group and financial position of the Company as at 31 December 2024 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the reporting year then ended;

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due; and

(c) Subsequent developments

Subsequent to the Company's preliminary financial statements as announced on 1 March 2025, and as of the date of this report, there has been no material development that has affected the Group's and the Company's operating and financial performance.

Independent auditors

RSM Hong Kong and RSM SG Assurance LLP have expressed willingness to accept re-appointment.

On behalf of the Directors

Tam Jo Tak, Dominic
Executive Chairman

Chiu Hau Shun, Simon
Chief Executive Officer and Executive Director

9 April 2025

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Combine Will International Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the reporting year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the reporting year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current reporting year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

Allowance for slow-moving inventories

Please refer to note 3(g) on the relevant accounting policies, note 4(d) on key sources of estimation uncertainties, note 24 on inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2024, the Group held inventories of approximately HK$135.8 million, which represented approximately 8.4% of the total assets of the Group. Inventories are carried at the lower of cost and net realisable value ("NRV"). The cost of inventories may exceed their NRV if those inventories are aged, obsolete or damaged, or if their selling prices have declined. Management determines the inventory provision after considering the aging of inventory and historical and forecast sales. During the year, a reversal of allowance for inventories of HK$0.7 million was credited to the profit and loss account. We focused on this area due to the NRV of inventories involved a high level of management judgement and estimation.	Our audit procedures in relation to management's assessment on NRV and obsolescence of inventories included: • Understanding and evaluating the design and implementation of the relevant controls on inventory provisioning and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Performing retrospective review to evaluate the outcome of prior period assessment of allowance for slow-moving inventories to assess the effectiveness of management's estimate process; • Assessing whether the basis used for management's provisioning policy for inventories was appropriate after considering historical experience and current sales forecasts and whether the policy was properly approved; • Identifying and assessing aged and obsolete inventories when attending inventory counts;

Key Audit Matters (cont'd)

Allowance for slow-moving inventories (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
	• Testing the accuracy of the aged inventory report to supporting documents on a sample basis; and • Testing on a sample basis whether inventory is carried at the lower of cost and NRV by reviewing subsequent sales, after deducting the costs of completion and sales if applicable.

Impairment assessment of trade receivables and contract assets

Please refer to notes 3(h), 3(k), and 3(y) on the relevant accounting policies, note 4(c) on key sources of estimation uncertainties, notes 23 and 25 on contract assets, and trade receivables respectively.

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2024, the Group has trade receivables and contract assets with aggregate value of HK$108.2 million and HK$410.0 million before the allowance for doubtful debts of HK$2.3 million and HK$20,000 respectively. The Group generally allows credit period ranging from 30 days to 120 days for its customers. Management performed periodic assessment on the recoverability of the trade receivables, contract assets and the sufficiency of allowance for doubtful debts based on information including credit profile of different customers, aging of the trade receivables and contract assets, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers. Management also considered forward looking information that may impact the customers' ability to repay the outstanding balances in order to estimate the expected credit losses for the impairment assessment.	Our audit procedures in relation to this matter included: • Understanding and evaluating the design and implementation of the relevant controls on impairment of trade receivables and contract assets and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud; • Performing retrospective review to evaluate the outcome of prior period assessment of impairment of trade receivables and contract assets to assess the effectiveness of management's estimate process; • Assessing whether trade receivables and contract assets had been appropriately grouped by management based on their shared credit risk characteristics; • Testing the accuracy and completeness of the data used by management to develop the historical loss rates and assessing the sufficiency, reliability and relevance of that data;

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE SHAREHOLDERS OF COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Key Audit Matters (cont'd)

Impairment assessment of trade receivables and contract assets **(cont'd)**

Key Audit Matter	How our audit addressed the Key Audit Matter
During the year, a reversal of impairment loss on trade receivables, and contract assets of HK$0.1 million and HK$0.1 million were credited to the profit and loss account, respectively. We focused on this area due to the impairment assessment of trade receivables and contract assets under the expected credit losses model involved the use of significant management judgements and estimates.	• With the assistance of our engaged valuation experts, testing the calculation of the historical loss rates and evaluating the reasonableness of the forward-looking adjustments made to reflect current and forecast future economic conditions; • Testing the accuracy of the aging of trade receivables on a sample basis to supporting documents; • Testing the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade receivables and contract assets outstanding at the reporting date; and • Discussing with management the credit status of those overdue balances, including any collection actions planned and adequacy of provision made.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE SHAREHOLDERS OF COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RSM SG Assurance LLP
Public Accountants and Chartered Accountants

8 Wilkie Road,
#03-08 Wilkie Edge,
Singapore 228095

9 April 2025

Engagement partner: Woo E-Sah

RSM Hong Kong
Certified Public Accountants

29th Floor, Lee Garden Two,
28 Yun Ping Road,
Causeway Bay,
Hong Kong

9 April 2025

Engagement partner: Wong Poh Weng

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	9	**1,471,284**	1,113,174
Cost of sales		**(1,317,483)**	(984,720)
Gross profit		**153,801**	128,454
Other income and gains and losses	10	**50,248**	36,136
Reversal of impairment loss on trade receivables and contract assets, net		**203**	700
Selling and distribution expenses		**(29,577)**	(12,255)
Administrative expenses		**(82,980)**	(74,863)
Profit from operations		**91,695**	78,172
Finance costs	11	**(31,193)**	(29,326)
Profit before tax		**60,502**	48,846
Income tax expense	12	**(14,768)**	(6,315)
Profit for the year, net of tax	13	**45,734**	42,531
Profit for the year attributable to:			
Owners of the Company		**45,734**	42,531
Earnings per share	16		
Basic earnings per share (HK cents)		**141.47**	131.56

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
Profit for the year, net of tax		**45,734**	42,531
Other comprehensive loss:			
Item that will not be reclassified to profit or loss:			
Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	22	**(116)**	109
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(32,442)**	(10,612)
Other comprehensive loss for the year, net of tax		**(32,558)**	(10,503)
Total comprehensive income for the year		**13,176**	32,028
Total comprehensive income for the year attributable to:			
Owners of the Company		**13,176**	32,028

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	Group		Company	
		2024	2023	**2024**	2023
		HK$'000	HK$'000	**HK$'000**	HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	17	**440,142**	454,673	**-**	-
Right-of-use assets	18	**51,063**	69,433	**-**	-
Financial assets at FVTOCI	22	**73**	189	**-**	-
Investments in subsidiaries	19	**-**	-	**474,000**	462,282
Goodwill	20	**1,927**	1,927	**-**	-
Deposit paid for an acquisition of leasehold land and property, plant and equipment		**116,538**	35,266	**-**	-
Total non-current assets		**609,743**	561,488	**474,000**	462,282
Current assets					
Contract assets	23	**409,958**	258,356	**-**	-
Inventories	24	**135,768**	85,341	**-**	-
Trade receivables	25	**105,859**	150,114	**-**	-
Prepayments, deposits and other receivables	26	**148,133**	127,022	**-**	-
Financial assets at fair value through profit or loss ("FVTPL")	21	**99,459**	122,319	**-**	-
Bank and cash balances	27,38	**102,603**	126,394	**1,343**	1,288
Total current assets		**1,001,780**	869,546	**1,343**	1,288
Total assets		**1,611,523**	1,431,034	**475,343**	463,570
LIABILITIES AND EQUITY					
Non-current liabilities					
Borrowings	31	**-**	9,000	**-**	-
Lease liabilities	33	**19,497**	34,506	**-**	-
Deferred tax liabilities	28	**-**	-	**-**	-
Total non-current liabilities		**19,497**	43,506	**-**	-
Current liabilities					
Current tax liabilities		**12,894**	12,020	**-**	-
Deferred consideration payable	34	**8,908**	7,809	**-**	-
Trade payables	29	**233,265**	183,199	**-**	-
Amounts due to subsidiaries	19	**-**	-	**35,865**	42,792
Accruals and other payables	30	**145,391**	129,472	**-**	-
Lease liabilities	33	**22,761**	21,307	**-**	-
Borrowings	31	**418,935**	287,558	**-**	-
Financial guarantees	32	**-**	-	**28,282**	17,400
Total current liabilities		**842,154**	641,365	**64,147**	60,192
Total liabilities		**861,651**	684,871	**64,147**	60,192
Equity attributable to owners of the Company					
Share capital	35	**242,456**	242,456	**242,456**	242,456
Reserves	36	**503,992**	500,229	**168,740**	160,922
		746,448	742,685	**411,196**	403,378
Non-controlling interests		**3,424**	3,478	**-**	-
Total equity		**749,872**	746,163	**411,196**	403,378
Total liabilities and equity		**1,611,523**	1,431,034	**475,343**	463,570

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners		
	Share capital	Share premium	Statutory reserve (Note)
	HK$'000	HK$'000	HK$'000
At 1 January 2023	242,456	26,488	2,033
Profit for the year	-	-	-
Other comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss) for the year	-	-	-
Transactions with owners in their capacity as owners:			
Contribution from non-controlling shareholders in respect of subsidiaries	-	-	-
Deferred consideration payable in respect of the call and put option granted from/to non-controlling shareholder (note 34)	-	-	-
Dividend paid (note 15)	-	-	-
	-	-	-
At 31 December 2023 and 1 January 2024	242,456	26,488	2,033
Profit for the year	**-**	**-**	**-**
Other comprehensive loss	**-**	**-**	**-**
Total comprehensive (loss)/income for the year	**-**	**-**	**-**
Transactions with owners in their capacity as owners:			
Repurchase shares from a non-controlling shareholder in respect of a subsidiary	**-**	**-**	**-**
Dividend paid (note 15)	**-**	**-**	**-**
	-	**-**	**-**
At 31 December 2024	**242,456**	**26,488**	**2,033**

Note:

In accordance with the relevant regulations in the People's Republic of China (the "PRC"), the subsidiaries of the Group established in the PRC are required to transfer a certain percentage of the profit after tax, if any, to a statutory reserve until the reserve balance reaches 50% of the registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve which is not available for appropriation may be used to offset the accumulated losses, if any, of the subsidiaries.

of the Company

Capital redemption reserve	Financial assets at FVTOCI reserve	Foreign currency translation reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
1,665	(1,920)	(41,638)	491,063	720,147	-	720,147
-	-	-	42,531	42,531	-	42,531
-	109	(10,612)	-	(10,503)	-	(10,503)
-	109	(10,612)	42,531	32,028	-	32,028
-	-	-	-	-	10,553	10,553
-	-	-	-	-	(7,075)	(7,075)
-	-	-	(9,490)	(9,490)	-	(9,490)
-	-	-	(9,490)	(9,490)	3,478	(6,012)
1,665	(1,811)	(52,250)	524,104	742,685	3,478	746,163
-	**-**	**-**	**45,734**	**45,734**	**-**	**45,734**
-	**(116)**	**(32,442)**	**-**	**(32,558)**	**-**	**(32,558)**
-	**(116)**	**(32,442)**	**45,734**	**13,176**	**-**	**13,176**
-	**-**	**-**	**-**	**-**	**(54)**	**(54)**
-	**-**	**-**	**(9,413)**	**(9,413)**	**-**	**(9,413)**
-	**-**	**-**	**(9,413)**	**(9,413)**	**(54)**	**(9,467)**
1,665	**(1,927)**	**(84,692)**	**560,425**	**746,448**	**3,424**	**749,872**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**60,502**	48,846
Adjustments for:			
Depreciation of property, plant and equipment	17	**83,881**	79,135
Depreciation of right-of-use assets	18	**22,723**	20,814
(Gain)/loss on disposal of property, plant and equipment	13	**(23,497)**	292
Reversal of impairment loss on trade receivables and contract assets, net	5c	**(203)**	(700)
Bad debts	13	**-**	67
Reversal of allowance for inventories	24	**(702)**	(3,233)
Dividend income	10	**(1,257)**	(1,896)
Fair value gain on financial assets at FVTPL	10	**(8,822)**	(1,310)
Loss on disposal of financial assets at FVTPL	10	**7,971**	177
Lease modification	10	**-**	(2,665)
Interest income	10	**(5,155)**	(2,835)
Finance costs	11	**31,193**	29,326
Operating profit before working capital changes		**166,634**	166,018
(Increase)/decrease in inventories		**(49,725)**	8,255
(Increase)/decrease in contract assets		**(151,495)**	25,553
Decrease in trade receivables		**45,221**	36,416
(Increase)/decrease in prepayments, deposits and other receivables		**(9,597)**	31,838
Decrease/(increase) in financial assets at FVTPL		**22,969**	(263)
Increase/(decrease) in trade payables		**47,284**	(54,358)
Increase/(decrease) in accruals and other payables		**15,919**	(41,732)
Cash generated from operations		**87,210**	171,727
Interest paid		**(26,988)**	(23,727)
Income taxes paid		**(13,555)**	(7,217)
Interest on lease liabilities		**(3,106)**	(4,865)
Net cash generated from operating activities		**43,561**	135,918
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(110,459)**	(57,743)
Deposit paid for acquisition of leasehold land and property, plant and equipment		**(81,272)**	(35,266)
Proceeds from disposal of property, plant and equipment		**32,115**	56
Dividend received from financial assets at FVTPL		**1,257**	1,896
Interest received		**4,726**	2,583
Net cash used in investing activities		**(153,633)**	(88,474)

