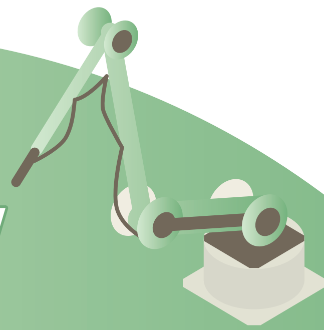
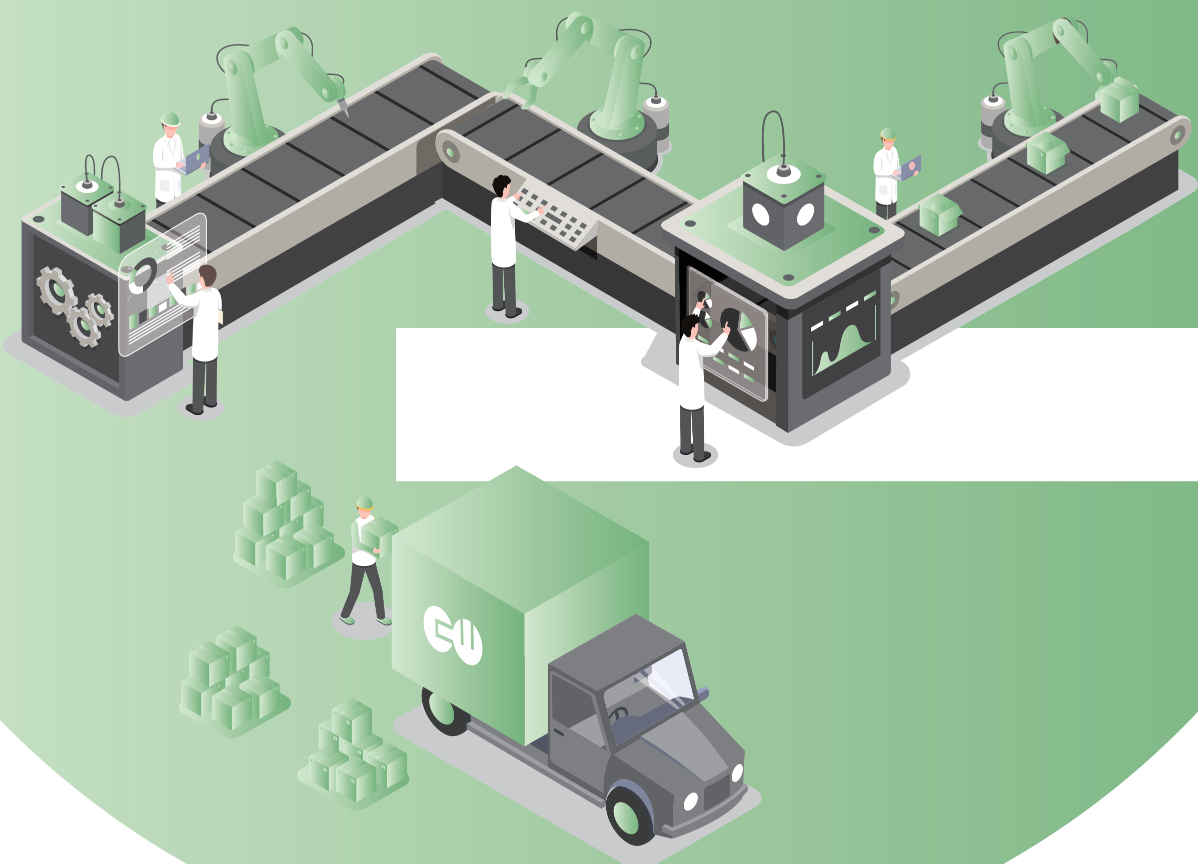
COMBINE WILL



SUSTAINABILITY AND PROGRESS

ANNUAL REPORT 2023



CONTENTS

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.

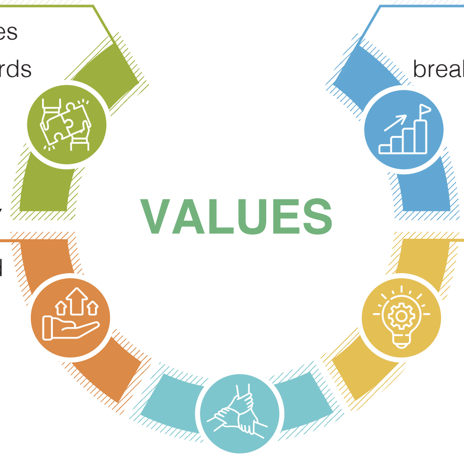
MISSION

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.

VALUES



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 on our potential and we dare to innovate.

INCLUSION

We promote equality, teamwork, inclusiveness, and symbiosis.

CORPORATE PROFILE

In the past three decades, we have been dedicated to producing customised products that are specifically tailored to meet our clients' needs and have emerged as a leading provider of ODM/OEM services with a global footprint. We are a trusted supplier of corporate premiums, toys, and consumer products to our customers worldwide and have a diverse international clientele portfolio that includes customers from Asia and Europe.

Our success is driven by our in-house research and development ("R&D") team, focused on innovation and building strategic advantages. By consistently meeting key performance metrics such as operational efficiency and development processes, we have optimised our production lines, reduced operating costs, and achieved high levels of quality and consistency. We have demonstrated our ability to meet and achieve the production targets and requirements for leading multinational companies in various industries such as toys, fast-moving consumer products, and international fast-food chains. With the diverse product lines showcase comprehensive and robust capabilities, allowing us not only to flexibly manufacture hybrid products, but also to continuously innovate and evolve, expanding the design space for our customers. We provide a wide range of design options and offer one-stop rapid response production solutions.

With offices in HongKong, Shenzhen, Dongguan, and Singapore, we have five manufacturing facilities in Dongguan, Heyuan, and Cangwu, as well as Sragen, Indonesia, and employ over 10,100 employees.

10,100 Employees

EMPLOY OVER

BUSINESS MODEL

As a niche ODM/OEM of corporate premiums, toys, 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 provide designs that meet their product specifications, provide advice on functional capabilities and ensure manufacturability. Our commitment to new processing methods, 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 processing methods and unique technologies to provide cost savings for our customers.

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

CHAIRMAN'S MESSAGE

Dear Shareholders,

In the year of 2023, geopolitical tensions between nations continued to escalate while major central banks maintained its tight monetary policies and interest rates remain elevated to address persistent inflation, further exerting pressures on global economic conditions.

Amidst the backdrop of economic headwinds and uncertainties, we take pride in Combine Will's steadfast resilience throughout the year. Our ability to navigate these challenges was fortified by our solid foundation, demonstrating unwavering strength and adaptability.

Tam Jo Tak, Dominic
Executive Chairman

STRENGTHENING FOUNDATIONS

Notwithstanding the unprecedented challenges, Combine Will has achieved resilient set of full year performance results, marked by our customer-driven philosophy of prioritising quality management with sustainable material applications, and deepening relationships with existing customers to drive a stable order flow.

To strengthen our foundations for sustainable growth and resilience, we have been proactively pursuing potential new customers to expand market reach and have plans to diversify both our customers base and product range. We will embrace new opportunities by expanding our product range and offerings to target new customers in various sectors, leveraging on different materials, manufacturability and our expertise to meet their requirements. Furthermore, we are pleased to receive recognition for our commitment in our green journey. During the year, Combine Will has achieved three awards namely – Grand Award for Best ESG Report (Small-Cap), Commendation Newcomer Award, both awarded by Hong Kong ESG Reporting Award (a NGO initiative representing the most prestigious recognition for corporate sustainability by companies in Hong Kong) and the Pioneering Award for ESG Disclosure Contribution conferred by the Hong Kong Quality Assurance Agency. These awards serve as a testament to our progress and accomplishments in our sustainability journey. In addition, we have been honoured with the Workplace Wellness Programme Award by ESGBusiness, in recognition of our sustainable and responsible business practices, which underscores our dedication to corporate responsibility.

We stay committed to our green journey, by focusing on sustainability through the materials application and prioritising carbon emission reduction, including investments in green facilities, which have continued to yield positive results.

RESILIENT PERFORMANCE

During the financial year ended December 31, 2023 ("FY2023"), Combine Will achieved a revenue of HK$1.1 billion, a decline of 17.0% as compared to the corresponding period a year ago ("FY2022"). Notwithstanding this, gross profit margin improved to 11.5%, up from 10.7% in FY2022, attributable to operational optimisation.

The Group's unwavering commitment to operational excellence, underscored by its customer-driven philosophy, has resulted in resilient bottom-line performance. Combine Will reported FY2023 net profit of HK$42.5 million, flat year on year and translates to a basis earnings per share of 131.6 HK cents.

In addition, we have effectively reduced our overall loan exposure through prudent financial management with a healthy cash balance of HK$126.4 million. The Group's green initiatives and milestones have also facilitated more attractive financing arrangements with financial institutions, supporting business growth and unlocking new opportunities to scale our business ambitions.

CHAIRMAN’S MESSAGE (CONT’D)

DRIVING SUSTAINABLE GROWTH

In FY2023, Combine Will continued to reap benefits from operational optimisation and our operational capability and capacity were strengthened with the commencement of paper and plush toy production in Indonesia in February and September respectively. Furthermore, our diversification into plush toy production in Indonesia has significantly broadened our talent pool and workforce which is expected to contribute positively to the Group’s revenue from FY2024 onwards. With the acquisition of land designated for a third toy manufacturing operation slated to be completed by end 2024, our manufacturing capacity in Indonesia will effectively double. Of note, this endeavour has culminated in the establishment of five new paper toy production lines across Sragen, Indonesia and Heyuan, China.

In pursuit of business expansion in Indonesia, our new incorporated subsidiary in Hong Kong, has partnered with Mayuanda Investment (HK) Co., Limited (“Mayuanda”), to support the Group’s push into the plush toy industry, bringing additional value, and enhancing our operational resilience and manufacturing capabilities. This partnership aligns with the Group's strategic vision and geographic diversification strategy, while leveraging on Mayuanda’s extensive experience and technical expertise, laying the foundation to unlock growth opportunities. The expansion of our plush toy manufacturing facilities together with the experience and expertise of Mayuanda will allow us to widen our product offering to cater to increase demand, and potentially expand our customer base.

Concurrently, we have established a new subsidiary in Shenzhen, China to undertake research and development, design and engineering activities. This strategic move will enhance communication in Dongguan due to the proximity of locations. In addition, the Group will also leverage on our newly-established subsidiary in Singapore to serve as our business hub in Southeast Asia to enhance customer serving efficiency and tap into new opportunities for growth.

To enhance supply chain resilience, we have identified potential material suppliers, primarily in Indonesia, Taiwan, South Korea and Vietnam and will undertake due diligence to ensure their adherence to quality standards and regulatory requirements. Simultaneously, the Group will leverage on our newly-established subsidiaries to enhance customer serving efficiency and strengthen operational resilience and manufacturing capabilities.

In tandem with the growing momentum of our sustainable manufacturing journey, we are on track to expand our manufacturing output of green products to above 40% by the end of 2024 due to the increasing use of green materials, reaffirming our commitment to sustainable manufacturing.

EMBEDDING DIVERSITY, EQUITY, AND INCLUSION (“DE&I”)

To foster DE&I across all levels of our organisation, we have integrated DE&I in our Business Strategy, encompassing three crucial business driver areas, namely, compliance & risk management, employer of choice and competitive advantage.

With compliance and risk management, we ensure that our practices comply with customer and regulatory requirements, thereby mitigating potential risks. As an employer of choice, we are dedicated to attracting and retaining talent by fostering an inclusive workplace culture that empowers employees to thrive within the organisation and to contribute to driving business growth and sustainability. Simultaneously, this will propel innovation and creativity, contributing to our dynamic progression, ultimately serving as competitive advantage to deliver sustainable value to all stakeholders.

OUTLOOK

According to Yale Environment Review[1], approximately 90 per cent of toys worldwide are crafted from plastic, and 80 per cent eventually end up in landfills, highlighting the significant environmental impact of plastic production and disposal. In addition, the growing consciousness among consumers on environment issues and protection has led to the rise in demand for eco-friendly and sustainable materials, especially with the introduction of the Sustainable Development Goals ("SDG") by the United Nations[2] as a universal call to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030.

We have formulated our sustainability strategy in response to the United Nations SDG, by incorporating Environmental, Social, and Governance principles into our business operations to ensure adherence to best practices and promote responsible corporate citizenship.

Our pursuit of new business development opportunities and exploration of partnerships has also led us to identify new avenues for growth. We are in active discussions with potential new customers and are fairly confident that our marketing efforts will bear fruit in the coming years, starting from 2024. In addition, the Group will leverage on our established subsidiaries to seize growth opportunities and enhance operational resilience and manufacturing capabilities.

REWARDING SHAREHOLDERS

The Board of Directors (the "Board") is gratified by the support and confidence by our valued shareholders. In recognition of their unwavering trust and commitment in Combine Will, the Board is pleased to propose a final one-tier tax-exempt cash dividend of S$0.05 per ordinary share for FY2023.

WITH GRATITUDE AND APPRECIATION

I would like to extend our heartfelt gratitude to all our stakeholders who have supported Combine Will in navigating both challenges and new opportunities during the year.

I would also like to express my deep appreciation to our dedicated management and staff for their relentless efforts and contributions which have been instrumental in our achievements and progress.

In addition, we would like to extend our sincere thanks to our valued customers, especially our core customers, for their collaboration with us in new product development, product quality, and manufacturing efficiencies. Furthermore, we would like to thank our business associates and suppliers for their continued support. We acknowledge the significance of fostering strong partnerships with both our customers and business associates and are dedicated to delivering value for mutual growth.

Importantly, we express our gratitude to our shareholders for their loyalty, trust, and continued support. Together, we stand united to drive Combine Will towards greater heights, positioning ourselves for continued success.

Dominic Tam
Executive Chairman

[1] Yale Environment Review – Most materials are recyclable, so why can't children's toys be sustainable?, May 2023
[2] United Nations – The 17 Goals, https://sdgs.un.org/goals

OPERATIONAL REVIEW

Combine Will has set the stage for continued progress backed by over 30 years of value-adding partnerships since 1992 and we have further strengthened our operational capability and network to drive sustainable growth, mainly through:

- Doubling of paper and plush toy production with third manufacturing operation in Indonesia;
- Incorporation of four new subsidiaries in Hong Kong, Indonesia, Shenzhen and Singapore for growth and resilience;
- Deepening of relationships with stakeholders driven by customer-driven philosophy;
- Expansion of manufacturing output of green products, with a target of over 40% by the end of 2024;
- Integration of DE&I approach to drive innovation and foster inclusivity.

STRENGTHENING OPERATIONAL CAPABILITY AND CAPACITY

During the year, we have further enhanced our operational capabilities with the establishment of paper and plush toy production. The establishment of our paper production line in Indonesia under Phase 1 comprises of two stages. The first commenced operations in February 2023, after 11-month setup period.

Our second stage of plush toy production in Indonesia commenced operations in September 2023, after a 9 months setup period. The completion of our Phase 1 expansion in Indonesia was facilitated through a partnership with an experienced plush toy manufacturer to ensure the smooth set-up of process and know-how transfer, with an employment of a total of approximately 1,500 employees.

We have committed to acquire approximately 130,000 square metres of additional land to double manufacturing capacity in Indonesia. Construction is underway for Phase 2, scheduled for completion by end 2024, to meet the growing demand for plush toy.

Our endeavours to strengthen our operational capability and capacity in Indonesia have proven fruitful, reaffirming our commitment to improving capabilities and delivering high-quality products to our esteemed customers.

