FORGING AHEAD

ANNUAL REPORT 2020

COMBINE WILL

CONTENTS

VALUES

INTEGRITY
We deliver our promises and lead by example

TEAMWORK
We respect diversities and work in unity

PROGRESSIVENESS
We pursue excellence in all we do

INNOVATION
We seek creativity and inspire breakthrough

MISSION

To provide the highest quality products and solutions to our customers through our total dedication to R&D, manufacturing technology, professional service and quality management.

To become a progressive organisation where we dedicate our resources to building excellence and achieving growth.

To become a good corporate citizen and contribute to the society and communities in which we operate.

To provide sustainable value and returns to all our stakeholders.

VISION

We aspire to be a world-class corporation which sets the standards in the manufacturing of plastic, paper, die-cast and electronics products.

We aim to be a leader and a key supplier of choice for our customers in providing quality ODM/OEM services for corporate premiums, toys and consumer products.

CORPORATE PROFILE

Combine Will Transforming Ideas into Innovation!

Combine Will International Holdings Limited ("Combine Will") is a leading Original Design Manufacturer ("ODM") and Original Equipment Manufacturer ("OEM"), supplier of corporate premiums, toys and consumer products around the world.

For over 25 years, we have been manufacturing a wide range of competitively engineered custom products tailored to each of our clients' needs. We are able to achieve sustainable results by adopting a repeatable research and development ("R&D") execution model employed to drive innovation and focus on capabilities critical to building a strategic advantage. By setting a high benchmark on key performance metrics such as operational efficiency and development processes, we are able to boast an optimized production line, lower operating expenses and achieve high levels of consistency and quality. In turn, our clients are able to take advantage of these unique core capabilities to achieve their success and competitiveness.

Our clientele portfolio includes customers from Asia, Europe and North/South America and we have continuously demonstrated adequate and flexible capacity to handle production for leading multinational companies in their respective industries, ranging from toys and fast moving consumer products to international fast-food chains.

Based in Dongguan, Guangdong Province in the People's Republic of China, we have over 10,000 workers in our six manufacturing facilities located in Dongguan, Heyuan and Cangwu as well as Sragen, Indonesia.

Combine Will's vertically integrated business model which includes a broad spectrum of services and capabilities in the design and supply of premium products, toys, consumer products, position us as a unique one-stop solution provider that sets us apart from the competition.

ODM/OEM

We are a niche ODM/OEM of corporate premiums, toys and consumer products. Our ODM/OEM R&D team is fully integrated with our manufacturing and production team to ensure a one-stop, seamless development of our customers' products from inception to fruition.

Our R&D team is involved in the customers' projects right from conceptualisation to the production and supply of products and solutions. Whether it is an innovative idea from a customer or one that is initiated by us, our R&D team is involved in various aspects of the development process such as providing designs to meet the product specifications and giving advice on the functional capabilities and manufacturability of the products. Our commitment to employing new processing methods in integrating aesthetics, form and moulding has helped customers to conceptualize and launch novel product lines. Where required, we will set up a specific testing centre for the evaluation of customers' products which has, in the past, resulted in quicker turnaround and shorter time to market.

We utilize innovative processing methods and applications of unique technologies for use in our production process, so that our customers can benefit from greater cost savings and enhance their competitiveness.

STRONGER AND RESILIENT

CHAIRMAN'S MESSAGE

Dear Shareholders

I am pleased to report that notwithstanding the COVID-19 pandemic that disrupted businesses globally, Combine Will demonstrated a strong resilience that enabled the Group to deliver a modest profit for the year ended 31 December 2020 ("FY2020"). In addition, the Group improved on its operating gross profit margin in the second half of the financial year as it sprung back from the unprecedented pandemic that started at the beginning of the year.

POSITIVE RESULTS - HIGHER GROSS PROFIT MARGIN AND IMPROVEMENTS IN KPIs

These positive results can be largely attributed to the Group's planned continuing investments in productivity enhancements that started a few years ago. Coupled with favourable municipal government grants awarded in view of the Group's strategic decision to relocate its main manufacturing operations to Cangwu County, Guangxi Province in China four years ago, Combine Will delivered a group net profit of HK$30.9 million on a revenue of HK$957.1 million in FY2020.