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase shares from a non-controlling shareholder in respect of a subsidiary		**(54)**	-
Contribution from non-controlling shareholders in respect of subsidiaries		**-**	10,553
Dividend paid	15	**(9,413)**	(9,490)
New loan raised		**284,976**	125,000
Repayment of loans		**(239,250)**	(118,681)
Net receipt/(payment) of trust receipts and import loans		**61,697**	(40,215)
Principal elements of lease payments		**(24,691)**	(18,552)
Proceeds received under a supplier finance arrangement	37(a)	**70,294**	29,729
Repayments under a supplier finance arrangement	37(a)	**(55,340)**	(30,380)
Net cash generated from/(used in) financing activities		**88,219**	(52,036)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(21,853)**	(4,592)
Net effect of exchange rate changes on cash and cash equivalents held		**(1,938)**	(1,071)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**126,394**	132,057
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	38	**102,603**	126,394

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Combine Will International Holdings Limited (the "Company") (Registration No. MC-196613) was incorporated in the Cayman Islands on 8 October 2007 under The Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liabilities by shares. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 901-2, Block 4, Tai Ping Industrial Centre, 51A Ting Kok Road, Tai Po, New Territories, Hong Kong. The Company's shares are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The financial statements of the Company and of the Group for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 19 to the financial statements.

In the opinion of the directors of the Company, DJKS Holdings Limited, a company incorporated in the British Virgin Islands, is the ultimate parent of the Company.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards, and the related Interpretations to IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

IASB has issued certain new and revised IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. The following paragraphs provide information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(a) Application of revised IFRS Accounting Standards

The Group has applied the following amendments to IFRS Accounting Standards and interpretation for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to IFRS Accounting Standards in the current reporting year had no material impact on the Group's financial positions and performance for the current and prior reporting years and/or on the disclosures set out in these consolidated financial statements.

Adoption of Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" and Amendments to IAS 1 "Non-current Liabilities with Covenants" (collectively the "IAS 1 Amendments")

As a result of the adoption of the IAS 1 Amendments, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification."

This new policy did not result in a change in the classification of Combine Will International Holdings Limited's borrowings. The Group did not make retrospective adjustments as a result of adopting IAS 1 Amendments. The Group has provided additional disclosures about its non-current liabilities subject to covenants in note 39.

2. STATEMENT OF COMPLIANCE (CONT'D)

(a) Application of revised IFRS Accounting Standards (cont'd)

Adoption of Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The Group provided the new disclosures in notes 5(d) and 31.

(b) New and revised IFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 21 and IFRS 1- Lack of Exchangeability	1 January 2025
Amendments to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	1 January 2026
IFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the IASB

The directors of the Company are in the process of making an assessment of what the impacts on new standards, amendments to standards and interpretation are expected to be in the period of initial application. Up to the date of issue of these consolidated financial statements, it has been concluded that the adoption of these standards is unlikely to have a significant impact on the consolidated financial statements except for the following IFRS 18.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying IFRS 18 on the presentation and the disclosures of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION

The consolidated financial statements have been prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(b) Separate financial statements

In the Company's statement of financial position, an investments in subsidiaries are stated at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Cost includes direct attributable costs of investments. The results of subsidiaries are accounted for by the Company on the basis of dividend received or receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Goodwill

Goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs") or groups of CGUs that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to its recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in OCI, any exchange component of that gain or loss is recognised in OCI. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(d) Foreign currency translation (cont'd)

(iii) Translation on consolidation

The results and financial position of all foreign operations (none of which has the currency of hyperinflationary economy) that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

- All resulting exchange differences are recognised in OCI and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in OCI and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Property, plant and equipment

Property, plant and equipment are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over the estimated useful lives. The principal useful lives are as follows:

Buildings	10 - 50 years
Plant and machinery, and leasehold improvement	Over the shorter of the term of the lease and 10 years
Toolings	4 years
Furniture, fixtures and equipment	5 years
Motor vehicles	4 - 5 years

An asset is depreciated when it is available for use until it is de-recognised even if during that period that item is idle. Fully depreciated assets still in use are retained in these financial statements.

Construction in progress represents buildings under construction and plant and equipment pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(e) Property, plant and equipment (cont'd)

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charges for the current and future periods are adjusted.

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) The Group as a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(f) Leases (cont'd)

(i) The Group as a lessee (cont'd)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When the Group is an intermediate lessor, the sub-leases are classified as a financial lease or an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exempted described in note 3(f)(i), then the Group classifies the sub-lease as an operating lease.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. The costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Contract assets and contract liabilities

Contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses ("ECL") in accordance with the policy set out in note 3(y) and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(h) Contract assets and contract liabilities (cont'd)

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(i) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Debt investments</u>

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- FVTOCI - recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in OCI, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(j) Financial assets (cont'd)

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less allowance for credit losses.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(m) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(o) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the ECL model under IFRS 9 and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15").

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(p) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Equity instruments

An equity instrument is any contract that evidence a residual interest in the assets of an entity after deducting all of its liabilities. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

(r) Deferred consideration payable

Deferred consideration payable to non-controlling interests is initially recognised at the present value of the estimated future cash outflows under the associated call and put options and subsequently measured at amortised cost. If the options expire without being exercised, the carrying amount of the liability is reclassified as equity. The deferred consideration payable is current liability unless the options first become exercisable 12 months after the reporting period.

(s) Revenue and other income

Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Revenue represented the sales value of goods sold less return, discount rebates and value added tax ("VAT").

For the sales that is recognised at a point in time, revenue is recognised when customer accepts and the control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

For the sales that is recognised at over time, revenue is recognised when the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the output method. For the output method, the revenue is recognised based on direct measurement of the value of goods to the customer completed to date relative to the total promised goods under the contract. The performance completed based on the units produced and also the stage of goods-in-process under the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(s) Revenue and other income (cont'd)

Mould engineering income is recognised at point in time when the services have been rendered.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(t) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

(u) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(w) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in OCI or directly in equity, in which case the deferred tax is also recognised in OCI or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends either to settle its current tax assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

(x) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the CGU.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(x) Impairment of non-financial assets (cont'd)

Value in use is the present value of the estimated future cash flows of the asset / CGU. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/ CGU whose impairment is being measured.

Impairment losses for CGUs are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the CGU. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(y) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on trade receivables, other receivables, contract assets, pledged bank deposits and bank and cash balances, as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(y) Impairment of financial assets and contract assets (cont'd)

Significant increase in credit risk (cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition of the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default,

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(y) Impairment of financial assets and contract assets (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default or past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(z) Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATION INFORMATION (CONT'D)

(aa) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(ab) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

(a) Income taxes

The Group recognises tax liabilities and assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made.

As at 31 December 2024, no deferred tax asset has been recognised on the tax losses of HK$216,498,000 (2023: HK$233,554,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

(b) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

4. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

(b) Impairment of property, plant and equipment and right-of-use assets (cont'd)

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2024 were HK$440,142,000 (2023: HK$454,673,000) and HK$51,063,000 (2023: HK$69,433,000) respectively.

(c) Impairment of trade receivables and contract assets

The Group uses practical expedient in estimating ECL on trade receivables and contract assets using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Due to eased financial uncertainty triggered by anticipating an escalation that would materially raise the default rate, the Group has decreased the expected loss rates in the current year as there is lower risk that the global market did not anticipate an escalation that would materially raise the default rate could led to decreased credit default rates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 5(c).

As at 31 December 2024, the carrying amount of trade receivables and contract assets is HK$105,859,000 (net of allowance for doubtful debts of HK$2,299,000) (2023: HK$150,114,000 (net of allowance for doubtful debts of HK$7,860,000)) and HK$409,958,000 (net of allowance for doubtful debts of HK$20,000) (2023: HK$258,356,000 (net of allowance for doubtful debts of HK$127,000)) respectively.

(d) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed. At 31 December 2024, allowance for slow-moving inventories amounted to HK$2,727,000 (2023: HK$3,429,000).

(e) Put and call options for 30% equity interest in Lianmei Toys Manufacturing Company Limited

On 3 March 2023, Combine Will Investment Limited ("CW Investment"), a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with Mayuanda Investment (HK) Co., Limited ("Mayuanda"), to set up Lianmei Toys Manufacturing Company Limited ("Lianmei Toys") for the operation of a plush toy business. Out of 35,000,000 ordinary shares issued, CW Investment held 70% of equity interest at HK$24,500,000, and the remaining 30% equity interest were held by Mayuanda at HK$10,500,000.

Pursuant to the same agreement, CW Investment was granted a call option by Mayuanda and granted a put option to Mayuanda to purchase and sell the equity interest in Lianmei Toys of 30% equity interest in Lianmei Toys held by Mayuanda at fixed exercise price. For details of the put and call options, refer to note 34.

Management has assessed the risks and rewards of the 30% equity interest by considering the terms of the put and call options which are symmetric and exercisable at fixed price, and it is highly likely that either CW Investment or Mayuanda will exercise the rights. Management considered that the risks and rewards of the 30% equity interest have been transferred to the Group upon the set up of Lianmei Toys. Accordingly, the financial statements of Lianmei Toys have been consolidated as if it is a wholly-owned subsidiary since its incorporation.

(f) Determination of functional currency

Judgement is required to determine the functional currency of the reporting entity. Management considers economic environment in which the reporting entity operates and factors such as the currency that mainly influences the prices for its revenue items; the currency of the country whose competitive forces and regulations mainly determine the prices for its revenue items; and the currency that mainly influences labour, material and other costs of providing goods or services. It also considers other relevant factors that may also provide evidence of an entity's functional currency.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, United States dollars ("USD"), Renminbi ("RMB") and Indonesian Rupiah ("IDR") and the functional currencies of the principal operating entities of the Group are HK$, RMB and IDR. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2024, if the HK$ had weakened 1 per cent against the RMB with all other variables held constant, consolidated profit after tax for the year would have been HK$1,353,000 (2023: HK$609,000) lower, arising mainly as a result of the net foreign exchange loss on bank and cash balances, prepayment, deposit and other receivables, trade payables, borrowings and accruals and other payables denominated in RMB. If the HK$ had strengthened 1 per cent against the RMB with all other variables held constant, consolidated profit after tax for the year would have been HK$1,353,000 (2023: HK$609,000) higher, arising mainly as a result of the net foreign exchange gain on bank and cash balances, prepayment, deposit and other receivables, trade payables and accruals and other payables denominated in RMB.