With this latest addition, we now have five new paper production lines across Sragen, Indonesia and Heyuan, China.

EMBRACING BUSINESS RESILIENCY

We recognise that proactive customer engagement is pivotal in achieving our business objectives. Our solid relationship with core customers and customer-driven philosophy has also laid a sound foundation, enabling us to drive stable order flow during the year under review.

To enhance supply chain resilience, our Group Procurement Team, alongside our Indonesian local team, have dedicated over six months to identify suitable material suppliers within Indonesia and beyond China in 2023 and have successfully identified the required material suppliers, with a majority situated in Indonesia. Additionally, we have secured two paper suppliers in Taiwan and South Korea, and one paint supplier in Vietnam. In effort to uphold our quality control measures, these potential suppliers are required to undergo relevant compliance and qualification assessments mandated by customers, which is estimated to take approximately six to twelve months.

To support the Group's strategy of expanding into the plush toy industry, we have recently established a company named Lianmei Toys Manufacturing Company Limited ("Lianmei Toys"). This company is a joint venture between our subsidiary, Combine Will Investment Limited, and Mayuanda. It was incorporated in Hong Kong on February 21, 2023. The partnership aligns with the Group’s strategic plans and geographical diversification strategy to enter the plush toy business, adding value and enhancing operational resilience and manufacturing capabilities. This also serves as a strategic platform for the Group to execute our expansion plans. The primary function of the company in Indonesia involves the manufacturing operations of plush toy. Additionally, the establishment of PT Combine Will Investama Indonesia will engage in investment holding activities in Indonesia.

To facilitate communication and foster closer collaboration, particularly with our offices in Dongguan, we have incorporated Combine Will Neighbourhood (Shenzhen) Technology Limited on February 10, 2023 in Shenzhen, with a focus on R&D, design and engineering activities.

Furthermore, to ensure uninterrupted trade with customers, our new subsidiary in Singapore was officially established on August 11, 2023, under Combine Will (Singapore) Pte. Ltd., and will serve as another trade hub, in addition to Hong Kong. It will operate as a trading company, as well as an entity to place purchase orders with our manufacturing company in Indonesia.

In essence, the establishment of these four new subsidiaries are aimed at strengthening our operational resilience and manufacturing capabilities. By fortifying our business resilience in the uncertain macroeconomic landscape, we position ourselves to not only withstand unforeseen challenges but also to capitalise on new opportunities and drive sustainable growth.

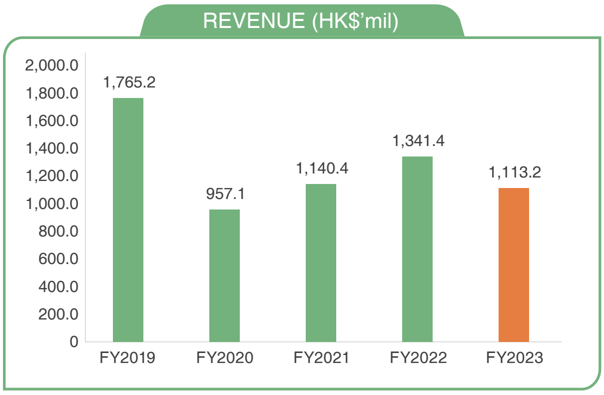
EMBEDDING DE&I

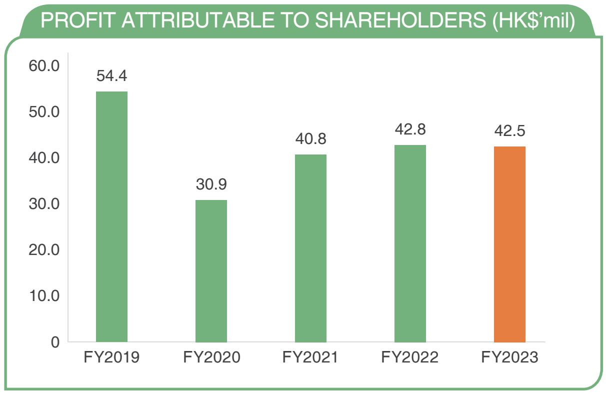
In addition to our initiatives to improve human capital, we have incorporated DE&I into our overall business strategy to create an inclusive and equitable workplace culture as well as fostering diversity across all levels of the organisation. This encompasses three crucial business driver areas: Compliance & Risk management, Employer of Choice and Competitive Advantage.

Compliance & Risk Management encompassing compliance to customer and regulatory requirements will proactively mitigate potential risks to safeguard our operations and reputation. To be the leading employer brand in our industry, we are dedicated to attracting and retaining talent through the cultivation of an inclusive workplace culture that encourages diversity and empowerment. And to have a competitive edge, we foster innovation and creativity to construct an international brand that empowers resilience and dynamic progression. Together, this strategic approach will position us as the industry leader, delivering sustainable value to all stakeholders.

Notwithstanding, the business strategy will be augmented to our pool of talents and workers, surpassing 10,100 employees as at end 2023, compared to around 7,700 in 2022, following the establishment of our plush toy production in Indonesia.

FINANCIAL HIGHLIGHTS





For the year (HK$'mil)	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue	1,765.2	957.1	1,140.4	1,341.4	**1,113.2**
Gross Profit	149.0	79.3	95.0	142.9	**128.5**
Profit before Tax	62.9	33.5	46.8	60.7	**48.8**
Profit Attributable to Shareholders	54.4	30.9	40.8	42.8	**42.5**
Earnings Before Interest, Taxes, Depreciation and Amortisation	154.5	132.5	153.8	177.7	**178.1**
Basic Earnings per Share (HK cents)	168.1	95.6	126.3	132.3	**131.6**

As at 31 December (HK$'mil)	FY2019	FY2020	FY2021	FY2022	FY2023
Total Assets	1,551.3	1,596.5	1,655.7	1,542.6	**1,431.0**
Total Liabilities	881.0	900.6	911.5	822.4	**684.9**
Total Equity	670.3	696.0	744.2	720.1	**746.2**
Net Cash Generated from Operating Activities	116.2	152.4	242.6	240.5	**135.3**
Cash and Cash Equivalents	100.5	57.2	103.5	132.1	**126.4**

1,113.2 HK$' mil
REVENUE

128.5 HK$' mil
GROSS PROFIT

48.8 HK$' mil
PROFT BEFORE TAX

131.6 HK cents
EARNINGS PER SHARE

CORPORATE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Social Responsibility Philosophy

In 2023, the Group has introduced "Inclusion" as a new social responsibility concept, which places emphasis on integration and co-development with all stakeholders. We recognise that it is only through a deep understanding and respect for the needs and differences of all parties can we truly achieve our common goals. We strive to create an open and inclusive business environment for our employees, as well as partners and our communities. Diversity, equity and inclusion are integrated into our operations.

Environmental Impact

Green development is one of Combine Will's key strategic directions, and we are constantly making progress on this path. A management system was built to ensure our positive performance on pollution reduction and energy efficiency.

Energy Efficiency

As seen from the data distribution, the vast majority of energy consumption in the Group's operations stems from the use of electrical energy by machinery and equipment in the production process. We continue to promote energy efficiency through a group-wide energy monitoring and reporting mechanism. We were also able to reduce energy use through equipment replacement and upgrades, as well as the application of new technologies. In addition, the Group has also started to gradually reduce its energy consumption through energy management mechanisms.

In 2023, the total energy consumption decreased by 2% and the intensity declined by 4% compared to the year of 2022.

Collection Point for Reusables

Our Guangxi factory has set up a collection point for second-hand reusable items such as used prams, skateboards, slides, plastic toys, etc. After thorough disinfection, safety checks, functional tests, etc., we distribute these items to children from the under privileged families and also reduces wastage during this process.

Water Supply Installation

Due to the long hot and dry season in Indonesia this year, many small villages and farmers are facing the risks of water shortages. Our Indonesian operations has worked with the villagers to install a water collection point to provide a continuous water supply. We are committed to the health and well-being of the communities we operate in.

CORPORATE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Employee Development

In 2023, with DE&I as our buzzword for employee care and development, we are committed to creating a more inclusive, equal and diverse work environment. Our priority is to respect and value the diversity of our workforce. By eliminating discrimination and promoting equal opportunities, we hope that every employee can feel that they are valued and fulfill their full potential. We believe that an inclusive working environment can stimulate the creativity and innovation of our people, bringing greater vitality and competitive advantage to our business. To this end, we will continue to invest in employee training and education and provide fair career development opportunities so that employees and the company can grow together and create a better future.

Family Friendly Factories ("FFF") Program

The aim of the Family Friendly Space ("FFS") project is to take care of children while parents are away for work and reunite them with their parents during the summer holidays. This year's FFS programme included children from 70 families of Guangxi and Heyuan frontline workers, between the ages of 6 and 11. We employed teachers to guide the children in learning, playing and various activities. Aimed to promote harmonious family relationships, this project lasted for one month and was very well received by the families.

3 Key Business Drivers for DE&I - Embedding into Our Business Strategies

Compliance & Risk Management

- Comply with customer requirements
- Comply with regulatory requirements
- Mitigate risks through proactivity

Employer of Choice

- Attract the best talent
- Empower employee productivity, success and loyalty

Competitive Advantage

- Drive innovation and creativity
- Build an international brand
- Enable resilience

Physical and Mental Health Awareness

In conjunction with World Mental Health Day, we launched the Exercise Together programme for our employees to raise awareness of the importance of mental and physical health in the workplace. There are weekly initiatives whereby employees get together for various activities such as stretching, dancing, futsal and group walks. We plan to introduce more activities over time, such as volleyball, badminton and yoga.

In October, we launched a month-long 'Tea & Talk' series, across all our factories. Snacks were provided to encourage colleagues to interact with one another during tea break and raise awareness for mental wellbeing.

We also took the opportunity to gather feedback and ideas for our wellbeing strategy and action plan for 2024, with the first ever trilingual communications to the entire organisation.

Family Fun Day is a carnival-style event at our Indonesia facility with lots of games, prizes and snacks for everyone. We opened registration to our employees and local villagers, inviting their spouses, children and other family members for a day of endless fun. We provided bespoke souvenirs, game credits and food and drink vouchers to allow employees to bond with their families. Employees with an existing home-based Food and Beverage ("F&B") business were given the opportunity to run stalls at no extra cost, giving them the chance to grow their business and earn additional income. The event was held over 3 sessions to better manage the crowds and ensure a safe environment for all. We received overwhelming positive feedback and hope to organise more family friendly events on a regular basis.

Supporting Our Pregnant Employees

We have set up designated Mother's Rooms at all our plants in China, while the lactation room in Indonesia is under construction.

Having incorporated feedback and suggestions for the FFF Program, we have identified a list of items for each Mother's Room, including a baby cot for situations where female employees bring their baby to work.

Pregnant mothers are also assigned to production line tasks where they can be seated, not exposed to any chemicals or strong smells and closer to the bathrooms and canteen for their greater comfort and safety.

CORPORATE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

Local School Support

After learning about the difficulties of running a school for children with special needs and the group's employment situation, we have worked closely with the school to provide support based on their needs such as educational toys, sports & exercise equipment, sewing machines, and audiometry equipment.

We continue to find sustainable and better ways to support these students.

During these actions, we paid special attention to nurture an environment for prosperity by respecting their religion, encouraging entrepreneurship and uniting social supports from their families and neighbors.

Vocational School

To ensure employability, our Indonesia factory works with the school to provide specific training to the students. Equipment and facilities, as well as training classes are provided by Indonesia factory to equip students with the necessary skills.

More on Combine Will's corporate social responsibility ("CSR") content can be found in the FY2023 Sustainability Report.

Board of Directors

MR. TAM JO TAK, DOMINIC, 69

Role: 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 2023): Approximately 16 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 2023):
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 2021 to 31 December 2023): 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 a Honours Bachelor of Science degree in Production Engineering and Management from the Loughborough University in the UK in 1980.

MR. CHIU HAU SHUN, SIMON, 64

Role: Chief Executive Officer
Date of first appointment as director: 8 October 2007
Date of last re-election as a director: 20 April 2021
Length of service as a director (as at 31 December 2023): Approximately 16 years and 2 months
Board committee(s) served on: Nil
Academic & Professional Qualification(s): School of Business, Indiana University, USA
Present Directorships (as at 31 December 2023):
Listed Companies: Nil
Others: Eastern Glory Financial Advisor and Investment Limited, DJKS Holdings Limited
Major Appointments (other than Directorships): Nil
Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023): 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 is currently principally engaged in Group strategic development. He is also a director of Eastern Glory Financial Advisor and Investment Limited, a PRC consultancy business which he founded in 1997. Prior to setting up his own business, 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.

BOARD OF DIRECTORS (CONT'D)

MR. WEE SUNG LENG, 58

Role: 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 2023): Approximately 4 year and 8 months
Board committee(s) served on: Audit Committee (Chair), Nominating Committee (Member), Remuneration Committee (Member)
Academic & Professional Qualification(s): Bachelor of Accountancy
Present Directorships (as at 31 December 2023):
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 2021 to 31 December 2023): 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 December 2022, 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 Main Board of the Singapore Stock Exchange. Mr. Wee graduated with a Bachelor of Accountancy degree from the National University of Singapore.

MR. HU HOU ZHI, 58

Role: Non-Executive and Independent Director
Date of first appointment as director: 16 June 2020
Date of last re-election as a director: 27 April 2023
Length of service as a director (as at 31 December 2023): Approximately 3 year and 7 months
Board committee(s) served on: Audit Committee (Member), Nominating Committee (Member), Remuneration Committee (Member)
Academic & Professional Qualification(s): Master of Business Administration in Economics, Beijing Normal University
Present Directorships (as at 31 December 2023):
Listed Companies: Nil
Others: Fortman Fund (Beijing) Clean Energy Technology Co., Ltd
Major Appointments (other than Directorships): Nil
Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023): Nil

Upon his graduation from Tsinghua University in 1989, Mr. Hu Hou Zhi worked as an engineer in the department of electronic engineering teaching and researching group in the university. In 1992, he left Tsinghua University to join the Suman Group as a General Manager of its Marketing Unit. He left the Suman Group in 1998 as Vice President to join Beijing Watertek Information Technology Co., Ltd. In 1999, he joined Shanghai Tianshi Network Co., Ltd as Marketing Director. He left Tianshi in 2001 as General Manager of planning department to join Beijing Capital Co., Ltd, part of China Potevio, a central enterprise specializing in the manufacture, trade, research and service of information and communication products. In 2004, he left Beijing Capital as the Vice President of Beijing Jiuding Onenes Technology Co., LTD. From 2005 till 2008, he served as Executive Director at Beijing Wangong Technology Co., LTD. From 2009 to 2018, he served as Chief Operating Officer of Fortman Fund Investment Management Co., Ltd. Since 2011, he has been the Chair of Fortman Fund (Beijing) Equity Investment Management Co., Ltd. (till 2017), and the Chair of Xinjiang Fortman Fund Equity Investment Management Co., Ltd. (till 2018). From 2012 to 2020, he has been the Chair of Fortman Fund (Beijing) Science & Technology Investment Co., Ltd. From May 2012 to May 2018, he has been an Independent Director of Yunnan Bowen Technology Industry Co., Ltd. In July 2019, Mr. Hu Hou Zhi joined Jade Group (China) Ltd. as General Manager. Mr. Hu holds a Bachelor of Electronic Engineering from Tsinghua University, and a Master of Business Administration in Economics from Beijing Normal University.