Although Group turnover for the year under review declined 45.8% due to the impact of the COVID-19 pandemic, from HK$1.77 billion in FY2019, annual gross profit margin was maintained at 8.3%. It is even more gratifying to highlight that the group's gross profit margin for the second half year ended 31 December 2020 ("2H FY2020") improved 13.9% to 10.6%, from 9.3% in the corresponding second half year in 2019 ("2H FY2019").

In addition, the Group continued to record remarkable significant improvements in all major KPIs – quality, delivery, productivity and CSR - notwithstanding the challenging operating environment.

CONTINUING INVESTMENTS FOR STRONGER PERFORMANCE

Together with strategic organizational changes, further enhancements in ERP applications and data-analysis, technology applications and automation as well as people-centric HR management, the Group is building up a strong foundation to enhance the Group's long-term resilience that will keep Combine Will agile and poised to deliver value-added returns.

The Group continued to invest in building capacity, ramping-up production in our two key manufacturing centres in Cangwu, China and Sragen, Indonesia. We expect to enjoy improved productivity and efficiencies at both manufacturing centres as they move towards operating at full capacity in FY2021.

We also invested in human capital, both organically with internal promotions and new professional appointments, to boost management infrastructure. With the adoption of more people-centric human resource policies and practices, the Group has put in place a stronger and more motivated team to support higher KPIs in compliance, quality and production.

With the above infrastructure in place, we are now well-positioned to move into further automation and process engineering, explore new materials, and enhance R&D for new product development.

Our plans for in-process re-engineering to standardise development and workflow production are progressing smoothly. With the implementation of "micro-line" manufacturing at our Cangwu plant during the year, a concept jointly developed with a core customer, operating efficiencies has improved by 15 - 20%.

VERTICAL INTEGRATION INTO PAPER PRODUCTS

In line with the Group's strategy, a new team has also been assembled to support the vertical integration into paper printing and product manufacturing. This will strengthen our OEM/ODM service to our customers and meet the growing demand for paper products.

The outbreak of COVID-19 has brought many uncertainties and challenges to our industry but we are confident to weather the storm and keep up with our performance.

The manufacturing facilities for paper product manufacturing in Heyuan was completed at the end of FY2020. Pilot production has been successfully completed and large-scale production has commenced.

WELL-POSITIONED FOR A BETTER PERFORMANCE

Notwithstanding the many operating challenges, Combine Will has demonstrated a resilient ability to adapt and build up strong supporting infrastructure to continue to develop and thrive. Barring unforeseen circumstances, the Group is well-positioned and poised to reap from its planned strategies and investments for a stronger performance. We look forward to a better FY2021.

APPRECIATION

I must, as usual, thank all our stakeholders for their unwavering confidence and support for Combine Will:-

- our management and staff for their dedication and hard work;
- our customers, especially our core customers, for being our "partners" in product design, manufacturing excellence in quality and efficiencies;
- our business associates and suppliers for their continuing support;
- our shareholders for their confidence and loyalty; and
- my fellow board members for their counsel and guidance.

FINAL CASH DIVIDEND

The Board is pleased to recommend a Final Cash Dividend of 5 Singapore cents per Ordinary Share to reward all our loyal shareholders for their confidence and support for Combine Will.

Dominic Tam
Executive Chairman & CEO

OPERATIONAL REVIEW

In FY2020, Combine Will achieved a number of key milestones, viz:-

- The Group's manufacturing centres in Cangwu, China and Sragen, Indonesia, continue to ramp up smoothly and are on target to achieve full capacity production in FY2021;
- Further vertical integration into paper product manufacturing. To this end, a new paper product manufacturing line has been set up in Heyuan. Pilot production has been completed and large-scale manufacturing commenced;
- Plans for continuing in-process re-engineering to standardise development and workflow production are progressing smoothly;
- A new "micro-line" manufacturing concept, jointly developed with a core customer, has been implemented at our Cangwu plant and operating efficiencies has improved by 15 - 20%; and
- Significant improvements in KPIs for quality, delivery, productivity and CSR have been recorded.