(b) Interest rate risk

The Group's cash flow interest rate risk primarily relates to variable-rate bank balances and bank loans. These deposits and borrowings bear interests at variable rates that vary with the then prevailing market condition.

At 31 December 2024, if interest rates at that date had been 50 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been HK$1,409,000 (2023: HK$856,000) higher, arising mainly as a result of lower interest expense on bank loans. If interest rates had been 50 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK$1,409,000 (2023: HK$856,000) lower, arising mainly as a result of higher interest expense on bank loans.

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

Except for the financial guarantee given by the Group as set out in note 32, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 32.

Trade receivables and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due 30-120 days from the date of billing. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group has concentration of credit risk as 92% (2023: 81%) and 2% (2023: 2%) of the total trade receivables was due from the Group's largest customer and the second largest customers respectively. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2024:

	2024		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**0.00% - 2.35%**	**499,685**	**59**
Within 1 year	**0.00% - 21.25%**	**16,238**	**47**
Over 2 years	**100%**	**2,213**	**2,213**
		518,136	**2,319**

	2023		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	**0.02% - 3.11%**	348,159	198
Within 1 year	**0.03% - 21.54%**	60,564	75
1-2 years	**0.79% - 99.99%**	59	39
Over 2 years	**100%**	7,675	7,675
		416,457	7,987

Expected loss rates are based on actual loss experience over the past 9 years (2023: 8 years). These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance for trade receivables and contract assets during the year is as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**7,987**	12,522
Reversal of impairment losses recognised for the year, net	**(203)**	(700)
Written-off	**(5,465)**	(3,835)
At 31 December	**2,319**	7,987

The following changes in the gross carrying amounts of trade receivables and contract assets contributed to the decrease in the loss allowance during 2024:

- decrease in days past due within 2 years resulted in a decrease in loss allowance of HK$203,000; and
- written-off of gross carrying amount of trade receivables amounting to HK$5,465,000.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the directors of the Company when the borrowing exceed certain predetermined level of authority.

As disclosed in note 31, the Group has entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owned to certain suppliers. This results in the Group being required to settle a larger amount with a single counterparty, rather than smaller amounts with several counterparties. The amounts of bank loan for the supplier financing arrangement with a single counterparty as at 31 December 2024 was at HK$27,321,000 (1 January 2024: HK$12,367,000).

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is as follows:

	On demand HK$'000	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 December 2024						
Trade payables	**-**	**233,265**	**-**	**-**	**-**	**233,265**
Accruals and other payables	**-**	**124,743**	**-**	**-**	**-**	**124,743**
Borrowings	**419,258**	**9,279**	**-**	**-**	**-**	**428,537**
Lease liabilities	**-**	**25,084**	**9,765**	**12,174**	**-**	**47,023**
Deferred consideration payable (Note)	**10,500**	**-**	**-**	**-**	**-**	**10,500**
At 31 December 2023						
Trade payables	-	183,199	-	-	-	183,199
Accruals and other payables	-	90,064	-	-	-	90,064
Borrowings	282,759	8,679	9,279	-	-	300,717
Lease liabilities	-	24,381	22,151	16,719	-	63,251
Deferred consideration payable (Note)	10,500	-	-	-	-	10,500

Note: Deferred consideration payable represented the exercise price of the call and put options for 30% interest in Lianmei Toys, which are exercisable within three years since the date of agreement. For details, refer to note 4(e) and 34.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Categories of financial instruments at 31 December 2024 and 2023

	2024	2023
	HK$'000	HK$'000
Financial assets:		
Financial assets measured at amortised cost	**657,644**	554,725
Financial assets measured at FVTPL	**99,459**	122,319
Financial assets measured at FVTOCI	**73**	189
Financial liabilities:		
Financial liabilities at amortised cost	**828,109**	633,443

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the statement of financial position approximate their respective fair values.

6. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 December 2024 and 2023:

	Fair value measurements using:			**Total**
Description	**Level 1**	**Level 2**	**Level 3**	**2024**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	**-**	**99,459**	**-**	**99,459**
Financial assets at FVTOCI				
- Unlisted equity securities	**-**	**-**	**73**	**73**
	-	**99,459**	**73**	**99,532**

6. FAIR VALUE MEASUREMENTS (CONT'D)

(a) Disclosures of level in fair value hierarchy at 31 December 2024 and 2023: (cont'd)

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2023
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	122,319	-	122,319
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	189	189
	-	122,319	189	122,508

There were no transfers between levels 2 and 3 during the reporting year.

(b) Reconciliation of assets measured at fair value based on level 3:

Description	**Financial assets at FVTOCI -unlisted equity securities**	
	2024	2023
	HK$'000	HK$'000
At 1 January	**189**	80
Total (losses)/gains recognised		
- in other comprehensive (loss)/income	**(116)**	109
At 31 December	**73**	189

The total gains/(losses) recognised in OCI are presented in fair value changes of equity instruments at FVTOCI in the consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in future value measurements at 31 December 2024:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors regularly.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Level 2 fair value measurements

The fair value of investment products which acquired in financial institution in Hong Kong, is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on financial institution specific estimates. It includes quoted market price or dealer quotes for similar instruments. If all significant inputs required to fair value of instrument are observable, the instrument is included in level 2.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

6. FAIR VALUE MEASUREMENTS (CONT'D)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in future value measurements at 31 December 2024: (cont'd)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value **2024 HK$'000 Assets/ (Liabilities)**	Fair value 2023 HK$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Underlying assets method (2023: Discounted cash flows)	Risk-adjusted discount rate	Nil (2023: 13%)	Decrease		
		Growth rate	Nil (2023: 15%)	Increase		
		Discount for lack of marketability	Nil (2023: 26%)	Decrease	**73**	189

7. SEGMENT INFORMATION

Other than Original Design Manufacturer/Original Equipment Manufacturer ("ODM/OEM"), none of the other segments meets any of the quantitative thresholds for determining reportable segments. Management believes that ODM/OEM segment represents the financial position of the Group, therefore management is of the opinion that there is only one significant operating division - manufacturing of toys and premium products in the Group. Those financial data has been disclosed in the Statements of Financial Position and the Consolidated Statement of Profit or Loss.

Geographical information:

The Group's revenue from external customers by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue		**Non-current assets**	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Asia				
Greater China (including PRC, Hong Kong, Macau and Taiwan)	**1,466,140**	1,079,108	**278,687**	340,308
Indonesia	**-**	-	**331,056**	221,180
	1,466,140	1,079,108	**609,743**	561,488
Europe				
Germany	**5,144**	25,872	**-**	-
Switzerland	**-**	8,194	**-**	-
	5,144	34,066	**-**	-
Consolidated total	**1,471,284**	1,113,174	**609,743**	561,488

In presenting the geographical information, revenue is based on the locations of the customers.

7. SEGMENT INFORMATION (CONT'D)

Revenue from major customers:

	2024 HK$'000	2023 HK$'000
ODM/OEM		
Customer a	**1,250,906**	843,319
Customer b	**141,976**	166,008

8. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, there are transactions and arrangements between the Group and other related parties, and the effects of these on the basis determined between the parties are shown below.

Key management compensation

	2024 HK$'000	2023 HK$'000
Salaries and other short-term employee benefits	**12,156**	14,439

The above amounts are included under employee benefits expenses. Included in the above amounts are the following items:

	2024 HK$'000	2023 HK$'000
Remunerations of directors of the Company	**3,903**	3,903
Fees to directors of the Company	**2,329**	2,212

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

Material related party transaction

The management fees of HK$6,400,000 (2023: HK$2,541,000) are paid to a shareholder of a subsidary, Mayuanda.

9. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the year is as follows.

	2024 HK$'000	2023 HK$'000
Sales of toys and premium products ("Toys")	**1,471,284**	1,113,174
Timing of revenue recognition		
Point in time	**39,519**	29,640
Over time	**1,431,765**	1,083,534
Total	**1,471,284**	1,113,174

Sales of Toys derives revenue either from the transfer of goods at a point in time; or recognised as a performance obligation satisfied over time. The recognition is subject to the terms of sales contract in consideration of the local jurisdiction. All contracts are less than 12 months.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

10. OTHER INCOME AND GAINS AND LOSSES

	2024 HK$'000	2023 HK$'000
Interest income on bank deposits and FVTPL	**4,726**	2,583
Imputed interest income	**429**	252
Dividend income	**1,257**	1,896
Order amended income	**1,026**	21
Sample sales	**874**	874
Miscellaneous receipts	**4,518**	5,349
Mould engineering income, net	**2,439**	8,236
Rental income	**3,648**	3,894
Sales of scrap materials	**3,756**	4,485
Government grants *	**2,525**	1,807
Reversal of allowance for inventories	**702**	3,233
Lease modification	**-**	2,665
Fair value gain on financial assets at FVTPL	**8,822**	1,310
Loss on disposal of financial assets at FVTPL	**(7,971)**	(177)
Gain/(loss) on disposal of property, plant and equipment	**23,497**	(292)
	50,248	36,136

* Government grants represented subsidies to the Group by the PRC government as incentives primarily to encourage the development of the Group and the contribution to the local economic development, poverty reduction, wage and operation support and Government support for innovation and technology.

11. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**26,988**	23,727
Interest expenses on lease liabilities (note 18)	**3,106**	4,865
Interest expenses on deferred consideration payable (note 34)	**1,099**	734
	31,193	29,326

12. INCOME TAX EXPENSE

Income tax expense has been recognised in profit or loss as following:

	2024 HK$'000	2023 HK$'000
Deferred tax (note 28)	**-**	(2,650)
Current tax expenses		
- Hong Kong	**-**	44
- The PRC	**6,394**	3,994
- Indonesia	**2,562**	4,942
Under/(over) - provision in prior years		
- The PRC	**1,712**	(15)
Withholding tax expenses		
Under-provision in prior years		
- Hong Kong	**4,100**	-
	14,768	8,965
	14,768	6,315

12. INCOME TAX EXPENSE (CONT'D)

Under the two-tiered profits tax rate regime, the first HK$2,000,000 of assessable profits of qualifying corporations established in Hong Kong will be lowered to 8.25%, and profits above that amount will be subject to the tax rate of 16.5%. The profits of the group entities not qualifying for the two-tiered profits tax rate regime will continue to be taxed at a rate of 16.5%.

For the years ended 31 December 2024, the applicable PRC and Indonesia enterprise income tax rates are 25% (2023: 25%) and 22% (2023: 22%) respectively.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is HK$5,364,000 (2023: HK$4,585,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

The income tax expense varied from the amount of income tax expense determined by applying the Hong Kong Profits Tax rate of 16.5% (2023: 16.5%) to profit before tax as a result of the following differences:

	2024 **HK$'000**	2023 HK$'000
Profit before tax	**60,502**	48,846
Income tax expense at Hong Kong Profits Tax rate	**9,983**	8,060
Tax effect of income that is not taxable	**(10,401)**	(19,490)
Tax effect of expenses that are not deductible	**4,071**	3,063
Tax effect of temporary differences not recognised	**(430)**	45
Tax effect of utilisation of tax losses not previously recognised	**(340)**	(182)
Tax effect of tax losses not recognised	**3,374**	12,606
Effect of different tax rates of subsidiaries	**2,699**	4,878
Under/(over) -provision of tax expenses in prior years	**5,812**	(2,665)
Income tax expense	**14,768**	6,315

13. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging/(crediting) the following:

	2024 **HK$'000**	2023 HK$'000
Audit fee paid to:		
- Independent auditors of the Company	**2,076**	1,899
- Other independent auditors - network firms	**181**	133
- Other independent auditors - non-network firms	**255**	252
Audit-related services fee paid to:		
- Independent auditors of the Company	**450**	450
Non-audit related services fee paid to:		
- Independent auditors of the Company	**290**	-
- Other independent auditors - network firms	**99**	87
- Other independent auditors - non-network firms	**1,655**	1,149
Bad debts	**-**	67
Depreciation on property, plant and equipment	**83,881**	79,135
Depreciation on right-of-use assets	**22,723**	20,814
(Gain)/loss on disposal of property, plant and equipment	**(23,497)**	292
Exchange loss, net	**3,548**	5,212
Reversal of allowance for inventories	**(702)**	(3,233)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

14. EMPLOYEE BENEFITS EXPENSES

	2024	2023
	HK$'000	HK$'000
Employee benefits expenses including directors	**441,287**	366,768
Contributions to defined contribution scheme	**41,030**	35,829
Employee benefits expenses	**482,317**	402,597

15. DIVIDENDS

	2024	2023
	HK$'000	HK$'000
Final of SGD0.05 (2023: SGD0.05) per ordinary share paid in respect of the year ended 31 December 2023 (2023: 2022)	**9,413**	9,490

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2024 of SGD0.05 per share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming general meeting.

16. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company of approximately HK$45,734,000 (2023: HK$42,531,000) by the weighted average number of ordinary shares of 32,327,400 (2023: 32,327,400) in issue during the year.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2024 and 2023.

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Plant and machinery, and leasehold improvement	Toolings	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost							
At 1 January 2023	7,719	902,454	47,198	45,478	13,844	934	1,017,627
Additions	-	52,409	502	2,213	447	2,172	57,743
Disposals	-	(3,075)	(199)	(330)	(255)	-	(3,859)
Transfer	-	542	-	-	-	(542)	-
Exchange differences	-	(10,551)	(4,118)	679	(157)	24	(14,123)
At 31 December 2023 and 1 January 2024	7,719	941,779	43,383	48,040	13,879	2,588	1,057,388
Additions	-	**95,799**	**1,639**	**4,209**	**293**	**8,519**	**110,459**
Disposals	**(1,380)**	**(76,883)**	**(994)**	**(1,167)**	**(125)**	**-**	**(80,549)**
Transfer	**-**	**1,933**	**36**	**-**	**-**	**(1,969)**	**-**
Exchange differences	**-**	**(22,846)**	**(528)**	**(2,030)**	**(177)**	**(133)**	**(25,714)**
At 31 December 2024	**6,339**	**939,782**	**43,536**	**49,052**	**13,870**	**9,005**	**1,061,584**
Accumulated depreciation and impairment							
At 1 January 2023	5,291	448,617	32,199	35,085	11,321	-	532,513
Charge for the year	150	74,288	974	3,054	669	-	79,135
Disposals	-	(2,757)	(169)	(330)	(255)	-	(3,511)
Exchange differences	-	(1,078)	(968)	(3,289)	(87)	-	(5,422)
At 31 December 2023 and 1 January 2024	5,441	519,070	32,036	34,520	11,648	-	602,715
Charge for the year	**150**	**77,743**	**2,304**	**3,089**	**595**	**-**	**83,881**
Disposals	**(434)**	**(50,119)**	**(994)**	**(1,156)**	**(125)**	**-**	**(52,828)**
Exchange differences	**-**	**(10,125)**	**(1,388)**	**(702)**	**(111)**	**-**	**(12,326)**
At 31 December 2024	**5,157**	**536,569**	**31,958**	**35,751**	**12,007**	**-**	**621,442**
Carrying amount							
At 31 December 2024	**1,182**	**403,213**	**11,578**	**13,301**	**1,863**	**9,005**	**440,142**
At 31 December 2023	2,278	422,709	11,347	13,520	2,231	2,588	454,673

During the reporting year, the Group disposed the Shenshan land and property located at Shenshan Industrial Area, Hengli Town, Dongguan City, PRC (the "Shenshan Property") to Hengli Town People's Government of Dongguan City (the "Hengli Government") for an aggregate consideration of HK$50,783,000. The carrying amount of Shenshan Property is HK$27,348,000. The Group received HK$31,680,000 from the Hengli Government and the remaining balance of HK$19,103,000 (note 26) was not yet received as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

17. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The depreciation expense is charged as follows:

	Cost of sales	Administrative expenses	Total
	HK$'000	HK$'000	HK$'000
Year ended 31 December 2024	**79,204**	**4,677**	**83,881**
Year ended 31 December 2023	74,380	4,755	79,135

18. RIGHT-OF-USE ASSETS

Group

	Leasehold lands	Leased properties	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2023	21,547	55,441	76,988
Additions	-	2,968	2,968
Depreciation	(910)	(19,904)	(20,814)
Lease modification	-	8,010	8,010
Exchange differences	282	1,999	2,281
At 31 December 2023 and 1 January 2024	20,919	48,514	69,433
Additions	**-**	**9,905**	**9,905**
Depreciation	**(871)**	**(21,852)**	**(22,723)**
Exchange differences	**(1,413)**	**(4,139)**	**(5,552)**
At 31 December 2024	**18,635**	**32,428**	**51,063**

Lease liabilities of HK$42,258,000 (2023: HK$55,813,000) are recognised with related right-of-use assets of HK$32,428,000 (2023: HK$48,514,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

	2024	2023
	HK$'000	HK$'000
Depreciation expenses on right-of-use assets	**22,723**	20,814
Interest expenses on lease liabilities (included in finance cost)	**3,106**	4,865
Expenses relating to short-term lease (included in cost of sales and administrative expenses)	**794**	1,555

Details of total cash outflow for leases is set out in note 37(b).

For both years, the Group leases various offices, factories, warehouses, and staff quarters for its operations. Lease contracts are entered into for fixed term of 3 to 10 years, but may have extension and termination options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, a subsidiary of the Company owns several industrial buildings where its manufacturing facilities are primarily located. The subsidiary is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024	2023
	HK$'000	HK$'000
Unlisted investments, at cost	**310,205**	310,205
Loans to subsidiaries	**151,059**	151,059
Financial guarantees to subsidiaries	**29,118**	17,400
Less: Impairment of unlisted investments	**(16,382)**	(16,382)
	474,000	462,282

The loans to subsidiaries are non-interest bearing and not expected to be repaid in the foreseeable future. The loans are therefore deemed to form part of the Company's interest in subsidiaries.

Amounts due to subsidiaries of HK$35,865,000 (2023: HK$42,792,000) are unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries as at 31 December 2024 are as follows:

Name	Date and place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital		Effective interests held by the Group	
			2024	2023	**2024**	2023
Directly held					**%**	%
Combine Will Holdings Limited *	19 September 2000 Cayman Islands	Investment holding	**HK$1,000**	HK$1,000	**100**	100
APT International Holdings Limited *	4 August 2009 Cayman Islands	Investment holding	**USD2,100,000**	USD2,100,000	**100**	100
Indirectly held						
Combine Will Industrial Company Limited **	12 March 1992 Hong Kong	Investment holding, manufacturing and trading of plastic toys, die casting and premium items on OEM basis	**HK$14,000,000**	HK$14,000,000	**100**	100
联志玩具礼品(东莞)有限公司 (Lian Zhi Toys Gift (Dongguan) Co., Ltd.) ****#@	7 November 2001 Dongguan, Guangdong, PRC	Manufacturing of plastic toys, die casting and premium items on OEM basis	**HK$82,552,400**	HK$82,552,400	**100**	100
Triple Wise Co., Ltd. *	3 August 2000 British Virgin Islands	Investment holding	**USD1**	USD1	**100**	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 31 December 2024 are as follows (cont'd):

Name	Date and place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital		Effective interests held by the Group	
			2024	2023	**2024**	2023
Indirectly held (cont'd)					**%**	%
Loong Run Industrial Company Limited **	7 March 1995 Hong Kong	Investment holding and trading of plastic toys, die casting and premium items on OEM basis	**HK$100,000**	HK$100,000	**100**	100
东莞联弘玩具有限公司 (Dongguan Loong Run Toys Company Limited) ****#@	21 August 2002 Dongguan, Guangdong, PRC	Manufacturing of plastic toys, die casting and premium items on OEM basis	**HK$14,500,000**	HK$14,500,000	**100**	100
Legacy Giftware Limited **	6 August 1996 Hong Kong	Inactive	**HK$3,100,000**	HK$3,100,000	**100**	100
Combine Will Industrial (Overseas) Company Limited *	25 October 2000 British Virgin Islands	Investment holding	**USD2**	USD2	**100**	100
Million Favour Inc. *	8 August 2000 Samoa	Investment holding and trading of electronics parts for the toys	**USD100**	USD100	**100**	100
东莞成乐电子有限公司 (Bliss Electronic (China) Company Limited) ****#@	5 August 2003 Dongguan, Guangdong, PRC	Manufacturing of electronics parts	**HK$25,361,000**	HK$25,361,000	**100**	100
Sunstone Company Limited **	3 February 1994 Hong Kong	Inactive	**HK$100,000**	HK$100,000	**100**	100
Altrust Precision Tooling Company Limited **	12 November 1996 Hong Kong	Investment holding	**HK$10,100,000**	HK$10,100,000	**100**	100
Kam Hing Product Design and Development Company Limited **	12 February 1997 Hong Kong	Inactive	**HK$10,100,000**	HK$10,100,000	**100**	100
Altrust Precision Tooling Company Limited *	29 June 1999 Samoa	Investment holding	**USD1**	USD1	**100**	100

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 31 December 2024 are as follows (cont'd):

Name	Date and place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital		Effective interests held by the Group	
			2024	2023	**2024**	2023
<u>Indirectly held</u> (cont'd)					**%**	%
忠信制模(东莞)有限公司 (Altrust Precision Tooling (Dongguan) Co., Ltd.) ****#@	22 October 1999 Dongguan, Guangdong, PRC	Inactive	**HK$84,075,270**	HK$84,075,270	**100**	100
河源联弘玩具礼品有限公司 (Loong Run (He Yuan) Toys Company Limited) ***#@	28 December 2009 Heyuan, Guangdong, PRC	Manufacturing and trading of plastic toys	**HK$60,000,000**	HK$60,000,000	**100**	100
Luke Medical Company Limited **	4 August 2011 Hong Kong	Inactive	**HK$10,000**	HK$10,000	**100**	100
PT. Combine Will Industrial Indonesia*****	23 March 2016 Indonesia	Manufacturing and trading of plastic toys	**USD6,000,000**	USD6,000,000	**100**	100
联志玩具礼品(苍梧)有限公司 (Combine Will (Cangwu) Industrial Co., Ltd.) ****#@	21 March 2018 Cangwu, Guangxi, PRC	Manufacturing and trading of plastic toys	**HK$50,000,000**	HK$50,000,000	**100**	100
Combine Will Creative Development Limited **	29 December 2022 Hong Kong	Inactive	**HK$100,000**	HK$100,000	**100**	100
Combine Will Investment Limited**	29 December 2022 Hong Kong	Inactive	**HK$100,000**	HK$100,000	**100**	100
联志好邻舍(深圳)科技有限公司 (Combine Will Neighbourhood (Shenzhen) Technology Limited) ("Combine Will Neighbourhood")****#@	10 February 2023 Shenzhen, Guangdong, PRC	Inactive	**RMB2,200,000**	RMB2,200,000	**100**	100
Lianmei Toys Manufacturing Company Limited** <Note 1>	21 February 2023 Hong Kong	Investment holding and trading of plush toys	**HK$35,000,000**	HK$35,000,000	**70**	70
Combine Will (Singapore) Pte. Ltd.******	11 August 2023 Singapore	Inactive	**SGD1**	SGD1	**100**	100

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 31 December 2024 are as follows (cont'd):

Name	Date and place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital		Effective interests held by the Group	
			2024	2023	**2024**	2023
Indirectly held (cont'd)					**%**	%
PT.Combine Will Investama Indonesia*****<Note 3>	8 September 2023 Indonesia	Leasing	**IDR95,873,449,685**	IDR10,500,000,000	**100**	99
Dongguan Combine Will Tengda Technology Company Limited !#@ <Note 2>	25 June 2024 Dongguan, Guangdong, PRC	Inactive	**HK$ Nil**	-	**100**	-
PT. Lianmei Industrial Indonesia! <Note 2>	13 November 2024 Indonesia	Inactive	**IDR Nil**	-	**70**	-

All the subsidiaries are audited by RSM Hong Kong for the purpose of consolidation.