MDM LEE KIA JONG ELAINE (MRS ELAINE LIM), 68

Role: 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 2023): 2 years
Board committee(s) served on: Audit Committee (Member), Nominating Committee (Chair), Remuneration Committee (Chair)
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 2023):
Listed Companies: Sabana Industrial REIT
Major Appointments (other than Directorships): Nil
Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023): Chemical Industries (Far East) Limited

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.

MR. TO SIU LUN, DICKY, 55

Role: 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 2023): 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 2023):
Listed Companies: Director, Reverslogix Corporation, INED, China MeiDong Auto Holdings Limited Others: Director, ORI Capital II Inc., Director, Autotoll Limited Director, ICO Strategy Limited
Major Appointments (other than Directorships): Nil
Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023): 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.

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 was working in various international companies as 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 acts as Chief Financial Officer in 2022. He is responsible for overseeing the financial operations, banking and investor relationship, and risk management.

Prior to joining our group, Mr. Suen has over 14 years of experience in accounting, finance, and internal audit. He worked as head of internal audit in NewOcean Energy Holdings Limited, finance manager in ENN Natural Gas Co., Ltd and the HongKong and Shanghai Banking Corporate Limited, and audit manager in Deloitte Touche Tohmatsu, Hong Kong.

Mr. Suen obtained his Bachelor degree major in Accounting, Finance, and Operations Management from Indiana University Kelley School of Business in 2007. Mr. Suen is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales.

CHENG SIU CHUNG, CHRIS

General Manager, Paper Product

Mr. Cheng Siu Chung, Chris is our General Manager of Paper Product and is responsible for the development and operations of Paper Product Business Unit.

Prior to joining our group, Mr. Cheng has over 30 years of extensive experience in the manufacturing field, specializing in paper products and toys. He was the R&D Director and AGM Engineering of QP Group, Product Design & Development Partner of Creative Pro Inc. in Canada, Factory Manager at Tyco Hong Kong Ltd, and AGM/ Director of Manufacturing of Shelcore Hong Kong Ltd where he started as Senior Product Designer.

Mr. Cheng graduated from the Hong Kong Polytechnic with Higher diploma in Product Design in 1979.

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.

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
Hu Hou Zhi
Independent Non-Executive Director
Lee Kia Jong Elaine (Mrs Elaine Lim)
Independent Non-Executive Director
To Siu Lun, Dicky
Independent Non-Executive Director

AUDIT COMMITTEE

Wee Sung Leng (Chair)
Hu Hou Zhi
Lee Kia Jong Elaine (Mrs Elaine Lim)
To Siu Lun, Dicky

NOMINATING COMMITTEE

Lee Kia Jong Elaine (Mrs Elaine Lim)
(Chair)
Wee Sung Leng
Hu Hou Zhi
To Siu Lun, Dicky

REMUNERATION COMMITTEE

Lee Kia Jong Elaine (Mrs Elaine Lim)
(Chair)
Wee Sung Leng
Hu Hou Zhi
To Siu Lun, Dicky

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 Industrial 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
Certified 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)

INVESTOR RELATIONS WEBSITE

www.combinewill.com

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

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

STOCK CODE

SGX: N0Z

COUNTER NAME

COMBINE WILL

* This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

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 (the "**Listing Manual**") issued by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

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 2023 ("**FY2023**") are described herein under the following sections:

I BOARD MATTERS

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

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 its shareholders. The Board's primary duty is to ensure that the Company is managed in the best interests of 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.

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; and
- provision of corporate guarantees or letters of comfort.
- 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.

Board Composition and Guidance

As at 31 December 2023, 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 chair 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, Mr. Hu Hou Zhi, Mdm. Lee Kia Jong Elaine and Mr. To Siu Lun, Dicky 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 2023 are disclosed in the Directors' Statement for FY2023.

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.

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.

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 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 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.

During FY2023 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
Hu Hou Zhi	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

Executive Chairman, Chief Executive Officer and Lead Independent Director

Mr. Tam Jo Tak, Dominic is the co-founder and Executive Chairman of the Group. Mr. Chiu Hau Shun, Simon 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 Provision 2.2 and Provision 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 chair is conflicted, and especially where the chair is not independent. The Code also recommends that the lead independent director be available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chair of the Company or the Management are inappropriate or inadequate. For this purpose, Mr. Wee Sung Leng 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.

Board Membership

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

Mdm. Lee Kia Jong Elaine (Mrs. Elaine Lim) (Chair)
Mr. Wee Sung Leng
Mr. Hu Hou Zhi
Mr. To Siu Lun, Dicky

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 of Association of the Company 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 shareholders re-elect Directors under the provisions of the Company's Articles of Association 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;
- to develop / 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, analyses and 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 15 to 17 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.

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.

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 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)

Procedures for Developing Remuneration Policies

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

Mdm. Lee Kia Jong Elaine (Mrs. Elaine Lim) (Chair)
Mr. Wee Sung Leng
Mr. Hu Hou Zhi
Mr. To Siu Lun, Dicky

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;
- 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 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 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 shareholders.

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 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.

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.

Disclosure of Remuneration

The remuneration of the Directors for FY2023 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	-	5	-	-	-	336
Chiu Hau Shun, Simon	99	-	1	-	-	-	323
Non-Executive Directors							
Wee Sung Leng	100	-	-	-	-	-	100
Hu Hou Zhi	100	-	-	-	-	-	100
Lee Kia Jong Elaine	100	-	-	-	-	-	100
To Siu Lun, Dicky	100	-	-	-	-	-	77

The remuneration of the key executives (who are not Directors) for FY2023 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	70	29	1	-	-	-	333
Suen Ka Fai, Simon	70	29	1	-	-	-	319
Cheng Siu Chung, Chris	79	20	1	-	-	-	257
Tang Kai Man, Nicholas	75	25	-	-	-	-	265
Chung Kai Kei, Paul	70	29	1	-	-	-	233

The total remuneration paid to the top five key executives (who are not Directors) is S$1,407,000.

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) is S$2,443,000.

There is 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 FY2023.

There are no employee share schemes for FY2023.

III ACCOUNTABILITY AND AUDIT

(Principles 9 and 10)

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 shareholders is to provide shareholders with a detailed and balanced analysis of the Group's financial position and prospects.

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.

Audit Committee

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

Mr. Wee Sung Leng (Chair)
Mr. Hu Hou Zhi
Mdm. Lee Kia Jong Elaine (Mrs. Elaine Lim)
Mr. To Siu Lun, Dicky

In accordance with Provision 10.2 of the Code, at least two members of the AC, including the AC Chair, have recent and relevant accounting or related financial management expertise or experience. In accordance with Provision 10.3 of the Code, for FY2023, 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, 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 5 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:

Oversight of the Company’s Financial Reporting

- 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;

• 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;

Oversight of the Company's Risk Management and Internal Controls

• 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;
- 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;
- to undertake such other reviews or projects and consider any other matters specifically referred to the AC by the Board;

Internal Audit

- 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;
- to meet with the internal auditors without the presence of the Management at least annually;

External Audit

- 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 Chair and the Executive Chairman of the Board;
- to meet with the external auditors without the presence of the Management at least annually;

Compliance and Corporate Governance

- 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;
- 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;

IPTs and RPTs

- 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 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;

Whistleblowing

- 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 Chair 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.

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 FY2023. At these meetings, Mr. Suen Ka Fai, Simon, the Chief Financial Officer, was also in attendance. During FY2023, 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 FY2023.

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 Chair 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) 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 FY2023, the aggregate amount of fees incurred is as follows:

(a) to RSM Hong Kong, an amount of HK$1,740,000, with the fees paid for its provision of audit and non-audit services amounting to HK$1,290,000 and HK$450,000 respectively; and

(b) to RSM SG Assurance LLP, an amount HK$609,000, with the fees paid for its provision of audit services.

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.

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 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)

Shareholder Rights

The Company is committed to providing 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 Provision 11.1 and Provision 11.4 of the Code, the Company encourages attendance, participation and voting by 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. 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 Chair, the NC Chair and the RC Chair, and the external auditors will be available during the AGM to address any relevant queries from shareholders. For FY2023, all the members of the Board, including the AC Chair, the NC Chair and the RC Chair, and the external auditors attended the AGM of the Company (being the sole general meeting of the Company for FY2023).

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 FY2023 was held both physically and via electronic means by which shareholders could electronically access the AGM proceedings via live audio visual webcast or live audio-only stream. The hybrid format of the AGM served to facilitate interaction between the Board and shareholders. 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 by electronic means live at the AGM or by appointing a proxy(ies) (other than the Chairman of the AGM) to vote by electronic means 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.

Communication with Shareholders

It is the Company's policy to keep 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 Provision 12.1, Provision 12.2. and Provision 12.3 of the Code, a comprehensive investor relations policy has been put in place to ensure the Company's 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.

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 FY2023 to thank shareholders for their continuous patience and loyalty.

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 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 annual general meetings and special general meetings which capture the attendance of Board members at the meetings, matters approved by shareholders, voting results and substantial and relevant comments or queries from 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 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 FY2023.

FINANCIAL STATEMENTS

For the year ended 31 December 2023

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023.

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 52 to 125, 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 2023 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 29 February 2024, no material development that affect the Group and the Company's operating and financial performance as of the date of this report.

Independent auditors

RSM Hong Kong, and RSM SG Assurance LLP (which was known as RSM Chio Lim LLP before 1 March 2024) have expressed willingness to accept re-appointment.

On behalf of the Directors

Tam Jo Tak, Dominic	**Chiu Hau Shun, Simon**
Executive Chairman	Chief Executive Officer and Executive Director
9 April 2024	

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 2023, 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 2023, 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 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:

Key Audit Matters (cont'd)

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 2023, the Group held inventories of approximately HK$85.3 million, which represented approximately 6.0% 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$3.2 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; - Perform 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; - Assessed 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; - 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.

INDEPENDENT AUDITORS' REPORT

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 and bills receivables and contract assets (cont'd)

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 and bills receivables respectively.

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2023, the Group has trade and bills receivables and contract assets with aggregate value of HK$158.0 million and HK$258.5 million before the allowance for doubtful debts of HK$7.9 million and HK$0.1 million 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 and bills receivables, contract assets and the sufficiency of allowance for doubtful debts based on information including credit profile of different customers, aging of the trade and bills 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. During the year, a reversal of impairment loss on trade and bills receivables, and contract assets of HK$0.5 million and HK$0.2 million were credited to the profit and loss account, respectively. We focused on this area due to the impairment assessment of trade and bills receivables and contract assets under the expected credit losses model involved the use of significant management judgements and estimates.	Our audit procedures in relation to this matter included: - Understanding and evaluating the design and implementation of the relevant controls on impairment of trade and bills 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; - Perform retrospective review to evaluate the outcome of prior period assessment of impairment of trade and bill receivables and contract assets to assess the effectiveness of management's estimate process; - Assessing whether trade and bills 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; - 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 and bills receivables on a sample basis to supporting documents;

Key Audit Matters (cont'd)

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

Key Audit Matter	How our audit addressed the Key Audit Matter
	- Testing the calculation of expected credit loss provisions applying the provision rates to the age categories of the trade and bills 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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.

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 2024

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 2024

Engagement partner: Wong Poh Weng

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
Revenue	9	**1,113,174**	1,341,352
Cost of sales		**(984,720)**	(1,198,492)
Gross profit		**128,454**	142,860
Other income and gains and losses	10	**36,136**	27,613
Reversal of impairment loss on trade receivables and contract assets, net		**700**	1,406
Selling and distribution expenses		**(12,255)**	(18,604)
Administrative expenses		**(74,863)**	(69,811)
Profit from operations		**78,172**	83,464
Finance costs	11	**(29,326)**	(22,718)
Profit before tax		**48,846**	60,746
Income tax expense	12	**(6,315)**	(17,989)
Profit for the year, net of tax	13	**42,531**	42,757
Profit for the year attributable to:			
Owners of the Company		**42,531**	42,757
Earnings per share	16		
Basic earnings per share (HK cents)		**131.56**	132.27

	2023 HK$'000	2022 HK$'000
Profit for the year, net of tax	**42,531**	42,757
Other comprehensive income/(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")	**109**	(86)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(10,612)**	(57,272)
Other comprehensive loss for the year, net of tax	**(10,503)**	(57,358)
Total comprehensive income/(loss) for the year	**32,028**	(14,601)
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	**32,028**	(14,601)

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	Group		Company	
		2023	2022	**2023**	2022
		HK$'000	HK$'000	**HK$'000**	HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	17	**454,673**	485,114	**-**	-
Right-of-use assets	18	**69,433**	76,988	**-**	-
Financial assets at FVTOCI	22	**189**	80	**-**	-
Investments in subsidiaries	19	**-**	-	**462,282**	462,262
Goodwill	20	**1,927**	1,927	**-**	-
Deposit paid for an acquisition of leasehold land		**35,266**	-	**-**	-
Total non-current assets		**561,488**	564,109	**462,282**	462,262
Current assets					
Contract assets	23	**258,356**	283,668	**-**	-
Inventories	24	**85,341**	90,363	**-**	-
Trade and bills receivables	25	**150,114**	186,144	**-**	-
Prepayments, deposits and other receivables	26	**127,022**	165,304	**-**	-
Financial assets at fair value through profit or loss ("FVTPL")	21	**122,319**	120,932	**-**	-
Bank and cash balances	27,38	**126,394**	132,057	**1,288**	1,783
Total current assets		**869,546**	978,468	**1,288**	1,783
Total assets		**1,431,034**	1,542,577	**463,570**	464,045
LIABILITIES AND EQUITY					
Non-current liabilities					
Borrowings	31	**9,000**	15,000	**-**	-
Lease liabilities	33	**34,506**	50,227	**-**	-
Deferred tax liabilities	28	**-**	2,650	**-**	-
Total non-current liabilities		**43,506**	67,877	**-**	-
Current liabilities					
Current tax liabilities		**12,020**	15,640	**-**	-
Deferred consideration payable	34	**7,809**	-	**-**	-
Trade and bills payables	29	**195,566**	247,220	**-**	-
Amounts due to subsidiaries	19	**-**	-	**42,792**	33,803
Accruals and other payables	30	**129,472**	169,139	**-**	-
Lease liabilities	33	**21,307**	18,622	**-**	-
Borrowings	31	**275,191**	303,932	**-**	-
Financial guarantees	32	**-**	-	**17,400**	17,380
Total current liabilities		**641,365**	754,553	**60,192**	51,183
Total liabilities		**684,871**	822,430	**60,192**	51,183
Equity attributable to owners of the Company					
Share capital	35	**242,456**	242,456	**242,456**	242,456
Reserves	36	**500,229**	477,691	**160,922**	170,406
		742,685	720,147	**403,378**	412,862
Non-controlling interests		**3,478**	-	**-**	-
Total equity		**746,163**	720,147	**403,378**	412,862
Total liabilities and equity		**1,431,034**	1,542,577	**463,570**	464,045