On the drawing board for FY2021 are:-

- Expedited ramping-up of the Group's Indonesian manufacturing plant, with a dedicated team from China assigned to support the Group's local team in Sragen to improve production, quality, compliance and delivery.

With ongoing planned investments to achieve higher productivity in current operations and strategic investments in further vertical integration and related product diversification, the Group will continue to enhance its competitive advantage. Combine Will is poised to enjoy value-added returns as the Group continues to improve margins.

CORPORATE DEVELOPMENTS AND CORPORATE SOCIAL RESPONSIBILITY

The COVID-19 pandemic not only brought serious threats to lives but also plunged the global economy into an immeasurable downturn. Notwithstanding the challenges, Combine Will continues to put people first and undertook a number of measures to reduce the impact of the pandemic on employees, customers and other stakeholders.

During the early-stage of the COVID-19 outbreak, due to mobility restriction, some employees could not go to work. Even though this resulted in a decrease in the economic returns of the company which were close to a loss then, Combine Will did not cut wages or suspend pay. The total wages of the affected employees were neither reduced nor delayed. Employees returning to work were also given free COVID-19 protective supplies, such as face masks, which were then in unusual short supply. These measures made many employees assured that the Combine Will had their best interests at heart and had proactively taken strong steps to protect them economically and physically.

Combine Will also set up COVID-19 Epidemic Control Teams who are tasked to prevent any outbreak at the Group's plants. In addition to enforcing strict domestic disinfection, we also provided disinfectants to the villages near and around our factories to prevent the spread of COVID-19. For instance, PT. Combine Will Industrial Indonesia had provided non-medical masks to the stall-holders operating in front of the factory, because many employees buy food and/or drinks at these stalls. A facility was also provided for them and our employees to wash their hands.

Although it has been challenging, Combine Will continues to demonstrate social responsibility, especially towards the communities where our factories are located. When we learnt of the shortage of food delivery to the communities, we immediately mobilized funds and resources to purchase rice for the affected villagers, to helped them tide over the difficulties. The "Distribution of groceries to those in need" project, initiated by PT. Combine Will Industrial Indonesia in July 2020, distributed necessities such as sugar, rice, cooking oil, herbs, etc. These were packed in several packages and distributed over a period to all employees and their families who were in need. Our factory in Heyuan continued to support the charitable activities of the local community by donating money. Our efforts have been recognized with the "Charity Enterprise for the 10th Anniversary of Guangdong Poverty Relief Activity" and "Silver Award for Charity Enterprise of the Year" awards.

In 2020, we devoted more resources to the health and safety of our employees and the communities in which we operate. Our subsidiary in Indonesia expanded the narrow road leading to our factory, to accommodate large motor vehicles and safer pedestrian walkways, equipped with lighting, and continues to pay the related monthly electricity bill for the road, for the benefit of our employees and residents of the nearby village.

Our team in Cangwu noted that the main road in front of our factory - that connects the two towns - was an accident - prone road. The Group's EHS team was hence tasked to carry out an on-site investigation to formulate a road safety management plan. The team undertook a road risk assessment for the 13 kilometer-link to the two towns and shared road safety awareness for employees and residents through multiple communication channels.

Combine Will's full standalone Sustainability Report 2020 will be issued by the end of May 2021.