*	Not required to be audited according to the laws of country of incorporation.
**	The statutory financial statements for the year ended 31 December 2024 were audited by RSM Hong Kong.
***	The statutory financial statements for the year ended 31 December 2024 prepared in accordance with generally accepted accounting principles in the PRC, were audited by 广东大川会计师事务所 (Da Chuan Certified Public Accountants) for tax filing and annual registration purposes.
****	The statutory financial statements for the year ended 31 December 2024 prepared in accordance with generally accepted accounting principles in the PRC, were audited by 东莞德睿会计师事务所 for tax filing and annual registration purposes.
*****	The statutory financial statements for the year ended 31 December 2024 prepared in accordance with generally accepted accounting principles in the Indonesia, were audited by RSM Indonesia for tax filing and annual registration purposes.
******	The statutory financial statements for the year ended 31 December 2024 were audited by RSM SG Assurance LLP.
#	These subsidiaries are registered as wholly-owned enterprise under the PRC law.
@	The English names of these subsidiaries registered in the PRC represents the best efforts made by the Directors to translate their Chinese names as no English names have been registered for these subsidiaries.
!	Not required to be audited as the subsidiaries are newly incorporated.
<Note 1>	The remaining 30% is subject to put and call options exercisable from 3 March 2023 to 2 March 2026. The terms of put and call options over these non-controlling interests, mean that they give to the Group a present ownership interest in the underlying shares, accordingly the financial statements of Lianmei Toys have been consolidated as if it is a 100% owned subsidiary since its incorporation.
<Note 2>	As at 31 December 2024, the registered share capital for Dongguan Combine Will Tengda Technology Company Limited and PT. Lianmei Industrial Indonesia amounted to HK$200,000,000 and IDR10,000,000,000 respectively were unpaid (note 41).
<Note 3>	1% shares of PT. Combine Will Investama Indonesia was acquired from a non-controlling shareholder of PT. Combine Will Investama Indonesia by a subsidiary, Combine Will (Singapore) Pte. Ltd., amounted to HK$54,000 (consolidated statement of changes in equity).

20. GOODWILL

	Group HK$'000
Cost	
At 1 January 2023, 31 December 2023 and 31 December 2024	2,417
Accumulated impairment losses	
At 1 January 2023, 31 December 2023 and 31 December 2024	490
Carrying amount	
At 31 December 2024 and 31 December 2023	1,927

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to the segment of ODM/OEM of HK$1,927,000 (2023: HK$1,927,000).

The recoverable amounts of the CGUs have been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and turnover during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The Group prepares ODM/OEM segment CGU's cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the discount rate and the growth rate of 11% and 1% to 20% respectively (2023: 10% and 1% to 21%).

The directors of the Company believe that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause their carrying amounts to exceed their recoverable amounts.

21. FINANCIAL ASSETS AT FVTPL

	Group	
	2024 HK$'000	2023 HK$'000
Fair value at 1 January	**122,319**	120,932
Additions on investment products	**165,323**	5,967
Disposal on investment products	**(188,402)**	(5,719)
Increase in FVTPL under other income and gains and losses	**8,822**	1,310
Loss on disposals of FVTPL	**(7,971)**	(177)
Exchange difference	**(632)**	6
Fair value at 31 December	**99,459**	122,319

All financial assets at FVTPL are denominated in USD.

The investment products are listed financial instruments placed in the financial institutions in Hong Kong. The fair values of the investment products are derived from current redemption values quoted by financial institutions.

22. FINANCIAL ASSETS AT FVTOCI

	Group	
	2024 HK$'000	2023 HK$'000
Unlisted equity securities at FVTOCI	**73**	189

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

22. FINANCIAL ASSETS AT FVTOCI (CONT'D)

As at 31 December 2024, the Group has invested HK$2,000,000 (2023: HK$2,000,000) in an unlisted company incorporated in Hong Kong. The Group owned 10% (2023: 10%) equity interests in that company. The Group has irrevocably elected at initial recognition to recognise the investment as financial assets at FVTOCI as the investment is held for the purpose of strategic investment.

The fair value changes in financial assets at FVTOCI of HK$116,000 is charged to other comprehensive loss.

23. CONTRACT ASSETS

	Group	
	2024	2023
	HK$'000	HK$'000
Receivables from contracts with customers within the scope of IFRS 15	**409,978**	258,483
Less: Allowance for impairment	**(20)**	(127)
	409,958	258,356

Amounts relating to contract assets are balances due from customers under manufacturing contracts that arise when the Group's enforceable right to receive payments from customers is in line with completion progress of performance obligation. Payment for the manufacturing services is not due from the customers until the transfer of the promised good to the customer and therefore a contract asset revenue is recognised over the period in which the manufacturing services are performed to represent the entity has an enforceable right to payment for performance completed to date. The amount of contract assets that is expected to be recovered within one year.

24. INVENTORIES

	Group	
	2024	2023
	HK$'000	HK$'000
Raw materials, consumables and supplies	**133,679**	84,790
Work in progress	**1,242**	939
Finished goods	**3,574**	3,041
Less: Allowance for impairment	**(2,727)**	(3,429)
	135,768	85,341

The movement of allowance for inventories is as follows:

	Group	
	2024	2023
	HK$'000	HK$'000
At 1 January	**3,429**	6,662
Reversal of allowance for the year	**(702)**	(3,233)
At 31 December	**2,727**	3,429

The reversal of allowance for inventories arose due to an increase in the estimated net realisable value of certain products as a result of change in market condition and sales of certain products which had been written down to net realisable value in prior years.

25. TRADE RECEIVABLES

The aging analysis of trade receivables based on the invoice date, and net of allowance, is as follows:

	Group 2024 HK$'000	2023 HK$'000
0 to 30 days	**87,894**	89,675
31 to 60 days	**9,921**	45,996
61 to 90 days	**6,034**	9,654
91 to 180 days	**2,096**	4,890
181 to 365 days	**-**	24
Over 365 days	**2,213**	7,735
	108,158	157,974
Allowance for impairment loss	**(2,299)**	(7,860)
	105,859	150,114

The average credit period generally granted to non-related trade receivables customers for the year ended 31 December 2024 is ranging from 30-120 days (2023: 30-120 days).

The carrying amounts of trade receivables denominated in currencies other than the presentation and functional currency of the Group are as follows:

	Group 2024 HK$'000	2023 HK$'000
RMB	**1,357**	240
USD	**101,340**	141,989

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group 2024 HK$'000	2023 HK$'000
Prepayments	**26,718**	20,133
Mould and trade deposits paid	**25,952**	30,902
Utility and other deposits	**56,239**	56,126
Value added tax receivables	**15,752**	15,720
	124,661	122,881
Other receivables <Note>	**52,486**	33,155
Allowance for impairment loss for other receivables	**(29,014)**	(29,014)
	23,472	4,141
	148,133	127,022

The movement of allowance for impairment loss for other receivables is as follows:

	Group 2024 HK$'000	2023 HK$'000
At 1 January and 31 December	**29,014**	29,014

<Note> As at 31 December 2024, included in the Group's other receivables are sales proceeds of disposal of Shenshan Property to the Hengli Government amounted to HK$19,103,000 (note 17). Those sales proceeds will be settled after the deregistration of land and property certificates by the Hengli Government.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

27. BANK AND CASH BALANCES

An analysis of the bank and cash balances denominated in currencies other than the presentation and functional currency of the Group and Company is as follows:

	Group		Company	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**39,485**	44,927	**46**	-
RMB	**34,878**	13,077	**-**	-
Japanese Yen ("JPY")	**6**	4,431	**-**	-
EUR	**7**	7	**-**	-
SGD	**822**	296	**138**	143
IDR	**10,708**	13,935	**-**	-

The rate of interest for the cash on interest earning balances ranged from 0.01% to 4.23% (2023: 0.01% to 3.25%) per annum. These approximate the effective interest rates.

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

28. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods.

	Accelerated tax depreciation HK$'000
At 1 January 2023	2,650
Credit for the year (note 12)	(2,650)
At 31 December 2023 and 31 December 2024	**-**

There is no income tax consequence of dividends to owners of the Company.

At the end of the reporting period the Group has unused tax losses of HK$216,498,000 (2023: HK$233,554,000) available for offset against future profits and no deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$11,113,525 (2023: HK$4,840,244) that will expire in 2029. Other tax losses may be carried forward indefinitely.

29. TRADE PAYABLES

	Group	
	2024	2023
	HK$'000	HK$'000
Trade payables	**233,265**	183,199

29. TRADE PAYABLES (CONT'D)

An analysis of the above amounts denominated in currencies other than the presentation and functional currency of the Group is as follows:

	Group	
	2024	2023
	HK$'000	HK$'000
USD	**27,750**	46,191
RMB	**83,358**	67,470

The average credit period taken to settle non-related trade payables for the year ended 31 December 2024 is about 30 to 60 days (2023: 30 to 60 days).

30. ACCRUALS AND OTHER PAYABLES

	Group	
	2024	2023
	HK$'000	HK$'000
Accruals	**117,886**	85,022
Mould and trade deposits received	**14,673**	25,997
Contract liability *	**5,975**	13,411
Other payables	**6,857**	5,042
	145,391	129,472

* Contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

Movements in contract liability

	Group	
	2024	2023
	HK$'000	HK$'000
At 1 January	**13,411**	7,120
Decrease in contract liability as a result of recognising revenue during the year	**(13,411)**	(7,120)
Increase in contract liability as a result of billings in advance	**5,975**	13,411
At 31 December	**5,975**	13,411

The above amount relates to billings in advance for performance received that is expected to be recognised as income within 1 year.

31. BORROWINGS

	Group	
	2024	2023
	HK$'000	HK$'000
Supplier finance arrangement, secured (note 39)	**27,321**	12,367
Trust receipts and import loans, secured (note 39)	**271,777**	210,080
Term loans (note 39)	**119,837**	74,111
	418,935	296,558

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

31. BORROWINGS (CONT'D)

An analysis of the above amounts denominated in currencies other than the presentation and functional currency of the Group is as follows:

	Group	
	2024	2023
	HK$'000	HK$'000
USD	**47,434**	15,062
RMB	**70,526**	13,526

The average interest rates at 31 December were as follows:

	Group	
	2024	2023
Trust receipts and import loans, secured	**6.22%**	7.19%
Term loans	**6.22%**	7.01%

The borrowings are secured by corporate guarantees by the Company and cross guaranteed by its subsidiaries.

Borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

	Group	
	2024	2023
	HK$'000	HK$'000
Current	**418,935**	287,558
Non-current	**-**	9,000
	418,935	296,558

As at 31 December 2024, the Group has term loans of HK$35,527,000 (2023: HK$15,110,000) due for repayment after one year but contain a repayment on demand clause. The Directors believe that these outstanding borrowing at 31 December 2024 will be fully repaid in 2029 in accordance with the scheduled repayment date in the agreements.

Supplier finance arrangement

The Group has entered into certain reverse factoring arrangements with a bank, under which the Group obtained extended credit in respect of invoice amounts owed to certain suppliers.

Under these arrangements, the bank pays suppliers the amounts owed by the Group after submission of application form and invoice to the bank. The Group then repays the bank between 90 to 180 days after the bank's payment to the suppliers, without interest as the interest is borne by the suppliers.