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company									
	Share capital	**Share premium**	**Statutory reserve (Note)**	**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$'000**	**HK$'000**	**HK$'000**	**HK$'000**
At 1 January 2022	242,456	26,488	2,033	1,665	(1,834)	15,634	457,730	744,172	-	744,172
Profit for the year	-	-	-	-	-	-	42,757	42,757	-	42,757
Other comprehensive loss	-	-	-	-	(86)	(57,272)	-	(57,358)	-	(57,358)
Total comprehensive (loss)/income for the year	-	-	-	-	(86)	(57,272)	42,757	(14,601)	-	(14,601)
Transactions with owners in their capacity as owners:										
Dividend paid (note 15)	-	-	-	-	-	-	(9,424)	(9,424)	-	(9,424)
	-	-	-	-	-	-	(9,424)	(9,424)	-	(9,424)
At 31 December 2022 and 1 January 2023	242,456	26,488	2,033	1,665	(1,920)	(41,638)	491,063	720,147	-	720,147
Profit for the year	-	-	-	-	-	-	42,531	42,531	-	42,531
Other comprehensive income/(loss)	-	-	-	-	109	(10,612)	-	(10,503)	-	(10,503)
Total comprehensive income/(loss) for the year	-	-	-	-	109	(10,612)	42,531	32,028	-	32,028
Transactions with owners in their capacity as owners:										
Contribution from non-controlling shareholders in respect of subsidiaries	-	-	-	-	-	-	-	-	10,553	10,553
Deferred consideration payable in respect of the call and put option granted from/to non-controlling shareholder (note 34)	-	-	-	-	-	-	-	-	(7,075)	(7,075)
Dividend paid (note 15)	-	-	-	-	-	-	(9,490)	(9,490)	-	(9,490)
	-	-	-	-	-	-	(9,490)	(9,490)	3,478	(6,012)
At 31 December 2023	242,456	26,488	2,033	1,665	(1,811)	(52,250)	524,104	742,685	3,478	746,163

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**48,846**	60,746
Adjustments for:			
Depreciation of property, plant and equipment	17	**79,135**	74,256
Depreciation of right-of-use assets	18	**20,814**	19,939
Loss/(gain) on disposal of property, plant and	13	**292**	(1,193)
Reversal of impairment loss on trade receivables and contract assets, net		**(700)**	(1,406)
Bad debts	13	**67**	-
Reversal of allowance for inventories	24	**(3,233)**	(1,851)
Dividend income	10	**(1,896)**	(2,554)
Fair value (gain)/loss on financial assets at FVTPL	10	**(1,310)**	11,793
Loss on disposal of financial assets at FVTPL	10	**177**	-
Lease modification	10	**(2,665)**	(30)
Interest income	10	**(2,835)**	(1,503)
Finance costs	11	**29,326**	22,718
Operating profit before working capital changes		**166,018**	180,915
Decrease in inventories		**8,255**	85,373
Decrease in contract assets		**25,553**	60,837
Decrease/(increase) in trade and bills receivables		**36,416**	(16,753)
Decrease in prepayments, deposits and other		**31,838**	2,236
Increase in financial assets at FVTPL		**(263)**	(40,626)
Decrease in trade and bills payables		**(55,069)**	(2,599)
Decrease in accruals and other payables		**(41,732)**	(3,051)
Cash generated from operations		**171,076**	266,332
Interest paid		**(23,727)**	(15,890)
Income taxes paid		**(7,217)**	(3,070)
Interest on lease liabilities		**(4,865)**	(6,828)
Net cash generated from operating activities		**135,267**	240,544
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(57,743)**	(97,129)
Deposit paid for an acquisition of leasehold land		**(35,266)**	-
Proceeds from disposal of property, plant and equipment		**56**	1,894
Dividend received from financial assets at FVTPL		**1,896**	2,554
Interest received		**2,583**	1,228
Net cash used in investing activities		**(88,474)**	(91,453)

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution from non-controlling shareholders in respect of subsidiaries		**10,553**	-
Dividend paid	15	**(9,490)**	(23,619)
New loan raised		**125,000**	110,000
Repayment of loans		**(118,681)**	(123,291)
Net payment of trust receipts and import loans		**(40,215)**	(32,237)
Principal elements of lease payments		**(18,552)**	(17,963)
Net cash used in financing activities		**(51,385)**	(87,110)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(4,592)**	61,981
Net effect of exchange rate changes on cash and cash equivalents held		**(1,071)**	(33,408)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**132,057**	103,484
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	38	**126,394**	132,057

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 Law, 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 2023 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 new and revised IFRS Accounting Standards

The Group has applied the following new and amendments to IFRS Accounting Standards for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

2. STATEMENT OF COMPLIANCE (CONT'D)

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

IFRS 17	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

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

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies"

The Group has adopted Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" for the first time in the current year. IAS 1 "Presentation of Financial Statements" is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. STATEMENT OF COMPLIANCE (CONT'D)

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

Impact on application of Amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" (cont'd)

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies set out in note 3 to the consolidated financial statements.

Change in accounting policy as a result of application of the Hong Kong Institute of Certified Public Accountants ("HKICPA") guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") - Long Service Payment ("LSP") offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory and voluntary MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee's accrued retirement benefits derived from employers' MPF contributions was allowed under the Employment Ordinance (Cap.57). In June 2022, the Government of the the Hong Kong Special Administrative Region ("HKSAR") gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance") which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset severance payment and LSP (the "Abolition"). The Abolition will officially take effect on 1 May 2025 (the "Transition Date"). In addition, under the Amendment Ordinance, the last month's salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The Group considered the accrued benefits arising from employer MPF contributions that have been vested with the employee and which could be used to offset the employee's LSP benefits as a deemed contribution by the employee towards the LSP. Historically, the Group has been applying the practical expedient in paragraph 93(b) of IAS 19 to account for the deemed employee contributions as a reduction of the service cost in the period in which the related service is rendered.

2. STATEMENT OF COMPLIANCE (CONT'D)

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

Change in accounting policy as a result of application of the Hong Kong Institute of Certified Public Accountants ("HKICPA") guidance on the accounting implications of the abolition of the Mandatory Provident Fund ("MPF") - Long Service Payment ("LSP") offsetting mechanism in Hong Kong (cont'd)

Based on the HKICPA's guidance, as a result of the Abolition, these contributions are no longer considered "linked solely to the employee's service in that period" since the mandatory employer MPF contributions after the Transition Date can still be used to offset the pre-transition LSP obligation. Therefore, it would not be appropriate to view the contributions as "independent of the number of years of service" and the practical expedient in paragraph 93(b) of IAS 19 is no longer applicable. Instead, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying paragraph 93(a) of IAS 19. Accordingly, the Group has recognised a cumulative catch-up adjustment in profit or loss for the service cost, interest expense and remeasurement effect from changes in actuarial assumptions for the year ended 31 December 2022, with corresponding adjustment to the LSP obligation. The cumulative catch-up adjustment is calculated as the difference at the enactment date (16 June 2022) between the carrying amount of the LSP liability calculated under paragraph 93(b) of IAS 19 before the Abolition and the carrying amount of the LSP liability calculated under paragraph 93(a) of IAS 19 after the Abolition.

The change in accounting policy did not have an impact on these financial statements as the directors consider that the LSP obligation is immaterial to the Group.

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

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 - Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 - Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 - Lack of Exchangeability	1 January 2025
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

2. STATEMENT OF COMPLIANCE (CONT'D)

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

Except for the amendment to standards mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will not have material impact on the consolidated financial statements in the foreseeable future.

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

The amendments add a disclosure objective to IAS 7 Cash flow statements stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term "supplier finance arrangements" is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements;
- The carrying amount and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements, and the non-cash changes in the carrying amounts of these financial liabilities;
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

The application of the amendments is not expected to have impact on the financial position or performance of the Group but may affect the disclosures of liabilities, cash flows and the Group's exposure to liquidity risk related to the supplier finance arrangements entered into by the Group. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(a) Consolidation (cont'd)

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.

(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 investment is 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.

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

(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 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY 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.

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(f) Leases (cont'd)

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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(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.

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 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.

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

(i) Recognition and derecognition of financial instruments (cont'd)

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.

Debt investments

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 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY 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, bills 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.

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.

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

(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. Financial liabilities are classified as at fair value through profit or loss ("FVTPL") in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted. 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.

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

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(p) Trade, bills and other payables

Trade, bills 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(t) Employee benefits (cont'd)

(ii) Pension obligations (cont'd)

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reduction in future contributions to the plan.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.
- If the contributions are linked to services, they reduce service costs. For the amount of contributions that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduce service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' period of service in accordance with IAS 19 paragraph 70.

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

(t) Employee benefits (cont'd)

(ii) Pension obligations (cont'd)

For LSP obligation, the Group accounts for the employer MPF contributions expected to be offsetted as a deemed employee contribution towards the LSP obligation in term of IAS 19 paragraph 93(a) and it is measured on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(w) Taxation (cont'd)

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.

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

(w) Taxation (cont'd)

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.

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 and bills 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 and bills 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

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 EXPLANATORY 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

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

Definition of default (cont'd)

- 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.

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.

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY 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.

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

(a) Income taxes (cont'd)

As at 31 December 2023, no deferred tax asset has been recognised on the tax losses of HK$233,554,000 (2022: HK$158,258,000) 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.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2023 were HK$454,673,000 (2022: HK$485,114,000) and HK$69,433,000 (2022: HK$76,988,000) respectively.

(c) Impairment of trade and bills 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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

(c) Impairment of trade and bills receivables and contract assets (CONT'D)

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 2023, the carrying amount of trade and bills receivables and contract assets is HK$150,114,000 (net of allowance for doubtful debts of HK$7,860,000) (2022: HK$186,144,000 (net of allowance for doubtful debts of HK$12,154,000)) and HK$258,356,000 (net of allowance for doubtful debts of HK$127,000) (2022: HK$283,668,000 (net of allowance for doubtful debts of HK$368,000)) 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 2023, allowance for slow-moving inventories amounted to HK$3,429,000 (2022: HK$6,662,000).

(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.

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$, United States dollars ("USD"), Renminbi ("RMB") and Indonesian Rupiah ("IDR") and the functional currencies of the principal operating entities of the Group are HK$ and RMB. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2023, 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$609,000 (2022: HK$761,000) lower, arising mainly as a result of the net foreign exchange loss on bank and cash balances, trade and bills receivables, trade and bills payables and accruals and other payables denominated in RMB. If the HK$ 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$609,000 (2022: HK$761,000) higher, arising mainly as a result of the net foreign exchange gain on bank and cash balances, trade and bills receivables, trade and bills 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.

At 31 December 2023, 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$856,000 (2022: HK$1,110,000) 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$856,000 (2022: HK$1,110,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

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 and bills 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 and bills 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 81% (2022: 50%) and 2% (2022: 14%) 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.

The Group measures loss allowances for trade and bills 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.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Trade and bills receivables and contract assets (cont'd)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and bills receivables and contract assets as at 31 December 2023:

	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**

	2022		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.09%-3.68%	408,415	590
Within 1 year	0.10%-23.14%	62,167	248
1-2 years	0.89%-99.66%	69	1
Over 2 years	100%	11,683	11,683
		482,334	12,522

Expected loss rates are based on actual loss experience over the past 8 years (2022: 7 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

Trade and bills receivables and contract assets (cont'd)

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

	2023 **HK$'000**	2022 HK$'000
At 1 January	**12,522**	13,930
Reversal of impairment losses recognised for the year, net	**(700)**	(1,406)
Written-off	**(3,835)**	(2)
	7,987	12,522

The following changes in the gross carrying amounts of trade and bills receivables and contract assets contributed to the decrease in the loss allowance during 2023:

- decrease in days past due within 2 years resulted in a decrease in loss allowance of HK$527,000;
- decrease in days past due over 2 years resulted in a decrease in loss allowance of HK$173,000; and
- written-off of gross carrying amount of trade receivables amounting to HK$3,835,000.

(d) Liquidity risk

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:

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Liquidity risk (cont'd)

	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 2023						
Trade and bills payables	**-**	**195,566**	**-**	**-**	**-**	**195,566**
Accruals and other payables	**-**	**90,064**	**-**	**-**	**-**	**90,064**
Borrowings	**270,392**	**8,679**	**9,279**	**-**	**-**	**288,350**
Lease liabilities	**-**	**24,381**	**22,151**	**16,719**	**-**	**63,251**
Deferred consideration payable (Note)	**10,500**	**-**	**-**	**-**	**-**	**10,500**
At 31 December 2022						
Trade and bills payables	-	247,220	-	-	-	247,220
Accruals and other payables	-	101,859	-	-	-	101,859
Borrowings	300,099	8,485	8,284	9,164	-	326,032
Lease liabilities	-	23,962	21,893	31,822	5,022	82,699

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.

(e) Categories of financial instruments at 31 December 2023 and 2022

	2023 HK$'000	2022 HK$'000
Financial assets:		
Financial assets measured at amortised cost	**554,725**	636,096
Financial assets measured at FVTPL	**122,319**	120,932
Financial assets measured at FVTOCI	**189**	80
Financial liabilities:		
Financial liabilities at amortised cost	**633,443**	736,860

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(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 2023 and 2022:

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**

Description	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2022
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products		120,932		120,932
Financial assets at FVTOCI				
- Unlisted equity securities			80	80
		120,932	80	121,012

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

6. FAIR VALUE MEASUREMENTS (CONT'D)

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

Description	Financial assets at FVTOCI -unlisted equity securities	
	2023	2022
	HK$'000	HK$'000
At 1 January	**80**	166
Total gains/(losses) recognised		
- in other comprehensive income	**109**	(86)
At 31 December	**189**	80

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 2023:

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 2023

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 2023: (cont'd)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value **2023** **HK$'000** **Assets/ (Liabilities)**	Fair value 2022 HK$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Risk-adjusted discount rate	13% (2022: 14%)	Decrease		
		Growth rate	15% (2022: 5%)	Increase		
		Discount for lack of marketability	26% (2022: 30%)	Decrease	**189**	80

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:

7. SEGMENT INFORMATION (CONT'D)

Geographical information: (cont'd)

	Revenue		Non-current assets	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Asia				
Greater China (including PRC, Hong Kong, Macau and Taiwan)	**1,079,108**	1,189,441	**340,308**	381,717
Indonesia	**-**	-	**221,180**	182,392
	1,079,108	1,189,441	**561,488**	564,109
Europe				
Germany	**25,872**	120,256	**-**	-
Switzerland	**8,194**	31,655	**-**	-
	34,066	151,911	**-**	-
Consolidated total	**1,113,174**	1,341,352	**561,488**	564,109

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

Revenue from major customers:

	2023	2022
	HK$'000	HK$'000
ODM/OEM		
Customer a	**843,319**	882,179
Customer b	**166,008**	210,971

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

	2023 **HK$'000**	2022 HK$'000
Salaries and other short-term employee benefits	**14,439**	13,591

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

	2023 **HK$'000**	2022 HK$'000
Remunerations of directors of the Company	**3,903**	3,903
Fees to directors of the Company	**2,212**	1,588

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

A non-controlling shareholder of a subsidiary, Lianmei Toys, received management fees of HK$2,541,000 (2022: Nil).

9. REVENUE

Disaggregation of revenue

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

	2023	2022
	HK$'000	HK$'000
Sales of toys and premium products ("Toys")	**1,113,174**	1,341,352
Timing of revenue recognition		
Point in time	**29,640**	48,092
Over time	**1,083,534**	1,293,260
Total	**1,113,174**	1,341,352

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.

10. OTHER INCOME AND GAINS AND LOSSES

	2023	2022
	HK$'000	HK$'000
Interest income on bank deposits and FVTPL	**2,583**	1,228
Imputed interest income	**252**	275
Dividend income	**1,896**	2,554
Order amended income	**21**	2,679
Sample sales	**874**	1,138
Miscellaneous receipts	**5,349**	3,641
Mould engineering income, net	**8,236**	11,408
Rental income	**3,894**	4,466
Sales of scrap materials	**4,485**	4,011
Government grants *	**1,807**	4,932
Reversal of allowance for inventories	**3,233**	1,851
Lease modification	**2,665**	30
Fair value gain/(loss) on financial assets at FVTPL	**1,310**	(11,793)
Loss on disposal of financial assets at FVTPL	**(177)**	-
(Loss)/gain on disposal of property, plant and equipment	**(292)**	1,193
	36,136	27,613

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

10. OTHER INCOME AND GAINS AND LOSSES (CONT'D)

* 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 and also wage and operation support.