As at 31 December 2024, the carrying amount of financial liabilities under these arrangements amounted to HK$27,321,000 (2023: HK$12,367,000) of which suppliers have received payments from the bank.

Trust receipts and import loans

The Group has entered into certain factoring arrangements with banks, under which the Group obtained financing in respect of invoice amounts owed to certain suppliers.

Under these arrangements, the banks provide finance to the Group for the settlement of PRC suppliers' VAT invoices or the banks pay Hong Kong suppliers directly the amounts owed by the Group. The Group then repays the banks within 90 days after provision of the financing from the banks, including interest expenses.

32. FINANCIAL GUARANTEES

	Company 2024 HK$'000	Company 2023 HK$'000
Fair value of financial guarantees		
- Subsidiaries	**28,282**	17,400

33. LEASE LIABILITIES

Group	Minimum lease payments 2024 HK$'000	Minimum lease payments 2023 HK$'000	Present value of minimum lease payments 2024 HK$'000	Present value of minimum lease payments 2023 HK$'000
Within one year	**25,084**	24,381	**22,761**	21,307
One to second years	**9,765**	22,151	**8,454**	18,304
In the third to fifth years, inclusive	**12,174**	16,719	**11,043**	16,202
	47,023	63,251	**42,258**	55,813
Less: Future finance charges	**(4,765)**	(7,438)	**N/A**	N/A
Present value of lease obligations	**42,258**	55,813	**42,258**	55,813
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(22,761)**	(21,307)
Amount due for settlement after 12 months			**19,497**	34,506

The weighted average incremental borrowing rates applied to lease liabilities range from 2.8% to 11.2% (2023: from 2.8% to 11.2%) per annum.

All finance lease payables are denominated in RMB.

34. DEFERRED CONSIDERATION PAYABLE

	Group 2024 HK$'000	Group 2023 HK$'000
Liability in relation to put option granted to non-controlling interest of subsidiary	**7,075**	7,075
Interest expenses	**1,833**	734
	8,908	7,809

On 3 March 2023, CW Investment, a wholly-owned subsidiary of the Group, entered into a shareholders' agreement with Mayuanda to set up Lianmei Toys for the operation of a plush toy business. Out of 35,000,000 ordinary shares issued, CW Investment held 70% of equity interest at HK$24,500,000, and the remaining 30% equity interest held by Mayuanda at HK$10,500,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

34. DEFERRED CONSIDERATION PAYABLE (CONT'D)

Pursuant to the same agreement, CW Investment was granted a call option by Mayuanda and granted a put option to Mayuanda to purchase and sell the 30% equity interest in Lianmei Toys. The call option granted a right to CW Investment to purchase the remaining 30% equity interest in Lianmei Toys at the fixed exercise price at HK$10,500,000 within 3 years since the date of the agreement. The put option granted a right to Mayuanda to sell its 30% equity interest to CW Investment at HK$10,500,000 within 3 years since the date of the agreement, and CW Investment is obligated to purchase those equity interests. Management considered that the risks and rewards of the 30% equity interest have already been transferred to the Group upon the set up of Lianmei Toys, after considering that the terms of put and call options over these non-controlling interests. Lianmei Toys has been treated as if it is a wholly-owned subsidiary since its incorporation, given that the Group has a present ownership interest in the 30% equity interests held by Mayuanda.

The deferred consideration payable is initially recognised at the present value of the exercise price of HK$10,500,000 at HK$7,075,000 and subsequently measured at amortised cost.

The interest expenses of deferred consideration payable of HK$1,099,000 (2023: HK$734,000) is charged to profit or loss.

35. SHARE CAPITAL

	Company	
	Number of shares	**Amount**
		HK$
Authorised:		
Ordinary shares of HK$7.50 (2023: HK$7.50) each		
At 1 January 2023, 31 December 2023 and 31 December 2024	100,000,000	750,000,000
Issued and fully paid:		
Ordinary shares of HK$7.50 (2023: HK$7.50) each		
At 1 January 2023, 31 December 2023 and 31 December 2024	32,327,400	242,455,500

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for owners of the Company and benefits for other stakeholders, and to provide an adequate return to owners of the Company by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt, including supplier finance arrangement, borrowings, lease liabilities and deferred consideration payable less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained earnings and other reserves).

	Group	
	2024	2023
	HK$'000	HK$'000
Total debts	**470,101**	360,180
Less: Cash and cash equivalents (note 38)	**(102,603)**	(126,394)
Net debts	**367,498**	233,786
Total equity	**746,448**	742,685

35. SHARE CAPITAL (CONT'D)

	Group 2024	Group 2023
Debt-to-adjusted capital ratio	**49%**	31%

The debt-to-adjusted capital ratio increased from 31% to 49% resulted from increase of borrowings.

The externally imposed capital requirements for the Group are: (i) to maintain its listing on the SGX-ST it has to have a public float of at least 10% of the total issued shares; and (ii) to meet financial covenants attached to the interest-bearing borrowings.

The Group receives a report from the share registrars monthly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 10% limit throughout the year.

Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing for the years ended 31 December 2024 and 2023.

36. RESERVES

(a) The Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) The Company

	Share premium HK$'000 (note 36(c)(i))	Contributed surplus HK$'000 (note 36(c)(ii))	Capital redemption reserve HK$'000 (note 36(c)(iii))	Retained earnings HK$'000	Total HK$'000
At 1 January 2023	26,488	130,205	1,665	12,048	170,406
Total comprehensive income for the year	-	-	-	6	6
Dividend paid	-	-	-	(9,490)	(9,490)
At 31 December 2023 and 1 January 2024	26,488	130,205	1,665	2,564	160,922
Total comprehensive income for the year	**-**	**-**	**-**	**17,231**	**17,231**
Dividend paid	**-**	**-**	**-**	**(9,413)**	**(9,413)**
At 31 December 2024	**26,488**	**130,205**	**1,665**	**10,382**	**168,740**

(c) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Contributed surplus

Contributed surplus of the Company arose as a result of the restructuring exercise and represented the difference between the consolidated net asset value of subsidiaries acquired and the nominal value of the Company's shares issued in exchange therefor.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

36. RESERVES (CONT'D)

(c) Nature and purpose of reserves (cont'd)

(ii) Contributed surplus (cont'd)

The contributed surplus of the Company is available for distribution to owners, provided that the Company is, after the payment of dividends out of the contributed surplus, able to pay its liabilities as they become due; or the realisable value of the Company's assets would thereby not be less than the aggregate of its liabilities, issued share capital and reserves.

(iii) Capital redemption reserve

Where shares are redeemed or purchased wholly out of profits available for distribution a sum equal to the amount by which the Company's share capital is diminished on cancellation of the shares (there nominal value of the shares) should be transferred to the capital redemption reserve.

(iv) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3(d)(iii) to the financial statements.

(v) Financial assets at FVTOCI reserve

The financial assets at FVTOCI reserve comprises the cumulative net change in the fair value of financial assets at FVTOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3(j) to the consolidated financial statements.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(a) Reconciliation of liabilities arising from financing activities (cont'd)

	Supplier finance arrangements (note 31) HK$'000	Term loans (note 31) HK$'000	Borrowings (note 31) HK$'000	Lease liabilities (note 33) HK$'000	Deferred consideration payable (note 34) HK$'000	Total HK$'000
At 1 January 2023	13,018	67,792	251,140	68,849	-	400,799
Cash flows	(651)	944	(58,567)	(23,417)	10,500	(71,191)
Interest expenses	-	5,375	18,352	4,865	734	29,326
Liabilities under supplier finance arrangement transferred from trade payables	29,729	-	-	-	-	29,729
Payments to suppliers by the bank under supplier finance arrangement (presented as operating cash flows within increase/(decrease) in trade payables)	(29,729)	-	-	-	-	(29,729)
Acquisition of lease	-	-	-	2,968	-	2,968
Modification of lease	-	-	-	5,345	-	5,345
Non-controlling interest	-	-	-	-	(3,425)	(3,425)
Exchange difference	-	-	(845)	(2,797)	-	(3,642)
At 1 January 2024	12,367	74,111	210,080	55,813	7,809	360,180
Cash flows	**14,954**	**38,036**	**42,399**	**(27,797)**	**-**	**67,592**
Interest expenses	**-**	**7,690**	**19,298**	**3,106**	**1,099**	**31,193**
Liabilities under supplier finance arrangement transferred from trade payables	**70,294**	**-**	**-**	**-**	**-**	**70,294**
Payments to suppliers by the bank under supplier finance arrangement (presented as operating cash flows within increase/(decrease) in trade payables)	**(70,294)**	**-**	**-**	**-**	**-**	**(70,294)**
Acquisition of lease	**-**	**-**	**-**	**9,778**	**-**	**9,778**
Exchange difference	**-**	**-**	**-**	**1,358**	**-**	**1,358**
At 31 December 2024	**27,321**	**119,837**	**271,777**	**42,258**	**8,908**	**470,101**

(b) Total cash outflow for leases

Amounts included in the cash flow statements for leases comprise the following:

	Group	
	2024 HK$'000	2023 HK$'000
Within operating cash flows	**3,900**	6,420
Within financing cash flows	**24,691**	18,552
Total	**28,591**	24,972

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2024

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(b) Total cash outflow for leases (cont'd)

These amounts relate to the following:

	Group	
	2024	2023
	HK$'000	HK$'000
Lease rental paid	**28,591**	24,972

38. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank and cash balances	**102,603**	126,394	**1,343**	1,288

39. BANKING FACILITIES

	Group	
	2024	2023
	HK$'000	HK$'000
Total granted banking facilities, secured	**602,535**	743,527
Unutilised banking facilities	**183,600**	446,969

The above banking facilities for supplier finance arrangement, trust receipts and import loans, and term loans are secured by cross corporate guarantees executed by the group companies.

All of the banking facilities are subject to the fulfilment of covenants relating to certain of the Group's financial ratios, as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. In addition, certain of the Group's term loan agreements contain clauses which give the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 5(d) to the financial statements. As at 31 December 2024, none (2023: none) of the covenants relating to drawn down facilities had been breached.

40. OPERATING LEASE PAYMENT/INCOME COMMITMENTS

(a) The Group as lessee

The Group regularly entered into short-term leases for short term warehousing and an one year contract for factory in Heyuan, China during the year. As at 31 December 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in note 18.

40. OPERATING LEASE PAYMENT/INCOME COMMITMENTS (CONT'D)

(b) The Group as lessor

At 31 December 2024 and 2023, no operating leases relate to property owned by the Group with lease term. The Group entered into leasing arrangements as a lessor to sublease for certain leased properties to its tenants. The lessee does not have an option to purchase the properties at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	Group	
	2024	2023
	HK$'000	HK$'000
Within one year	**2,177**	4,085
In the second to fifth years, inclusive	**1,452**	7,953
	3,629	12,038
Rental income for the year	**3,648**	3,894

41. CAPITAL COMMITMENTS

At the end of the year, the capital commitments of the Group are as follows:

	Group	
	2024	2023
	HK$'000	HK$'000
Contracted but not provided for:		
- property, plant and equipment	**24,206**	1,998
- invest in subsidiaries	**204,791**	-
	228,997	1,998

The capital commitment of property, plant and equipment of the Group are the contractual obligations of the capital expenditure not yet paid for leasehold land, building, construction and machinery. The Group has placed deposit for an acquisition of leasehold land and property, plant and equipment of HK$116,538,000 which recorded in non-current assets as at 31 December 2024.

42. RECLASSIFICATIONS AND COMPARATIVE FIGURES

	Group		
		Reclassification	
	After	**Before**	**Difference**
	HK$'000	**HK$'000**	**HK$'000**
2023 Statement of financial position:			
Trade payables	183,199	195,566	(12,367)
Borrowings	287,558	275,191	12,367
2023 Consolidated statement of cash flows:			
Net cash generated from operating activities	135,918	135,267	651
Net cash used in financing activities	(52,036)	(51,385)	(651)

Upon the adoption of the amendments to IAS 7 and IFRS 7, the Group has reassessed the nature and function of bills payable and determined these amounts to be part of its financing activities rather than working capital used in its normal operating cycle. Accordingly, bills payables are presented as supplier finance arrangements within borrowings, with the related cash flows classified under financing activities to provide more relevant and reliable information. Comparative figures in the statement of financial position and the consolidated statement of cash flows have been re-presented align with this presentation. The above reclassification did not require modifications to consolidated financial statements measurements. As permitted by the financial reporting standards on the presentation of consolidated financial statements, the third statement of financial position at the beginning of the preceding reporting year is not presented because above reclassifications have no material effect on the information in the statement of financial position at the beginning of the preceding period.

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2025

SHARE CAPITAL

Authorised Share Capital	:	HK$750,000,000
Issued and fully Paid-up Capital	:	HK$242,455,500
Number of Shares	:	32,327,400
Class of Shares	:	Ordinary share
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	1	0.33	1	0.00
100 - 1,000	130	42.48	72,700	0.22
1,001 - 10,000	119	38.89	533,199	1.65
10,001 - 1,000,000	54	17.65	5,492,300	16.99
1,000,001 AND ABOVE	2	0.65	26,229,200	81.14
TOTAL	**306**	**100.00**	**32,327,400**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE.) LIMITED	24,643,100	76.23
2	PHILLIP SECURITIES PTE LTD	1,586,100	4.91
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	754,100	2.33
4	GU JIAN LIN	741,800	2.29
5	UOB KAY HIAN PRIVATE LIMITED	613,000	1.90
6	DBS NOMINEES (PRIVATE) LIMITED	608,900	1.88
7	LIM KIM CHIN	408,600	1.26
8	GOH CHOON WEI OR CECILINE GOH	195,000	0.60
9	KAM TEOW CHONG	183,400	0.57
10	LIEW WING ONN	156,800	0.49
11	OCBC SECURITIES PRIVATE LIMITED	146,000	0.45
12	MAYBANK SECURITIES PTE. LTD.	134,100	0.41
13	CITIBANK NOMINEES SINGAPORE PTE LTD	126,700	0.39
14	HUANG BAOJIA	125,000	0.39
15	SEAH CHYE ANN (XIE CAI'AN)	75,300	0.23
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	68,900	0.21
17	LAI WENG KAY	65,400	0.20
18	SEE SHUN SHENG	60,000	0.19
19	KOH CHUAN LAI	58,000	0.18
20	SIOW CHER LIANG	55,800	0.17
	TOTAL	**30,806,000**	**95.28**

STATISTICS OF SHAREHOLDINGS

AS AT 13 MARCH 2025

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
DJKS Holdings Limited [1]	24,100,000	74.55	-	-
Tam Jo Tak, Dominic [2] [3]	-	-	24,100,000	74.55
Chiu Hau Shun, Simon [2] [3]	-	-	24,100,000	74.55

Notes:

(1) DJKS Holdings is holding the shares through its nominee, Raffles Nominees (Pte.) Limited.

(2) Mr. Tam Jo Tak, Dominic and Mr. Chiu Hau Shun, Simon hold 57.14% and 42.86% respectively of the equity interest in DJKS Holdings Limited and thus they are deemed to be interested in DJKS Holdings Limited's shareholding in the Company.

(3) As at 21 January 2025 (the 21st day after the end of the financial year), the direct and deemed interest of each of Mr. Tam Jo Tak, Dominic and Mr. Chiu Hau Shun, Simon is the same as at 13 March 2025, and both Mr. Tam and Mr. Chiu do not have any direct or deemed interest in convertible securities.

INTEREST OF DIRECTORS IN SHARES AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2025

	Direct Interest		Deemed Interest	
Name of Director	**No. of Shares**	**%**	**No. of Shares**	**%**
Tam Jo Tak, Dominic [1]	-	-	24,100,000	74.55
Chiu Hau Shun, Simon [1]	-	-	24,100,000	74.55
Wee Sung Leng [2]	-	-	1,000	0.003
Lee Kia Jong, Elaine [3]	-	-	-	-
To Siu Lun, Dicky [3]	-	-	-	-
Ling Chung Yee, Roy [3]	-	-	-	-

Notes:

(1) Mr. Tam Jo Tak, Dominic and Mr. Chiu Hau Shun, Simon hold 57.14% and 42.86% respectively of the equity interest in DJKS Holdings Limited and thus they are deemed to be interested in DJKS Holdings Limited's shareholding in the Company. Mr. Tam Jo Tak, Dominic and Mr. Chiu Hau Shun, Simon do not have any direct or deemed interest in convertible securities.

(2) Mr. Wee Sung Leng is deemed to be interest in the shares held by his spouse. Mr. Wee Sung Leng does not have any direct or deemed interest in convertible securities.

(3) Mdm. Lee Kia Jong, Elaine, Mr. To Siu Lun, Dicky, and Mr. Ling Chung Yee, Roy do not have any direct or deemed interest in convertible securities.

Percentage of Shareholdings in Hands of Public

Based on the information available to the Company as at 13 March 2025, 25.45% (representing 8,226,400 shares) of the issued shares of the Company is held by the public and therefore Rule 723 of the SGX Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held at WeWork 21 Collyer Quay, Level 2 Business Centre, Singapore 049320 on 24 April 2025 at 10 a.m. (the "**AGM**") for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement, Audited Financial Statements and the Auditor's Report of the Company for the financial year ended 31 December 2024. **(Resolution 1)**

2. To approve the payment of directors' fees of S$400,000 for the financial year ending 31 December 2025 (2024: S$400,000). **[See Explanatory Note (i)] (Resolution 2)**

3. To re-elect Mr. Wee Sung Leng, a director of the Company (a "**Director**", collectively the "**Directors**") retiring pursuant to Article 86 of the Company's articles of association (the "**Articles**"). **[See Explanatory Note (ii)] (Resolution 3)**

4. To re-elect Mdm. Lee Kia Jong Elaine, a Director retiring pursuant to Article 86 of the Articles. **[See Explanatory Note (ii)] (Resolution 4)**

5. To re-appoint Messrs RSM Hong Kong and RSM SG Assurance LLP as joint auditors, and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

6. To declare a final tax-exempt one-tier dividend of Singapore five cents (S$0.05) per ordinary share in respect of the financial year ended 31 December 2024. **(Resolution 6)**

AS A SPECIAL BUSINESS

To consider and, if deemed fit, to pass the following resolutions with or without modifications:-

7. **General Mandate to Issue and Allot Securities**

   THAT pursuant to Rule 806 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), authority be and is hereby given to the Directors of the Company to allot and issue whether by way of bonus or otherwise, (i) shares; (ii) convertible securities; (iii) additional convertible securities (where an adjustment, to the number of convertible securities to which a holder is originally entitled to, is necessary as a result of any rights, bonus or other capitalisation issues by the Company), notwithstanding that such authority may have ceased to be in force at the time such additional convertible securities are issued, provided that the adjustment does not give the holder of the convertible securities a benefit that a shareholder does not receive; and/or (iv) shares arising from the conversion of securities in (ii) and additional convertible securities in (iii) above, notwithstanding that such authority may have ceased to be in force at the time the shares are to be issued, and any such issue may be made at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit:-

   PROVIDED THAT

   (a) the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed 50% of the total number of the issued shares (excluding treasury shares and subsidiary holdings) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of the issued shares (excluding treasury shares and subsidiary holdings) of the Company;

   (b) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of this resolution, the percentage of the issued share capital shall be based on the Company's total number of the issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:

      (i) new shares arising from the conversion or exercise of any convertible securities;

      (ii) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

      (iii) any subsequent bonus issue, consolidation or subdivision of shares, provided that adjustments in accordance with paragraphs (b)(i) or (b)(ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate;

(c) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles for the time being; and

(d) unless revoked or varied by the Company in general meeting, the authority conferred by this resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held or the date on which such authority is varied or revoked by the Company in a general meeting, whichever is the earlier. **[See Explanatory Note (iii)] (Resolution 7)**

8. **Proposed Renewal of Share Purchase Mandate**

In this resolution:

"**Maximum Price**" in relation to a Share (as defined below) to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(1) in the case of a market purchase(s) ("**Market Purchase**")" 105 per cent (105%) of the Average Closing Price (as defined below); and

(2) in the case of an off-market purchase ("**Off-Market Purchase**"): 120 per cent (120%) of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during such five-Market Day period and the day on which the Market Purchase was made.

"**Prescribed Limit**" means ten per cent (10%) of the issued ordinary share capital of the Company as at the date of passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Law (as defined below), at any time during the Relevant Period (as defined below), in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury share that may be held by the Company from time to time).

THAT:

(a) pursuant to the Articles, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**") and the Listing Manual, approval be and is hereby given for the renewal of the Share Purchase Mandate (as hereinafter defined) and the Directors of the Company be authorised to exercise all the powers of the Company to purchase or otherwise acquire issued ordinary shares of par value HK$7.50 each, fully paid, in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit, at such price(s) as may be determined

(i) Market Purchase, transacted on the SGX-ST and/or any other stock exchange on which the Shares may for the time being, be listed and quoted; and/or

(ii) Off-Market Purchase (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit and in the interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Articles and the Listing Manual, and otherwise in accordance with all other laws and regulations,

(the "**Share Purchase Mandate**"); and

NOTICE OF ANNUAL GENERAL MEETING

(b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the conclusion of the next annual general meeting following the passing of this resolution;

(ii) the date by which such annual general meeting is required by law or the Articles to be held;

(iii) the date on which Share purchases or acquisitions pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iv) the date on which the authority conferred by the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in a general meeting,

(the "**Relevant Period**"); and

(c) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or any of them may consider expedient, necessary, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this resolution. **[See Explanatory Note (iv)] (Resolution 8)**

9. To transact any other business that may properly be transacted at the AGM.

By Order of the Board

Ng Joo Khin

Company Secretary

Singapore, 9 April 2025

Explanatory Notes:

(i) **Resolution 2:** This is to facilitate payment of directors' fees during the financial year in which the fees are incurred. The aggregate amount of directors' fees provided in the resolution is calculated on the assumption that all the present Directors of the Company will hold office for the whole of the financial year ending 31 December 2025 ("FY 2025"). Should any Director hold office for only part of FY 2025 and not the whole of FY 2025, the director's fee payable to him or her will be appropriately pro-rated.

(ii) **Resolutions 3 and 4:** Pursuant to Article 86 of the Articles, Mr. Wee Sung Leng and Mdm. Lee Kia Jong Elaine will retire at the forthcoming AGM and shall be eligible to offer himself or herself for re-election at that meeting.

Details on Mr. Wee Sung Leng are as follows:

Date of First Appointment	26 April 2019
Date of last re-appointment (if applicable)	21 April 2022
Name of Person	WEE SUNG LENG
Age	59
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Having considered the contributions of Wee Sung Leng to the business and affairs of the Group since his appointment and in his capacity as a Non-Executive and Independent Director of the Company as well as having taken into account the recommendation of the Nominating Committee, the Board has determined Mr. Wee to be suitable for re-appointment and with the consent of Wee Sung Leng, be put forth for re-election by the Shareholders.
Whether appointment is executive, and if so, the area of responsibility	Non-executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Lead Independent Director Audit Committee (Chair) Nominating Committee (Member) Remuneration Committee (Member)
Professional qualifications	Bachelor of Accountancy

NOTICE OF ANNUAL GENERAL MEETING

<table>
<tr><td rowspan="1">Working experience and occupation(s) during the past 10 years</td><td colspan="2">Apr 2021 to present:
Independent Director, Hoe Leong Corporation Ltd

June 2019 to present:
Independent Director, Combine Will International Holdings Limited

November 2013 to January 2023:
Independent Director, SMI Vantage Limited (previously "Singapore Myanmar Investco Limited")

June 2023 to present:
Manager, M.Y. International Limited Representative Office

May 2018 to June 2019:
Chief Financial Officer, MoneyMax Financial Services Ltd.