11. FINANCE COSTS

	2023	2022
	HK$'000	HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**23,727**	15,890
Interest expenses on lease liabilities (note 18)	**4,865**	6,828
Interest expenses on deferred consideration payable (note 34)	**734**	-
	29,326	22,718

12. INCOME TAX EXPENSE

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

	2023	2022
	HK$'000	HK$'000
Deferred tax (note 28)	**(2,650)**	-
Current tax expenses		
- Hong Kong	**44**	184
- The PRC	**3,994**	5,056
- Indonesia	**4,942**	2,406
(Over)/under-provision in prior years		
- Hong Kong	**-**	10,193
- The PRC	**(15)**	150
	8,965	17,989
	6,315	17,989

Under the two-tiered profits tax regime, the first HK$2 million 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%.

12. INCOME TAX EXPENSE (CONT'D)

For the years ended 31 December 2023, the applicable PRC and Indonesia enterprise income tax rates are 25% (2022: 25%) and 22% (2022: 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$4,585,000 (2022: HK$4,088,000). 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% (2022: 16.5%) to profit before tax as a result of the following differences:

	2023 **HK$'000**	2022 HK$'000
Profit before tax	**48,846**	60,746
Income tax expense at Hong Kong Profits Tax rate	**8,060**	10,023
Tax effect of income that is not taxable	**(19,490)**	(22,296)
Tax effect of expenses that are not deductible	**3,063**	14,014
Tax effect of temporary differences not recognised	**45**	(302)
Tax effect of utilisation of tax losses not previously recognised	**(182)**	(499)
Tax effect of tax losses not recognised	**12,606**	4,207
Effect of different tax rates of subsidiaries	**4,878**	2,499
(Over)/under-provision of tax expenses in prior years	**(2,665)**	10,343
Income tax expense	**6,315**	17,989

In 2020, a subsidiary of the Company received additional assessments demanding additional tax for the years of assessment 2013/14 and 2014/15 from the Hong Kong Inland Revenue Department ("HKIRD"). The amounts of additional assessments for the years of assessment 2013/14 and 2014/15 are HK$1,842,000 and HK$11,160,000 respectively and are relating to offshore profit claims in the respective years. The subsidiary purchased tax reserve certificates of HK$1,842,000 for year of assessment 2013/14 during the year 2020, and tax reserve certificates including tax surcharge of HK$12,425,000 for year of assessment 2014/15 during the year 2021.

In 2021, the subsidiary engaged a professional tax counsel for advice relating to its offshore trading profit claims, and also submitted an objection letter for years of assessment 2013/14 and 2014/15 and revised tax computations for years of assessment 2013/14 to 2019/20 to HKIRD for re-assessment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

12. INCOME TAX EXPENSE (CONT'D)

In 2022, HKIRD issued the notice of revised assessment between 2013/14 and 2020/21 and charged the additional tax of HK$13,947,000. The under-provision of tax expense of HK$9,702,000 was recognised during the year of 2022.

13. PROFIT FOR THE YEAR

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

	2023 **HK$'000**	2022 HK$'000
Audit fee paid to:		
- Independent auditors of the Company	**1,899**	1,839
- Other independent auditors - network firms	**133**	132
- Other independent auditors - non-network firms	**252**	262
Audit-related services fee paid to:		
- Independent auditor of the Company	**450**	450
Non-audit related services fee paid to:		
- Other independent auditors - network firms	**87**	351
- Other independent auditors - non-network firms	**1,149**	1,606
Bad debts	**67**	-
Depreciation on property, plant and equipment	**79,135**	74,256
Depreciation on right-of-use assets	**20,814**	19,939
Loss/(gain) on disposal of property, plant and equipment	**292**	(1,193)
Exchange loss/(gain), net	**5,212**	(975)
Reversal of allowance for inventories	**(3,233)**	(1,851)

14. EMPLOYEE BENEFITS EXPENSES

	2023 **HK$'000**	2022 HK$'000
Employee benefits expenses including directors	**366,768**	458,247
Contributions to defined contribution scheme	**35,829**	38,043
Employee benefits expenses	**402,597**	496,290

15. DIVIDENDS

	2023	2022
	HK$'000	HK$'000
Final of SGD0.05 (2022: SGD0.05) per ordinary share paid in respect of the year ended 31 December 2022 (2022: 2021)	**9,490**	9,424

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2023 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$42,531,000 (2022: HK$42,757,000) by the weighted average number of ordinary shares of 32,327,400 (2022: 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 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 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 2022	7,719	854,658	49,197	45,508	13,697	3,535	974,314
Additions	-	91,730	589	1,982	1,894	934	97,129
Disposals	-	(8,068)	(609)	(264)	(1,433)	-	(10,374)
Transfer	-	3,454	-	-	-	(3,454)	-
Exchange differences	-	(39,320)	(1,979)	(1,748)	(314)	(81)	(43,442)
At 31 December 2022 and 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	**7,719**	**941,779**	**43,383**	**48,040**	**13,879**	**2,588**	**1,057,388**
Accumulated depreciation and impairment							
At 1 January 2022	5,141	402,477	33,932	32,928	12,436	-	486,914
Charge for the year	150	69,388	841	3,358	519	-	74,256
Disposals	-	(7,367)	(609)	(264)	(1,433)	-	(9,673)
Exchange differences	-	(15,881)	(1,965)	(937)	(201)	-	(18,984)
At 31 December 2022 and 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	**5,441**	**519,070**	**32,036**	**34,520**	**11,648**	**-**	**602,715**
Carrying amount							
At 31 December 2023	**2,278**	**422,709**	**11,347**	**13,520**	**2,231**	**2,588**	**454,673**
At 31 December 2022	2,428	453,837	14,999	10,393	2,523	934	485,114

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 2023	**74,380**	**4,755**	**79,135**
Year ended 31 December 2022	69,524	4,732	74,256

18. RIGHT-OF-USE ASSETS

Group

	Leasehold lands	Leased properties	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2022	22,724	81,432	104,156
Additions	1,924	-	1,924
Depreciation	(900)	(19,039)	(19,939)
Lease modification	-	(740)	(740)
Exchange differences	(2,201)	(6,212)	(8,413)
At 31 December 2022 and 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	**20,919**	**48,514**	**69,433**

Lease liabilities of HK$55,813,000 (2022: HK$68,849,000) are recognised with related right-of-use assets of HK$48,514,000 (2022: HK$55,441,000) as at 31 December 2023. 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.

	2023	2022
	HK$'000	HK$'000
Depreciation expenses on right-of-use assets	**20,814**	19,939
Interest expenses on lease liabilities (included in finance cost)	**4,865**	6,828
Expenses relating to short-term lease (included in cost of sales and administrative expenses)	**1,555**	373

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

18. RIGHT-OF-USE ASSETS (CONT'D)

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	
	2023	2022
	HK$'000	HK$'000
Unlisted investments, at cost	**310,205**	310,205
Loans to subsidiaries	**151,059**	151,059
Financial guarantees to subsidiaries (note 32)	**17,400**	17,380
Less: Impairment of unlisted investments	**(16,382)**	(16,382)
	462,282	462,262

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$42,792,000 (2022: HK$33,803,000) are unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries as at 31 December 2023 are as follows:

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name	Date and place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital 2023	Issued and paid-up/ registered capital 2022	Effective interests held by the Group 2023 %	Effective interests held by the Group 2022 %
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
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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 31 December 2023 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	
			2023	2022	**2023** %	2022 %
Indirectly held(cont'd)						
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
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	RMB 2,200,000	-	100	-
Lianmei Toys Manufacturing Company Limited**<Note>	21 February 2023 Hong Kong	Investment holding	HK$35,000,000	-	70	-
Combine Will (Singapore) Pte. Ltd.!	11 August 2023 Singapore	Inactive	SGD1	-	100	-
PT.Combine Will Investama Indonesia!	8 September 2023 Indonesia	Leasing	USD700,000	-	99	-

19. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 31 December 2023 are as follows (cont'd)

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 2023 were audited by RSM Hong Kong.
***	The statutory financial statements for the year ended 31 December 2023 prepared in accordance with generally accepted accounting principles in the PRC, were audited by 鹏盛会计师事务所 for tax filing and annual registration purposes.
****	The statutory financial statements for the year ended 31 December 2023 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 2023 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 2023 prepared in accordance with generally accepted accounting principles in the Indonesia, were audited by RSM Indonesia for tax filing and annual registration purposes.
#	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>	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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

20. GOODWILL

	Group
	HK$'000
Cost	
At 1 January 2022, 31 December 2022 and 31 December 2023	2,417
Accumulated impairment losses	
At 1 January 2022, 31 December 2022 and 31 December 2023	490
Carrying amount	
At 31 December 2023 and 31 December 2022	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 (2022: 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 10% and 1% to 21% respectively (2022: 12% and -6% to 10%).

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	
	2023	2022
	HK$'000	HK$'000
Fair value at 1 January	**120,932**	92,053
Additions on investment products	**5,967**	155,385
Disposal on investment products	**(5,719)**	(114,759)
Increase/(decrease) in FVTPL under other income and gains and losses	**1,310**	(11,793)
Loss on disposals of FVTPL	**(177)**	-
Exchange difference	**6**	46
Fair value at 31 December	**122,319**	120,932

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	
	2023	2022
	HK$'000	HK$'000
Unlisted equity securities at FVTOCI	**189**	80

As at 31 December 2023, the Group has invested HK$2,000,000 (2022: HK$2,000,000) in an unlisted company incorporated in Hong Kong. The Group owned 10% (2022: 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$109,000 is charged to other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

23. CONTRACT ASSETS

	Group	
	2023	2022
	HK$'000	HK$'000
Receivables from contracts with customers within the scope of IFRS 15	**258,483**	284,036
Less: Allowance for impairment	**(127)**	(368)
	258,356	283,668

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	
	2023	2022
	HK$'000	HK$'000
Raw materials, consumables and supplies	**84,790**	93,579
Work in progress	**939**	1,242
Finished goods	**3,041**	2,204
Less: Allowance for impairment	**(3,429)**	(6,662)
	85,341	90,363

The movement of allowance for inventories is as follows:

	Group	
	2023	2022
	HK$'000	HK$'000
At 1 January	**6,662**	8,513
Reversal of allowance for the year	**(3,233)**	(1,851)
At 31 December	**3,429**	6,662

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 AND BILLS RECEIVABLES

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

	Group	
	2023	2022
	HK$'000	HK$'000
0 to 30 days	**89,675**	121,541
31 to 60 days	**45,996**	36,315
61 to 90 days	**9,654**	15,408
91 to 180 days	**4,890**	12,991
181 to 365 days	**24**	317
Over 365 days	**7,735**	11,726
	157,974	198,298
Allowance for impairment loss	**(7,860)**	(12,154)
	150,114	186,144

The average credit period generally granted to non-related trade and bills receivables customers for the year ended 31 December 2023 is ranging from 30-120 days (2022: 30-120 days).

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

	Group	
	2023	2022
	HK$'000	HK$'000
RMB	**240**	121
USD	**141,989**	135,234

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2023	2022
	HK$'000	HK$'000
Prepayments	**20,133**	12,015
Mould and trade deposits paid	**30,902**	63,030
Utility and other deposits	**56,126**	56,032
Tax receivables	**15,720**	23,370
Advancement to suppliers and subcontractors	**-**	2,759
	122,881	157,206
Other receivables	**33,155**	37,112
Allowance for impairment loss for other receivables	**(29,014)**	(29,014)
	4,141	8,098
	127,022	165,304

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

	Group	
	2023	2022
	HK$'000	HK$'000
At 1 January and 31 December	**29,014**	29,014

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	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**44,927**	50,630	**-**	-
RMB	**13,077**	26,935	**-**	-
Japanese Yen ("JPY")	**4,431**	4,703	**-**	-
EUR	**7**	7	**-**	-
SGD	**296**	218	**143**	141
IDR	**13,935**	3,865	**-**	-

The rate of interest for the cash on interest earning balances ranged from 0.01% to 3.25% (2022: 0.01% to 0.39%) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

28. DEFERRED TAX LIABILITIES

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

	Accelerated tax depreciation HK$'000
At 1 January 2022, 31 December 2022 and 1 January 2023	2,650
Credit for the year (note 12)	**(2,650)**
At 31 December 2023	-

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$233,554,000 (2022: HK$158,258,000) 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$4,840,244 (2022: HK$5,510,667) that will expire in 2026. Other tax losses may be carried forward indefinitely.

29. TRADE AND BILLS PAYABLES

	Group	
	2023	2022
	HK$'000	HK$'000
Bills payables, secured (note 39)	**12,367**	13,018
Trade payables	**183,199**	234,202
	195,566	247,220

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

	Group	
	2023	2022
	HK$'000	HK$'000
USD	**46,191**	74,569
RMB	**79,837**	114,907
SGD	**-**	102

The average credit period taken to settle non-related trade payables for the year ended 31 December 2023 is about 30 to 60 days (2022: 30 to 60 days).

30. ACCRUALS AND OTHER PAYABLES

	Group	
	2023	2022
	HK$'000	HK$'000
Accruals	**85,022**	98,519
Mould and trade deposits received	**25,997**	60,160
Contract liability*	**13,411**	7,120
Other payables	**5,042**	3,340
	129,472	169,139

* 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

30. ACCRUALS AND OTHER PAYABLES (CONT'D)

Movements in contract liability

	Group	
	2023	2022
	HK$'000	HK$'000
At 1 January	**7,120**	8,569
Decrease in contract liability as a result of recognising revenue during the year	**(7,120)**	(8,569)
Increase in contract liability as a result of billings in advance	**13,411**	7,120
At 31 December	**13,411**	7,120

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	
	2023	2022
	HK$'000	HK$'000
Trust receipts and import loans, secured (note 39)	**210,080**	251,140
Term loans (note 39)	**74,111**	67,792
	284,191	318,932

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

	Group	
	2023	2022
	HK$'000	HK$'000
RMB	**15,062**	18,106
USD	**1,159**	15,100

31. BORROWINGS (CONT'D)

The average interest rates at 31 December were as follows:

	Group	
	2023	2022
Trust receipts and import loans, secured	**7.19%**	5.93%
Term loans	**7.01%**	6.16%

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	
	2023	2022
	HK$'000	HK$'000
Current	**275,191**	303,932
Non-current	**9,000**	15,000
	284,191	318,932

As at 31 December 2023, the Group has term loans of HK$15,110,000 (2022: HK$16,167,000) due for repayment after one year but contain a repayment on demand clause. The Directors believe that these outstanding borrowing at 31 December 2023 will be fully repaid in 2027 in accordance with the scheduled repayment date in the agreements.

32. FINANCIAL GUARANTEES

	Company	
	2023	2022
	HK$'000	HK$'000
Fair value of financial guarantees		
- Subsidiaries	**17,400**	17,380

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

33. LEASE LIABILITIES

Group	Minimum lease payments		Present value of minimum lease payments	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**24,381**	23,962	**21,307**	18,622
In the second to fifth years, inclusive	**38,870**	53,715	**34,506**	45,497
After five year	**-**	5,022	**-**	4,730
	63,251	82,699	**55,813**	68,849
Less: Future finance charges	**(7,438)**	(13,850)	**N/A**	N/A
Present value of lease obligations	**55,813**	68,849	**55,813**	68,849
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(21,307)**	(18,622)
Amount due for settlement after 12 months			**34,506**	50,227

The weighted average incremental borrowing rates applied to lease liabilities range from 2.8% to 11.2% (2022: from 6.1% to 11.2%) per annum.

All finance lease payables are denominated in RMB.

34. DEFERRED CONSIDERATION PAYABLE

	Group	
	2023	2022
	HK$'000	HK$'000
Liability in related to put and call option to non - controlling interest of subsidiary	**7,075**	-
Interest expenses (note 11)	**734**	-
		-
	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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

35. SHARE CAPITAL

	Company	
	Number of shares	Amount
		HK$
Authorised:		
Ordinary shares of HK$7.50 (2022: HK$7.50) each		
At 1 January 2022, 31 December 2022 and 31 December 2023	100,000,000	750,000,000
Issued and fully paid:		
Ordinary shares of HK$7.50 (2022: HK$7.50) each		
At 1 January 2022, 31 December 2022 and 31 December 2023	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 bills payables, borrowings, lease liabilities and redemption liability less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained earnings and other reserves).

	Group	
	2023	2022
	HK$'000	HK$'000
Total debts	**360,180**	400,799
Less: Cash and cash equivalents (note 38)	**(126,394)**	(132,057)
Net debts	**233,786**	268,742
Total equity	**746,163**	720,147

35. SHARE CAPITAL (CONT'D)

	Group 2023	Group 2022
Debt-to-adjusted capital ratio	**31%**	37%

The debt-to-adjusted capital ratio decreased from 37% to 31% resulted from decrease 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 2023 and 2022.

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 reserve HK$'000 (note 36(c)(iii))	Retained earnings HK$'000	Total HK$'000
At 1 January 2022	26,488	130,205	1,665	20,506	178,864
Total comprehensive income for the year	-	-	-	966	966
Dividend paid	-	-	-	(9,424)	(9,424)
At 31 December 2022 and 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	**26,488**	**130,205**	**1,665**	**2,564**	**160,922**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

36. RESERVES (CONT'D)

(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.

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.

	1 January 2023	Cash flows	Interest expenses	Acquisition of lease	Modification of lease	Non-controlling interest	Exchange difference	31 December 2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Term loans (note 31)	67,792	944	5,375	-	-	-	-	74,111
Borrowings (note 31)	251,140	(58,567)	18,352	-	-	-	(845)	210,080
Lease liabilities (note 33)	68,849	(23,417)	4,865	2,968	5,345	-	(2,797)	55,813
Deferred consideration payable (note 34)	-	10,500	734	-	-	(3,425)	-	7,809
	387,781	(70,540)	29,326	2,986	5,345	(3,425)	(3,642)	347,813

	1 January 2022	Cash flows	Interest expenses	Modification of lease	Exchange difference	31 December 2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Term loans (note 31)	81,083	(15,879)	2,588	-	-	67,792
Borrowings (note 31)	283,377	(45,539)	13,302	-	-	251,140
Lease liabilities (note 33)	94,617	(24,791)	6,828	(770)	(7,035)	68,849
	459,077	(86,209)	22,718	(770)	(7,035)	387,781

(b) Total cash outflow for leases

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

	Group	
	2023	2022
	HK$'000	HK$'000
Within operating cash flows	**6,420**	7,201
Within financing cash flows	**18,552**	17,963
Total	**24,972**	25,164

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2023

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	
	2023	2022
	HK$'000	HK$'000
Lease rental paid	**24,972**	25,164

38. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank and cash balances	**126,394**	132,057	**1,288**	1,783

39. BANKING FACILITIES

	Group	
	2023	2022
	HK$'000	HK$'000
Total granted banking facilities, secured	**743,527**	764,056

The above banking facilities for bills payables, 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 2023, none (2022: 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 2023, 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.

(b) The Group as lessor

At 31 December 2023 and 2022, 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	
	2023	2022
	HK$'000	HK$'000
Within one year	**4,085**	4,183
In the second to fifth years, inclusive	**7,953**	11,623
After five year	**-**	703
	12,038	16,509
Rental income for the year	**3,894**	4,466

41. CAPITAL COMMITMENTS

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

	Group	
	2023	2022
	HK$'000	HK$'000
Property, plant and equipment - contracted but not provided for	**1,998**	1,014

STATISTICS OF SHAREHOLDINGS

AS AT 14 MARCH 2024

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	0.31	1	0.00
100 - 1,000	134	41.75	74,400	0.23
1,001 - 10,000	131	40.81	586,299	1.81
10,001 - 1,000,000	53	16.51	5,318,200	16.45
1,000,001 AND ABOVE	2	0.62	26,348,500	81.51
TOTAL	**321**	**100.00**	**32,327,400**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	RAFFLES NOMINEES (PTE.) LIMITED	24,768,800	76.62
2	PHILLIP SECURITIES PTE LTD	1,579,700	4.89
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	754,100	2.33
4	GU JIAN LIN	681,500	2.11
5	UOB KAY HIAN PRIVATE LIMITED	613,000	1.90
6	DBS NOMINEES (PRIVATE) LIMITED	586,700	1.81
7	LIM KIM CHIN	409,500	1.27
8	GOH CHOON WEI OR CECILINE GOH	195,000	0.60
9	KAM TEOW CHONG	163,700	0.51
10	LIEW WING ONN	156,800	0.49
11	OCBC SECURITIES PRIVATE LIMITED	146,000	0.45
12	MAYBANK SECURITIES PTE. LTD.	124,100	0.38
13	HUANG BAOJIA	119,600	0.37
14	CHU CHOY HAR	82,600	0.26
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	68,900	0.21
16	LAI WENG KAY	65,400	0.20
17	SEAH CHYE ANN (XIE CAI'AN)	62,000	0.19
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	**30,751,200**	**95.13**

STATISTICS OF SHAREHOLDINGS (CONT'D)

AS AT 14 MARCH 2024

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 Limited 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 2024 (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 14 March 2024, 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 2024

	Direct Interest		Deemed Interest	
Name of Shareholder	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
Hu Hou Zhi(3)	209,100	0.65	-	-
Lee Kia Jong, Elaine(4)	-		-	-
To Siu Lun, Dicky (4)	-		-	-

(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 interested in the shares held by his spouse, such shares representing 0.003% of the total shareholding of the Company. Mr. Wee Sung Leng does not have any direct or deemed interest in convertible securities.

(3) Mr. Hu Hou Zhi has a direct interest in shares representing 0.65% of the total shareholding of the Company. Mr. Hu Hou Zhi does not have any direct or deemed interest in convertible securities.

(4) Mdm. Lee Kia Jong, Elaine and Mr. To Siu Lun, Dicky do not have any direct or deemed interest in shares and/or convertible securities.

Percentage of Shareholdings in Hands of Public

Based on the information available to the Company as at 14 March 2024, 24.80% (representing 8,017,300 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

9 April 2024

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 21 Collyer Quay, Level 2 Business Centre, Singapore 049321 on 25 April 2024 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Director's Statement, Audited Financial Statements and the Auditor's Report of the Company for the financial year ended 31 December 2023. **(Resolution 1)**

2. To approve the payment of Directors' Fees of S$400,000 for the financial year ending 31 December 2024 (2023:S$376,715). **[See Explanatory Note (i)]** **(Resolution 2)**

3. To re-elect Mr. Chiu Hau Shun, Simon, a Director retiring pursuant to Article 86 of the Company's Articles of Association. **[See Explanatory Note (ii)]** **(Resolution 3)**

4. 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 4)**

5. To declare a final tax-exempt one-tier dividend of Singapore 5.0 cents per ordinary share in respect of the financial year ended 31 December 2023. **(Resolution 5)**

AS SPECIAL BUSINESS

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

6. To appoint Prof. Ling Chung Yee as a Director, pursuant to Article 85(1) of the Company's Articles of Association, to hold office from the date of this Annual General Meeting. **[See Explanatory Note (iii)]** **(Resolution 6)**

7. THAT pursuant to Rule 806 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), 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 capitalization 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:

(i) 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) 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) of the Company;

(ii) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of this

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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:

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

(b) new shares arising from 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 of the SGX-ST; and

(c) any subsequent bonus issue, consolidated or subdivision of shares,

provided that adjustments in accordance with paragraphs (ii)(a) or (ii)(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;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the listing rules of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association (the "Articles") for the time being of the Company; and

(iv) 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 (the "AGM") or the date by which the next AGM 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 (iv)] (Resolution 7)**

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

THAT:

(i) pursuant to the Company's 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 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (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 ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors of the Company from time to time, up to the Maximum Price (as hereinafter defined), whether by way of:

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

(b) off-market purchase(s) ("**Off-Market Purchase**") (if effected otherwise than on 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

(ii) 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:

(a) the conclusion of the next AGM following the passing of this Resolution;

(b) the date by which such AGM is required by law or the Articles to be held;

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

(d) 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**")

In this Resolution:

"**Maximum Price**" in relation to a Share 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: 105 per cent (105%) of the Average Closing Price;

(2) in the case of an Off-Market Purchase: 120 per cent (120%) of the Highest Last Dealt 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 the relevant five-day period and the day on which the Market Purchase was made;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Scheme;

"**Day of Making of the Offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**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, at any time during the Relevant Period, 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); and

(iii) 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 (v)] (Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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, 09 April 2024

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 2024 ("FY 2024"). Should any Director hold office for only part of FY 2024 and not the whole of FY 2024, the Director's fee payable to him or her will be appropriately pro-rated.

(ii) **Resolution 3:** Pursuant to Article 86 of the Company's Articles of Association, Mr. Chiu Hau Shun, Simon will retire at the forthcoming AGM and shall be eligible to offer himself for re-election at that meeting.

Details on Mr. Chiu Hau Shun, Simon are as follows:

Date of First Appointment	8 October 2007
Date of last re-appointment (if applicable)	20 April 2021
Name of Person	Chiu Hau Shun, Simon
Age	64
Country of principal residence	Hong Kong SAR, China
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Having reviewed his qualifications, work experience and performance since he joined, the nominating committee and the board of directors of the Company approved the appointment of Chiu Hau Shun, Simon as executive director of the Company. The nominating committee and the board of directors of the Company do not consider Chiu Hau Shun, Simon to be independent for the purpose of Rule 704(8) of the Listing Manual.
Whether appointment is executive, and if so, the area of responsibility	Executive. Oversight over the business and management activities of the Company and the Group.
Job Title (e.g. Lead ID, AC Chair, AC Member etc.)	Executive Director and Chief Executive Officer
Professional qualifications	School of Business, Indiana University, USA

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Working experience and occupation(s) during the past 10 years	7 January 1998 to Present Director Eastern Glory Financial Advisor and Investment Limited 15 August 2007 to Present Director DJKS Holdings Limited 8 October 2007 to Present Executive Director Combine Will International Holdings Limited 29 March 2018 to 30 March 2020 Director Crownington International Holdings 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	Chiu Hau Shun, Simon is currently an Executive Director and Chief Executive Officer of the Company. He is also a director of DJKS Holdings Limited, a substantial shareholder of the Company, and holds 42.86% shareholding interest in DJKS Holdings Limited.	
Conflict of interest (including any competing business)	No	
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	
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)**	**Past (for the last 5 years)**	Director, Crownington International Holdings Limited
	Present	Director, Combine Will International Holdings Limited Director, DJKS Holdings Limited Director, Eastern Glory Financial Advisor and Investment Limited

(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?	No
(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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(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
(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	Executive Director of Combine Will International Holdings 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.	N/A
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).	N/A

(iii) **Resolution 6:** To appoint Prof. Ling Chung Yee as a Director of the Company pursuant to Article 85(1) of the Articles of Association of the Company, in place of Mr. Hu Hou Zhi, who has expressed his wish to retire and will be retiring as a Director as from the conclusion of the AGM.

Details on Prof. Ling Chung Yee are as follows:

Date of First Appointment	25 April 2024
Date of last re-appointment (if applicable)	N.A.
Name of Person	Ling Chung Yee
Age	46

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 reviewed his qualifications and work experience, the nominating committee and the board of directors of the Company approved the appointment of Ling Chung Yee as an Independent Non-Executive Director. The nominating committee and the board of directors of the Company consider Ling Chung Yee to be independent for the purpose of Rule 704(8) of the Listing Manual.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chair, AC Member etc.	Independent Non-Executive Director Audit Committee (Member) Nominating Committee (Member) Remuneration Committee (Member)
Professional qualifications	Global EMBA, INSEAD Chartered Financial Analyst, CFA Institute BBA (Hons), The National University of Singapore
Working experience and occupation(s) during the past 10 years	2021 to Present: CEO & Founder; Follow Trade Pte Ltd 2011 to 2020: Manageing Director; RL Capital Management
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
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

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)**	Past (for the last 5 years)	Lead Independent Director, Debao Property Development Ltd. Independent Director, Vingroup JSC Lead Independent Director, Sino Grandness Food Industry Group Ltd. Independent Director, Ace Achieve Infocom Ltd.
	Present	Director, FollowTrade Pte. Ltd. Director, CASE Endowment Fund Governing Board Independent Director, VinFast Auto Ltd. Independent Director, Amplefield Ltd. Lead Independent Director, United Food Holdings Ltd. Lead Independent Director, Ley Choon Group Holdings Ltd.
(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?	No	

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(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?	Prof. Ling Chung Yee has been made to understand that Tap Venture Fund I Pte. Ltd. ("Tap Venture"), a company in which he was an Independent Non-Executive Director of from 19 September 2017 to 8 November 2018, is currently undergoing compulsory winding up by way of liquidation. Based on publicly available information, it appears that Tap Venture was in liquidation since 29 September 2020, being within a period of two years from the date he ceased to be a director of Tap Venture. Prof. Ling Chung Yee was not aware of the affairs of Tap Venture since his cessation as an independent non-executive director in November 2018.
(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
(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?	

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(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	Independent Director, Amplefield Ltd. Lead Independent Director, United Food Holdings Ltd. Lead Independent Director, Ley Choon Group Holdings Ltd.
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.	N/A
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).	N/A

(iv) **Resolution 7:** If passed, this Resolution will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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 earlier, 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 of the SGX-ST; 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.

(v) **Resolution 8:** If passed, this Resolution authorizes 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 of the SGX-ST. Further details are set out in the Appendix enclosed together with the Annual Report.

Notes:

1. The members of the Company are invited to **attend physically** at the annual general meeting of the Company (the "**AGM**"). There will be no option for shareholders to participate virtually. Printed copies of this notice of AGM (this "**Notice**"), the annual report for the financial year ended 31 December 2023 (the "2023 Annual Report"), the letter to shareholders dated 9 April 2024 (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 2023 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 2023 Annual Report, the Share Purchase Appendix and the proxy form will also be made available on the 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 2024. 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 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 Banks and SRS Operators) 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 10.00 a.m. on 19 April 2024, 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

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 15 April 2024) to ensure that their votes are submitted.