September 2017 to present:
Director, Fortune Green Global Corp

September 2016 to present:
Commissioner, PT Combine Will Indonesia Industrial

May 2014 to March 2016:
General Manager, Head of Group Corporate Affairs, Straits Corporation Pte. Ltd.</td></tr>
<tr><td>Shareholding interest in the listed issuer and its subsidiaries</td><td colspan="2">Deemed interest of 1,000 ordinary shares</td></tr>
<tr><td>Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries</td><td colspan="2">No</td></tr>
<tr><td>Conflict of interest (including any competing business)</td><td colspan="2">No</td></tr>
<tr><td>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</td><td colspan="2">Yes</td></tr>
<tr><td rowspan="2">Other Principal Commitments* including Directorships#

*"Principal Commitments" has the same meaning defined in the Code

#These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</td><td>Past (for the last 5 years)</td><td>Independent Director, SMI Vantage Limited</td></tr>
<tr><td>Present</td><td>Independent Director, Hoe Leong Corporation Ltd

Independent Director, Combine Will International Holdings Limited

Manager, M.Y. International Limited Representative Office

Director, Fortune Green Global Corp

Commissioner, PT Combine Will Indonesia Industrial</td></tr>
<tr><td>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</td><td colspan="2">No</td></tr>
</table>

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

NOTICE OF ANNUAL GENERAL MEETING

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If yes, please provide details of prior experience	Non-executive Independent Director, Hoe Leong Corporation Ltd Non-executive Independent Director, SMI Vantage Limited
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable

Details on Mdm. Lee Kia Jong Elaine are as follows:

Date of First Appointment	1 January 2022
Date of last re-appointment (if applicable)	Not Applicable
Name of Person	LEE KIA JONG ELAINE
Age	69
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Having considered the contributions of Lee Kia Jong Elaine to the business and affairs of the Group since her appointment, the board diversity considerations and in her capacity as a Non-Executive and Independent Director of the Company as well as having taken into account the recommendation of the Nominating Committee, the Board has determined Mdm. Lee to be suitable for re-appointment and with the consent of Lee Kia Jong Elaine, be put forth for re-election by the Shareholders.
Whether appointment is executive, and if so, the area of responsibility	Non-executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Independent Director Nominating Committee (Chair) Remuneration Committee (Chair) Audit Committee (Member)
Professional qualifications	Master of Business Administration, University of Chicago Booth Graduate School of Business Fellow, Singapore Institute of Directors
Working experience and occupation(s) during the past 10 years	Sep 2024 to present: Non-Executive Lead Independent Director Del Monte Pacific Limited Jul 2022 to present: Non-Executive Non-Independent Director Sabana Industrial REIT Jan 2022 to present: Non-Executive Independent Director Combine Will International Holdings Limited 2015-2022: Director, Lien Aid Limited 2016-2020: Non-Executive Independent Director, Chemical Industries (Far East) Limited 2015-2019 [until company was delisted on 24 April 2019]: Non-Executive Independent Director, M1 Limited
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No

NOTICE OF ANNUAL GENERAL MEETING

<table>
<tr><td>Conflict of interest (including any competing business)</td><td colspan="2">No</td></tr>
<tr><td>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</td><td colspan="2">Yes</td></tr>
<tr><td rowspan="2">Other Principal Commitments* including Directorships#

*"Principal Commitments" has the same meaning defined in the Code

#These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</td><td>Present</td><td>Non-Executive Lead Independent Director Del Monte Pacific Limited
Non-Executive Non-Independent Director Sabana Industrial REIT
Non-Executive Independent Director Combine Will International Holdings</td></tr>
<tr><td>Past (for the last 5 years)</td><td>Director, Lien Aid Limited
Non-Executive Independent Director, Chemical Industries (Far East) Limited
Non-Executive Independent Director, M1 Limited</td></tr>
<tr><td>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against her or against a partnership of which she was a partner at the time when she was a partner or at any time within 2 years from the date she ceased to be a partner?</td><td colspan="2">No</td></tr>
<tr><td>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which she was a director or an equivalent person or a key executive, at the time when she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</td><td colspan="2">No</td></tr>
<tr><td>(c) Whether there is any unsatisfied judgment against her?</td><td colspan="2">No</td></tr>
<tr><td>(d) Whether she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</td><td colspan="2">No</td></tr>
</table>

(e) Whether she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which she is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on her part, or she has been the subject of any civil proceedings (including any pending civil proceedings of which she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining her from engaging in any type of business practice or activity?	No
(j) Whether she has ever, to her knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No

NOTICE OF ANNUAL GENERAL MEETING

in connection with any matter occurring or arising during that period when she was so concerned with the entity or business trust?	
(k) Whether she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
Any prior experience as a director of an issuer listed on the Exchange?	Yes
If yes, please provide details of prior experience	Non-Executive Independent Director Chemical Indutries (Far East) Limited Non-Executive Independent Director M1 Limited Non-Executive Independent Director HSR Global Limited
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not Applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable

(iii) **Resolution 7**: If passed, this resolution will empower the Directors of the Company, effective until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding in total 50% of the issued share capital of the Company (excluding treasury shares), of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares in the capital of the Company (excluding treasury shares) at the time this resolution is passed, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

(c) any subsequent bonus issue, consolidation or subdivision of shares,

provided that adjustments in accordance with paragraphs (a) or (b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

(iv) **Resolution 8**: If passed, this resolution authorises the Directors of the Company to purchase Shares by way of Market Purchases and/or Off-Market Purchases according to prescribed rules and regulations governed by the Companies Law and/or the Listing Manual. Further details are set out in the Share Purchase Appendix (as defined below) enclosed together with the 2024 Annual Report (as defined below).

Notes:

1. The members of the Company are invited to **attend physically** at the AGM. **There will be no option for shareholders to participate virtually**. Printed copies of this notice of the AGM (this "Notice"), the annual report for the financial year ended 31 December 2024 (the "**2024 Annual Report**"), the letter to shareholders dated 9 April 2025 (in relation to the proposed renewal of the share purchase mandate) (the "**Share Purchase Appendix**") and the proxy form will be sent to members. In addition, this Notice, the 2024 Annual Report, the Share Purchase Appendix and the proxy form will be sent to members by electronic means via publication on the Company's website at the URL http://www.combinewill.com/ar.html. This Notice, the 2024 Annual Report, the Share Purchase Appendix and the proxy form will also be made available on the Singapore Exchange ("**SGX**") website at the URL https://www.sgx.com/securities/company-announcements.

2. Arrangements relating to: (a) physical attendance at the AGM; (b) submission of questions to the Chairman of the AGM in advance of or live at the AGM, and addressing of substantial and relevant questions in advance of or live at the AGM; and (c) voting personally at the AGM or through their duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 9 April 2025. This announcement may be accessed at the Company's website at the URL http://www.combinewill.com/ar.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

3. Investors who hold shares through a Relevant Intermediary (as defined in Section 181 of the Companies Act 1967 of Singapore) (including the Central Provident Fund ("**CPF**") Investment Scheme ("**CPFIS**") members and Supplementary Retirement Scheme ("**SRS**") investors (collectively, "**CPFIS/SRS Investors**")), and who wish to participate in the AGM should contact the Relevant Intermediary (which would include, in the case of CPFIS/SRS Investors, their respective CPF agent bank ("**CPF Agent Bank(s)**") and SRS operator ("**SRS Operator(s)**")) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

Questions Relating to the Agenda of the AGM

4. Members may submit questions in advance relating to the agenda of the AGM either: (a) via electronic mail to srs.teamE@boardroomlimited.com; or (b) via post to the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632. Questions submitted in advance must be submitted by 10 a.m. on 17 April 2025, being at least seven calendar days after the publication of this Notice (the "**Questions Submission Deadline**"). The Company will endeavour to respond to all substantial and relevant questions received from members prior to the Questions Submission Deadline by publishing the responses to such questions on the Company's website at the URL http://www.combinewill.com/ar.html and on SGXNet, or live during the AGM. If written questions or follow-up written questions are submitted after the Questions Submission Deadline, the Company will respond to these questions within a reasonable timeframe.

   In addition, members and/or proxyholders will be able to ask questions relating to the agenda of the AGM live at the AGM. The Company will endeavour to respond to questions as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions; consequently not all questions may be individually addressed.

   For questions addressed live during the AGM, the responses to such questions will be included in the minutes of AGM which will be published within one month after the AGM on the Company's website at the URL http://www.combinewill.com/ar.html and on SGXNet.

Voting

5. Live voting will be conducted during the AGM for members and proxyholders. Members may cast their votes personally at the AGM or through their duly appointed proxy(ies). The accompanying proxy form for the AGM may be accessed at the Company's website at the URL http://www.combinewill.com/ar.html, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

6. CPFIS/SRS Investors: (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the AGM (i.e. by 5.00 p.m. on 14 April 2025) to ensure that their votes are submitted.

NOTICE OF ANNUAL GENERAL MEETING

Appointment of Proxy(ies)

7. A member who is not a Relevant Intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his/her/its behalf at the AGM. Where such member's instrument appointing a proxy(ies) appoints two proxies, the proportion of his/her/its shareholding to be represented by each proxy shall be specified in the instrument. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her/its name in the Depository Register and any second named proxy as an alternate to the first named.

8. A member who is a Relevant Intermediary is entitled to appoint more than one proxy to attend, speak and vote on his/her/its behalf at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. For the avoidance of doubt, a CPF Agent Bank/SRS Operator who intends to appoint a CPFIS/SRS Investor as its proxy(ies) shall comply with this paragraph. The appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed in the proxy form.

9. A member (whether individual or corporate) may appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM although this is not mandatory. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

Proxy Forms

10. 10. A proxy need not be a member of the Company. The instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

    (a) if submitted by post, be deposited at the office of the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue #14-07 Keppel Bay Tower Singapore 098632; or

    (b) if submitted electronically, be submitted via email to the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at srs.proxy@boardroomlimited.com,

    in either case not less than 48 hours before the time set for the holding of the AGM.

    A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or by scanning and sending it by email to the email address provided above. **Members are strongly encouraged to submit completed proxy forms electronically via email**.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. It is the member(s)' responsibility to ensure that the proxy form is properly completed. Any decision to reject the proxy form on the grounds that it is incomplete, improperly completed or illegible will be final and binding and neither the Company, The Central Depository (Pte) Limited ("**CDP**") nor Boardroom Corporate & Advisory Services Pte. Ltd. accepts any responsibility for the consequences of such a decision. In addition, in the case of shares entered in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument appointing a proxy or proxies lodged if the Depositor (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 48 hours before the time appointed for holding the AGM or adjourned meeting, as certified by CDP to the Company.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing a proxy(ies) to attend, speak and vote at the AGM and/or any adjournment thereof; and/or (b) submitting or asking any question prior to or live at the AGM in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

(i) processing, administration and analysis by the Company (or its agents or service providers) of the appointment of proxy(ies) for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof);

(ii) addressing relevant and substantial questions from members received before and during the AGM and if necessary, following up with the relevant members in relation to such questions; and

(iii) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities,

(collectively, the "**Purposes**").

The member warrants that where the member discloses the personal data of the member's proxy(ies) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) for the collection use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) for the Purposes, and agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound, video and/or other data recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he may propose/second) may be recorded by the Company for such purpose.

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COMBINE WILL

Combine Will International Holdings Limited

聯志國際控股有限公司

Incorporated in the Cayman Islands on 8 October 2007

(Company Registration No. MC-196613)