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. 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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);

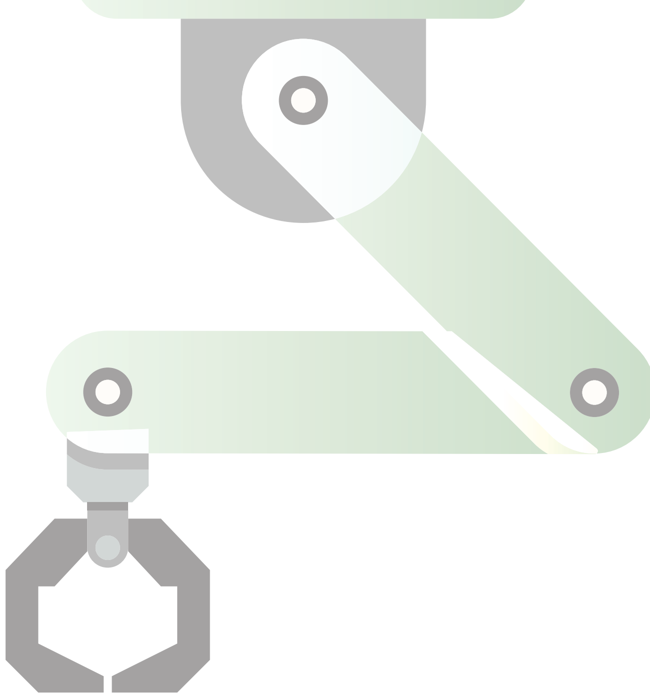
(ii) addressing relevant and substantial questions from members received before and during the AGM and if necessary, following up with the relevant members in relation to such questions; and

(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.



2023 ANNUAL REPORT

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)

APPENDIX DATED 9 APRIL 2024

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Combine Will International Holdings Limited (聯志國際控股有限公司) ("**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this appendix with the notice of Annual General Meeting and the attached proxy form(s) to the purchaser or transferee as arrangements will be made by CDP for a separate appendix with the notice of Annual General Meeting and the attached proxy form(s) to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should at once hand this appendix to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this appendix.

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 Number: MC-196613)

APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 9 APRIL 2024

IN RELATION TO

THE PROPOSED RENEWAL OF THE 2023 SHARE PURCHASE MANDATE (AS DEFINED HEREINAFTER)

TABLE OF CONTENTS

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"2023 AGM"	:	Has the meaning ascribed to it in paragraph 2.1 of this Appendix
"2023 Appendix"	:	The appendix to the Shareholders dated 12 April 2023
"2023 Share Purchase Mandate"	:	The mandate, which was approved by the Shareholders at the annual general meeting of the Company held on 27 April 2023, for the purchase or acquisition by the Company of Shares in accordance with the terms of the 2023 Appendix
"AGM" or "Annual General Meeting"	:	The annual general meeting of the Company to be held at 21 Collyer Quay, Level 2 Business Centre, Singapore 049321 on 25 April 2024 at 10 a.m., notice of which is attached to the Annual Report
"*Annual Report*"	:	The annual report of the Company for FY2023 dated 9 April 2024
"*Appendix*"	:	This appendix to Shareholders dated 9 April 2024
"Approval Date"	:	Has the meaning ascribed to it in paragraph 3.1 of this Appendix
"*Articles*"	:	Articles of association of the Company, as amended, modified or supplemented from time to time
"Average Closing Price"	:	Has the meaning ascribed to it in paragraph 3.4 of this Appendix
"Board"	:	The board of Directors of the Company for the time being
"CDP"	:	The Central Depository (Pte) Limited
"Companies Law"	:	The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"*Company*"	:	Combine Will International Holdings Limited (聯志國際控股有限公司)
"day of the making of the offer"	:	Has the meaning ascribed to it in paragraph 3.4 of this Appendix
"Directors"	:	The directors of the Company for the time being
"EPS"	:	Earnings per Share
"*FY*"	:	The financial year ended or, as the case may be, ending 31 December (for example, "FY2023" means the financial year ended 31 December 2023)
"Group"	:	The Company and its subsidiaries
"Highest Last Dealt Price"	:	Has the meaning ascribed to it in paragraph 3.4 of this Appendix

"Latest Practicable Date"	:	22 March 2024, being the latest practicable date prior to the printing of this Appendix
"Listing Manual"	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
"Listing Rules"	:	The listing rules of the SGX-ST as set out in the Listing Manual
"*Market Day*"	:	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	:	Has the meaning ascribed to it in paragraph 3.3(a) of this Appendix
"Maximum Price"	:	Has the meaning ascribed to it in paragraph 3.4 of this Appendix
"Memorandum"	:	Memorandum of association of the Company, as amended, modified or supplemented from time to time
"NTA"	:	Net tangible assets
"Off-Market Purchase"	:	Has the meaning ascribed to it in paragraph 3.3(b) of this Appendix
"Relevant Period"	:	Has the meaning ascribed to it in paragraph 2.4 of this Appendix
"Rule 14"	:	Has the meaning ascribed to it in paragraph 9 of this Appendix
"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities account maintained with a Depository Agent
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Share Purchase Mandate"	:	The renewal of the 2023 Share Purchase Mandate given by Shareholders to authorise the Company to purchase or acquire Shares, in accordance with the terms set out in the resolution authorising the same, as contained in the notice of the AGM, and subject to compliance with the Companies Law and the rules and regulations of the SGX-ST
"Shareholders"	:	Registered holders of Shares
"Shares"	:	Issued ordinary shares of HK$7.50 each in the capital of the Company
"Singapore Securities and Futures Act"	:	Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time
"Substantial Shareholder"	:	A Shareholder who has an interest in not less than five per cent. (5%) of the Shares

"Take-over Code"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"usage"	:	Has the meaning ascribed to it in paragraph 4 of this Appendix
"HK$ and HK cents"	:	Hong Kong dollars and cents, respectively
"$" and "cents"	:	Singapore dollar and cents, respectively
"%" or "per cent."	:	Per centum or percentage

The terms "*Depositors*", "*Depository*", "*Depository Agent*" and "*Depository Register*" shall have the meanings ascribed to them, respectively, in Section 81SF of the Singapore Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine shall, where applicable, include the feminine and neuter gender and *vice versa.* References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Law, the Singapore Securities and Futures Act or any statutory modification thereof and used in this Appendix shall have the same meaning assigned to it under the Companies Law or the Singapore Securities and Futures Act unless otherwise provided.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

Morgan Lewis Stamford LLC has been appointed as the legal adviser to the Company as to Singapore law in relation to this Appendix. No other legal advisors were previously engaged by the Company in relation to this Appendix.

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 Number: MC-196613)

Directors:	**Registered Office:**
Tam Jo Tak, Dominic (Executive Chairman)	Cricket Square
Chiu Hau Shun, Simon (Chief Executive Officer)	Hutchins Drive
Wee Sung Leng (Lead Independent Director)	PO Box 2681
Hu Hou Zhi (Independent Director)	Grand Cayman KY1-1111
Lee Kia Jong Elaine (Independent Director)	Cayman Islands
To Siu Lun, Dicky (Independent Director)	

9 April 2024

To: The Shareholders of the Company

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE 2023 SHARE PURCHASE MANDATE

1. INTRODUCTION

The Directors are proposing to seek Shareholders' approval at the AGM for the proposed renewal of the 2023 Share Purchase Mandate.

The purpose of this Appendix is to provide Shareholders with information pertaining to the aforesaid proposal and to seek Shareholders' approval in respect of the same at the AGM. The notice of AGM is attached to the Annual Report.

2. THE PROPOSED RENEWAL OF THE 2023 SHARE PURCHASE MANDATE

2.1 Background

Any purchase or acquisition of Shares by the Company has to be made in accordance with, and in the manner prescribed by, the Companies Law, the Memorandum, the Articles and such other laws and regulations as may, for the time being, apply, including *inter alia*, Rules 881 to 886 of the Listing Manual, which relate to the purchase or acquisition of issued shares in the capital of a company listed on the SGX-ST.

At the previous annual general meeting of the Company held on 27 April 2023 ("**2023 AGM**"), Shareholders approved, *inter alia*, a mandate to allow the Company to purchase or otherwise acquire Shares in accordance with the terms set out in the resolution authorising the same, as contained in the notice of the annual general meeting dated 12 April 2023, and subject to compliance with the Companies Law and the rules and regulations of the SGX-ST. The rationale for the authority and limitations on, and the financial effects of the 2023 Share Purchase Mandate, were set out in the 2023 Appendix.

It is a requirement under Article 3(2) of the Articles that if the Company intends to purchase or otherwise acquire Shares, prior approval of the Shareholders should be obtained. Accordingly, approval is being sought from the Shareholders at the AGM for the proposed renewal of the 2023 Share Purchase Mandate. A resolution will be proposed as an ordinary resolution pursuant to which the 2023 Share Purchase Mandate will be renewed and will thereby authorise the Company to purchase or otherwise acquire shares on the terms of the Share Purchase Mandate.

The authority conferred pursuant to the 2023 Share Purchase Mandate may be exercised by the Directors at any time during the period commencing from the date of the 2023 AGM and expiring on the date on which the next annual general meeting of the Company is held or is required by law or the Articles to be held, or the date on which Share purchases are carried out to the full extent mandated, or the date on which the authority contained in the 2023 Share Purchase Mandate is varied or revoked, whichever is the earliest. As of the date hereof, the authority conferred under the 2023 Share Purchase Mandate remains effective and valid. Accordingly, the authority contained in the 2023 Share Purchase Mandate will be expiring on 25 April 2024, being the date of the forthcoming annual general meeting of the Company.

2.2 Shares purchased by the Company in the previous 12 months

The Company has not purchased any Shares during the twelve (12) months period immediately preceding the Latest Practicable Date.

2.3 Rationale

The Share Purchase Mandate would give the Company the flexibility to undertake purchases of the Shares up to ten per cent. (10%) of the Company's issued ordinary share capital as described in paragraph 3.1 below at any time, subject to market conditions and funding arrangements, during the period when the Share Purchase Mandate is in force.

The Share Purchase Mandate will enable the Company to undertake purchases of Shares and provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Directors constantly seek to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share purchase at the appropriate price level is one of the ways through which the return on equity of the group may be enhanced.

The Share Purchase Mandate will also allow the Directors greater flexibility over the Company's share capital structure and dividend policy with a view to enhancing the EPS and/or NTA per Share. The Directors further believe that the Share Purchase Mandate will provide them with the means to mitigate short-term market volatility in the Company's Share price, offset the effects of short-term speculation and bolster Shareholders' confidence.

If and when circumstances permit, the Directors will decide whether to effect the Share purchases via market purchases or off-market purchases, after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out Share purchases to an extent that would, or in circumstances that might, result in a material adverse effect on liquidity and/or orderly trading of the Shares, and/or the financial position of the Group, taking into account the working capital requirements of the Company and the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

2.4 Mandate

Approval is being sought from Shareholders at the AGM for the renewal of the 2023 Share Purchase Mandate. If approved, the 2023 Share Purchase Mandate will be renewed from the date of the AGM and continue in force until the earliest of (i) the conclusion of the next annual general meeting of the Company following the passing of the resolution granting the Share Purchase Mandate, (ii) such date by which the next annual general meeting is required by law or by the Articles to be held, or (iii) the revocation or variation of the Share Purchase Mandate by ordinary resolution of the Company in general meeting, unless prior thereto, Share purchases are carried out to the full extent mandated (the "**Relevant Period**"). The Company intends to put the renewal of the Share Purchase Mandate to Shareholders at each subsequent annual general meeting of the Company.

3. THE TERMS OF THE SHARE PURCHASE MANDATE

The authority and limitations placed on the purchases of Shares by the Company, if the 2023 Share Purchase Mandate is renewed at the AGM, are substantially the same as those previously approved by Shareholders at the 2023 AGM.

For the benefit of Shareholders, the authority and limitations on the Share Purchase Mandate are summarised below:

3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company is limited to the number of Shares representing not more than ten per cent. (10%) of the issued ordinary share capital of the Company as at the date of the AGM, on which the proposed renewal of the 2023 Share Purchase Mandate is approved (the "**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Law, at any time during the Relevant Period, 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 shares that may be held by the Company from time to time).

For illustrative purposes only, based on the existing issued and paid-up capital of the Company as at the Latest Practicable Date of HK$242,455,500 comprising 32,327,400 Shares, and assuming that no further Shares are issued or purchased or acquired on or prior to the AGM, and further assuming that no Shares purchased or acquired by the Company (if any) are held as treasury shares, not more than 3,232,740 Shares (representing ten per cent. (10%) of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

3.2 Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date up to the earliest of:

(a) the conclusion of the next annual general meeting of the Company following the passing of the resolution granting the Share Purchase Mandate;

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

(c) 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,

unless prior thereto, purchase(s) or acquisition(s) of Shares are carried out to the full extent mandated.

The authority conferred by the Share Purchase Mandate to purchase or acquire Shares may be renewed at the next annual general meeting or at any other general meeting of the Company.

3.3 Manner of purchases of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) market purchases ("**Market Purchase**"), transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchases ("**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 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 Rules.

An equal access scheme must satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares, to purchase or acquire the same percentage of Shares from such person;

(b) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(c) the terms of all the offers are the same, except that there must be disregarded:

   (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

   (ii) (if applicable) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid; and

   (iii) in the event that there are offeree Shareholders holding odd numbers of Shares, differences in the offers introduced solely to ensure that each person is left with a whole number of Shares in board lots of 100 Shares after the Share purchases.

In addition, the Rule 885 of the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share purchase;

(d) the consequences, if any, of Share purchases by the Company that will arise under the Take-over Code or other applicable takeover rules;

(e) whether the Share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any Share purchases made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and

(g) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

3.4 Maximum purchase price

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase price to be paid for a Share as determined by the Directors must not exceed:

(a) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Highest Last Dealt Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase.

For the above purposes:

"**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;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4. STATUS OF PURCHASED SHARES UNDER THE SHARE PURCHASE MANDATE

A Share purchased or acquired by the Company is, unless held as a treasury share in accordance with the Companies Law, treated as cancelled immediately on purchase or acquisition. On such cancellation, all rights and privileges attached to the Share will expire and the Company's issued share capital (but not the authorised capital) shall be diminished by the nominal value of that Share. The total number of issued Shares (but not the Company's authorised share capital) will be diminished by the number of Shares which are purchased or acquired and cancelled by the Company. All Shares purchased and cancelled by the Company will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase.

Under the Companies Law, a company may hold shares so purchased or acquired as treasury shares provided that:

(a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares;

(b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and

(c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares.

Where Shares purchased or acquired by the Company are held as treasury shares, the Company shall be entered into its register of members as holding the treasury shares, but shall not be treated as a member of the Company for any purpose and shall not exercise any right, including voting and dividend rights, in respect of the treasury shares, and any purported exercise of such a right shall be void. A treasury share shall not be voted, directly or indirectly, at any meeting of the Company, and shall not be counted as issued Shares at any given time, whether for the purpose of the Company's Articles or the Companies Law. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company, in respect of a treasury share. However, notwithstanding the aforesaid, Shares may be allotted as fully paid bonus shares in respect of a treasury share and such Shares allotted as fully paid bonus shares in respect of a treasury share shall be treated as treasury shares. The Company may deal with treasury shares in any of the following ways:

(a) cancel the treasury shares in accordance with the provisions of the Company's Articles or (in the absence of any applicable provisions in the Company's Articles) by a resolution of the Directors, and if so cancelled, the amount of the Company's issued share capital (but not the Company's authorized share capital) shall be diminished by the nominal or par value of those shares accordingly; or

(b) transfer the shares to any person, whether or not for valuable consideration (including at a discount to the nominal or par value of such shares).

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares in relation to the usage.

5. SOURCE OF FUNDS FOR SHARE PURCHASE

The Company may only apply funds for Share purchase(s) in accordance with the Articles and the applicable laws in Singapore and the Cayman Islands. The Company may not purchase Shares for a consideration other than cash, or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Pursuant to the Articles and the Companies Law, any payment by the Company in consideration of the purchase or acquisition of its own Shares may only be made out of the profits of the Company, out of the share premium account, out of proceeds of a fresh issue of Shares made for the purposes of the purchase or by a payment out of capital as the Board may determine in accordance with the provisions of the Companies Law. A payment out of capital by a company incorporated in the Cayman Islands for the purchase of its shares is not lawful unless immediately following the date on which the payment out of capital is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

The Company intends to use its internal sources of funds to finance the Company's purchase or acquisition of any Shares pursuant to the Share Purchase Mandate.

The Directors will only make purchases or acquisitions pursuant to the Share Purchase Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the group and would not cause the Company to be insolvent.

6. FINANCIAL EFFECTS OF THE SHARE PURCHASE MANDATE

The financial effects on the Company and the Group arising from purchases or acquisition of Shares which may be made pursuant to the Share Purchase Mandate will depend on, *inter alia,* whether such purchase is made out of profits, share premium account, proceeds of a fresh issue or capital, and the price paid for such Shares. The financial effects on the Company and the group, based on audited financial statements of the Company and the group for FY2023 are based on the following assumptions:

(a) the purchase or acquisition of Shares pursuant to the Share Purchase Mandate had taken place on 1 January 2023 for the purpose of computing the financial effects on the EPS of the Group;

(b) the purchase or acquisition of Shares pursuant to the Share Purchase Mandate had taken place on 31 December 2023 for the purpose of computing the financial effects on Shareholders' equity, NTA per Share and gearing of the Company and the Group;

(c) the purchase or acquisition of Shares pursuant to the Share Purchase Mandate is assumed to be financed by internal funds; and

(d) transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Purchase Mandate are insignificant and are ignored for the purpose of computing the financial effects.

6.1 Purchase or acquisition out of capital or profits

Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by the nominal value of the Shares purchased (assuming such purchased Shares are cancelled and not held in treasury). Where the consideration (excluding related brokerage, goods and services tax, stamp duties and clearance fees) paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

6.2 Information as at the Latest Practicable Date

- **For illustrative purposes only**, based on the issued and paid-up ordinary share capital of the Company as at the Latest Practicable Date and assuming no further Shares are issued or purchased or acquired on or prior to the AGM, and further assuming that no Shares purchased or acquired by the Company (if any) are held as treasury shares, the purchase by the Company of up to the maximum limit of ten per cent. (10%) of its Shares will result in the purchase or acquisition of 3,232,740 Shares.

- In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 3,232,740 Shares at the Maximum Price of S$0.9492 for one (1) Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares over the last five (5) Market Days preceding the Latest Practicable Date on which transactions in the Shares were recorded), the maximum amount of funds required for the purchase or acquisition of 3,232,740 Shares is S$3,068,517.

- In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 3,232,740 Shares at the Maximum Price of S$1.0920 for one (1) Share (being the price equivalent to twenty per cent. (20%) above the highest price transacted for a Share as recorded on the Market Day immediately preceding the Latest Practicable Date, on which there were trades in the Shares), the maximum amount of funds required for the purchase or acquisition of 3,232,740 Shares is S$3,530,152.

6.3 Pro Forma Financial Effects

For illustration purposes only, and on the basis of the assumptions set out above, the financial effects of the:

(a) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and cancelled;

(b) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and cancelled;

(c) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of profits and held as treasury shares;

(d) acquisition of Shares by the Company pursuant to the Share Purchase Mandate by way of purchases made entirely out of capital and held as treasury shares,

on the audited financial statements of the Group and the Company for FY2023 are as follows:

6.3.1 Purchases made entirely out of profits and cancelled

	Group			**Company**		
(HK$'000)	**Before Share purchase**	**After Share purchase assuming Market Purchase**	**After Share purchase assuming Off-Market Purchase**	**Before Share purchase**	**After Share purchase assuming Market Purchase**	**After Share purchase assuming Off-Market Purchase**
Share capital	242,456	218,210	218,210	242,456	218,210	218,210
Shareholders' funds	742,685	724,859	722,177	403,378	385,552	382,870
NTA	744,236	726,410	723,728	403,378	385,552	382,870
Current assets	869,546	851,720	849,038	1,288	1,288	1,288
Current liabilities	641,365	641,365	641,365	42,792	60,618	63,300
Working Capital	228,181	210,355	207,673	(41,504)	(59,330)	(62,012)
Total Borrowings	340,004	340,004	340,004	-	-	-
Cash and cash equivalents	126,394	108,568	105,886	1,288	1,288	1,288
Profit after tax and minority interest	42,531	42,531	42,531	6	6	6
No. of shares ('000)	32,327	29,095	29,095	32,327	29,095	29,095
Financial Ratios						
NTA per Share (cents)	2,302.18	2,496.71	2,487.50	1,247.79	1,325.16	1,315.95
Basic EPS (cents)	131.56	146.18	146.18	0.02	0.02	0.02
Net gearing (times)	0.46	0.47	0.47	-	-	-
Return on equity (%)	5.73	5.87	5.89	0.001	0.002	0.002

6.3.2 Purchases made entirely out of capital and cancelled

(HK$'000)	Group			Company		
	Before Share purchase	After Share purchase assuming Market Purchase	After Share purchase assuming Off-Market Purchase	Before Share purchase	After Share purchase assuming Market Purchase	After Share purchase assuming Off-Market Purchase
Share capital	242,456	218,210	218,210	242,456	218,210	218,210
Shareholders' funds	742,685	724,859	722,177	403,378	385,552	382,870
NTA	744,236	726,410	723,728	403,378	385,552	382,870
Current assets	869,546	851,720	849,038	1,288	1,288	1,288
Current liabilities	641,365	641,365	641,365	42,792	60,618	63,300
Working Capital	228,181	210,355	207,673	(41,504)	(59,330)	(62,012)
Total Borrowings	340,004	340,004	340,004	-	-	-
Cash and cash equivalents	126,394	108,568	105,886	1,288	1,288	1,288
Profit after tax and minority interest	42,531	42,531	42,531	6	6	6
No. of shares ('000)	32,327	29,095	29,095	32,327	29,095	29,095
Financial Ratios						
NTA per Share (cents)	2,302.18	2,496.71	2,487.50	1,247.79	1,325.16	1,315.95
Basic EPS (cents)	131.56	146.18	146.18	0.02	0.02	0.02
Net gearing (times)	0.46	0.47	0.47	-	-	-
Return on equity (%)	5.73	5.87	5.89	0.001	0.002	0.002

6.3.3 Purchases made entirely out of profits and held as treasury shares

(HK$'000)	Group			Company		
	Before Share purchase	After Share purchase assuming Market Purchase	After Share purchase assuming Off-Market Purchase	Before Share purchase	After Share purchase assuming Market Purchase	After Share purchase assuming Off-Market Purchase
Share capital	242,456	218,210	218,210	242,456	218,210	218,210
Shareholders' funds	742,685	724,859	722,177	403,378	385,552	382,870
NTA	744,236	726,410	723,728	403,378	385,552	382,870
Current assets	869,546	851,720	849,038	1,288	1,288	1,288
Current liabilities	641,365	641,365	641,365	42,792	60,618	63,300
Working Capital	228,181	210,355	207,673	(41,504)	(59,330)	(62,012)
Total Borrowings	340,004	340,004	340,004	-	-	-

Cash and cash equivalents	126,394	108,568	105,886	1,288	1,288	1,288
Profit after tax and minority interest	42,531	42,531	42,531	6	6	6
No. of shares ('000)	32,327	29,095	29,095	32,327	29,095	29,095
Financial Ratios						
NTA per Share (cents)	2,302.18	2,496.71	2,487.50	1,247.79	1,325.16	1,315.95
Basic EPS (cents)	131.56	146.18	146.18	0.02	0.02	0.02
Net gearing (times)	0.46	0.47	0.47	-	-	-
Return on equity (%)	5.73	5.87	5.89	0.001	0.002	0.002

6.3.4 Purchases made entirely out of capital and held as treasury shares

	Group			**Company**		
(HK$'000)	**Before Share purchase**	**After Share purchase assuming Market Purchase**	**After Share purchase assuming Off-Market Purchase**	**Before Share purchase**	**After Share purchase assuming Market Purchase**	**After Share purchase assuming Off-Market Purchase**
Share capital	242,456	218,210	218,210	242,456	218,210	218,210
Shareholders' funds	742,685	724,859	722,177	403,378	385,552	382,870
NTA	744,236	726,410	723,728	403,378	385,552	382,870
Current assets	869,546	851,720	849,038	1,288	1,288	1,288
Current liabilities	641,365	641,365	641,365	42,792	60,618	63,300
Working Capital	228,181	210,355	207,673	(41,504)	(59,330)	(62,012)
Total Borrowings	340,004	340,004	340,004	-	-	-
Cash and cash equivalents	126,394	108,568	105,886	1,288	1,288	1,288
Profit after tax and minority interest	42,531	42,531	42,531	6	6	6
No. of shares ('000)	32,327	29,095	29,095	32,327	29,095	29,095
Financial Ratios						
NTA per Share (cents)	2,302.18	2,496.71	2,487.50	1,247.79	1,325.16	1,315.95
Basic EPS (cents)	131.56	146.18	146.18	0.02	0.02	0.02
Net gearing (times)	0.46	0.47	0.47	-	-	-
Return on equity (%)	5.73	5.87	5.89	0.001	0.002	0.002

Shareholders should note that the financial effects set out above, based on the respective aforementioned assumptions, are for illustration purposes only. In particular, it is important to note that the above analysis is based on historical audited accounts of the Company as at 31 December 2023 and is not necessarily representative of the future financial performance of the Company.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the issued share capital of the Company, the Company may not necessarily purchase or acquire the entire ten per cent. (10%) of the issued share capital of the Company. Furthermore, the Directors do not propose to carry out Share purchases to an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company.

7. REPORTING REQUIREMENTS UNDER THE ARTICLES

The Articles require the Company to make an announcement to the SGX-ST of any purchase or acquisition by the Company of Shares on the Market Day following the day of such purchase or acquisition.

8. LISTING RULES

8.1 Rule 886(1) of the Listing Manual provides that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

(i) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares; and

(ii) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement currently requires, *inter alia*, the inclusion of details of the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such shares, as applicable.

8.2 While the Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because a listed company would be regarded as an "insider" in relation to any proposed purchase of its issued shares, the Company will not undertake any purchase of Shares pursuant to the proposed renewal of the 2023 Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the Guidance Note on Share Buy-back Mandate and the best practices guide on securities dealing issued by the SGX-ST, the Company would not purchase or acquire any Shares pursuant to the proposed renewal of the 2023 Share Purchase Mandate during the period commencing one (1) month immediately preceding the announcement of the Company's half year and full year financial statements (as the Company does not announce its quarterly financial statements), and ending on the date of the announcement of the relevant results.

8.3 The Listing Rules also require a listed company to ensure that at least ten per cent. (10%) of its shares excluding treasury shares (excluding preference shares and convertible equity securities) is at all times held by the public. The "public", as defined under the Listing Manual, are persons other than the directors, substantial shareholders, chief executive officers or controlling shareholders of a company and its subsidiaries, as well as associates of such persons.

8.4 As at the Latest Practicable Date, 8,017,300 Shares representing 24.80% of the issued share capital of the Company are held in the hands of the public. In the event that the Company purchases the maximum of ten per cent. (10%) of its issued ordinary share capital from such public Shareholders, the resultant percentage of Shares held by public Shareholders would be reduced to approximately 16.44%. Accordingly, the Company is of the view that there is a sufficient number of the Shares in public hands that would permit the Company to potentially undertake purchases or acquisitions of its Shares up to the full ten per cent. (10%) limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

9. TAKE-OVER CODE IMPLICATIONS ARISING FROM SHARE PURCHASE

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased by the Company and the Company's issued share capital at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make an offer under Rule 14.

Under the Take-over Code, persons acting in concert or concert parties comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will, *inter alia,* be presumed to be acting in concert, namely (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts) and (ii) a company with its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with one another. For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders of the Company (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or if the voting rights of such Directors and their concert parties are between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholder increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate, unless so required under the Companies Act 1967 of Singapore.

Based on the register of Directors' shareholdings and the register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and the Substantial Shareholders before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (i) the Company purchases the maximum amount of ten per cent. (10%) of the issued ordinary share capital of the Company, and (ii) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or which they are deemed interested in, will be as follows:

	Before Share Purchases			**After Share Purchases**		
	Direct Interest (%)	**Deemed Interest (%)**	**Total Interest (%)**	**Direct Interest (%)**	**Deemed Interest (%)**	**Total Interest (%)**
Directors						
Tam Jo Tak, Dominic(1)	nil	74.55	74.55	nil	82.83	82.83
Chiu Hau Shun, Simon(2)	nil	74.55	74.55	nil	82.83	82.83
Wee Sung Leng(3)	nil	0.003	0.003	nil	0.003	0.003
Hu Hou Zhi	0.65	nil	0.65	0.72	nil	0.72
Lee Kia Jong Elaine	nil	nil	nil	nil	nil	nil
To Siu Lun, Dicky	nil	nil	nil	nil	nil	nil
Substantial Shareholders						
DJKS Holdings Limited(4)	74.55	nil	74.55	82.83	nil	82.83

Notes:

(1) Mr Tam Jo Tak, Dominic owns 57.14% of the equity interest in DJKS Holdings Limited and is deemed to be interested in the Shares held by DJKS Holdings Limited.

(2) Mr Chiu Hau Shun, Simon owns 42.86% of the equity interest in DJKS Holdings Limited and is deemed to be interested in the Shares held by DJKS Holdings Limited.

(3) Mr Wee Sung Leng is deemed to be interested in the Shares held by his spouse.

(4) DJKS Holdings Limited is holding its Shares through its nominee, Raffles Nominees (Pte.) Ltd.

As disclosed above, there will not be any obligation on any Shareholders (including Directors) and persons acting in concert with them to make a general offer to other Shareholders pursuant to Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Shareholders (including Directors) and their concert parties increase, since the shareholdings of Tam Jo Tak, Dominic, Chiu Hau Shun, Simon and DJKS Holdings Limited are above fifty per cent. (50%) and the shareholdings of the remaining Directors will not increase to thirty per cent. (30%) or more.

Shareholders who are in doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council and/or the relevant authorities at the earliest opportunity before they acquire any Shares during the Relevant Period.

10. TAX IMPLICATIONS

Shareholders who are in doubt as to their respective tax positions or any tax implications, or who may be subject to tax in a jurisdiction outside Singapore, should consult their own professional advisers.

11. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report, will be held at 21 Collyer Quay, Level 2 Business Centre, Singapore 049320 on 25 April 2024, at 10 a.m (Singapore time), for the purpose of considering, and if thought fit, passing with or without any modifications, the resolutions as set out in the notice of AGM.

12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders may vote live at the AGM or appoint a proxy(ies) (other than the Chairman of the AGM) to vote by electronic means live at the AGM on their behalf. As an alternative to live electronic voting, a Shareholder (whether individual or corporate and including a relevant intermediary) 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 if such member wishes to exercise his/her/its voting rights at the AGM. 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.

The instrument appointing the Chairman of the AGM as proxy 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, Keppel Bay Tower #14-07 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 Shareholder 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.

13. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the Share Purchase Mandate is in the best interests of the Company. The Directors accordingly recommend that Shareholders vote in favour of the ordinary resolution relating to the Share Purchase Mandate to be proposed at the AGM as set out in the notice of AGM.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the proposed Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or, reproduced in this Appendix in its proper form and context.

15. DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the office of the Company's local share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07 Singapore 098632 during normal business hours from the date of this Appendix, up to and including, the date of the AGM:

(i) the Memorandum and Articles; and

(ii) the Annual Report.

Yours faithfully
For and on behalf of the Board

Chiu Hau Shun, Simon
Chief Executive Officer