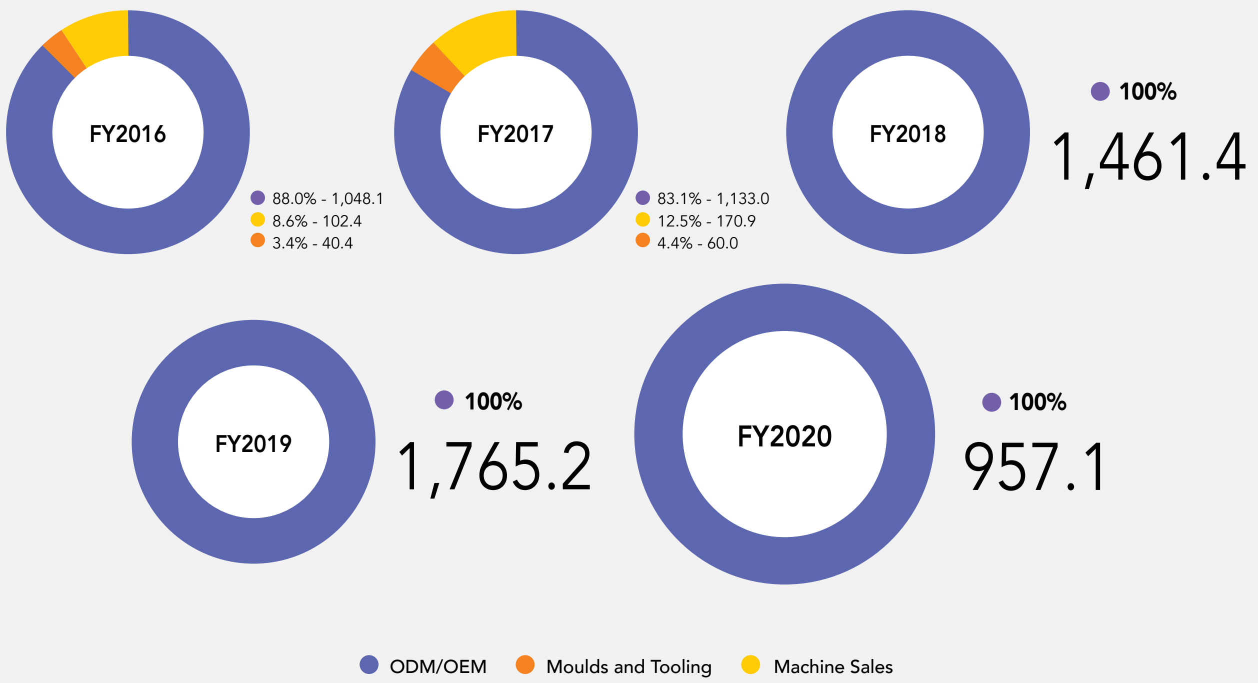

STRATEGISING FOR GROWTH

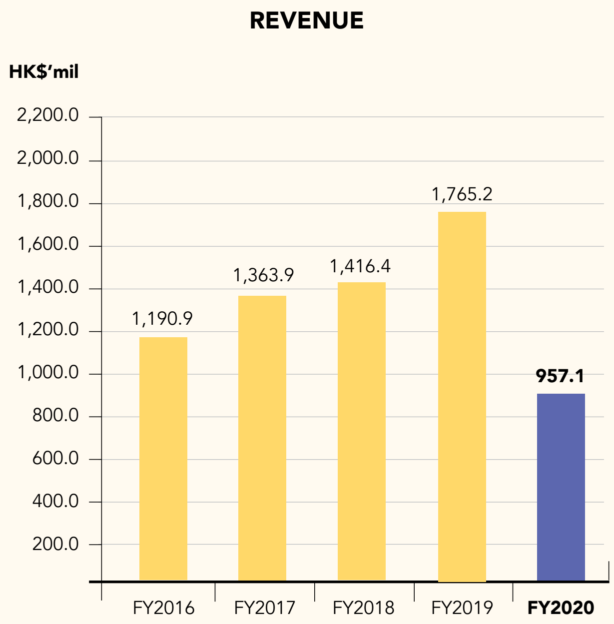
FINANCIAL HIGHLIGHTS

For the year (HK$'mil)	FY2016	FY2017	FY2018	FY2019	FY2020
Revenue	1,190.9	1,363.9	1,416.4	1,765.2	957.1
Gross Profit	65.6	106.2	100.3	149.0	79.3
Profit/(loss) before Tax	(36.6)	15.9	56.2	62.9	33.5
Profit/(loss) Attributable to Shareholders	(35.5)	10.5	52.7	54.4	30.9
Basic Earnings/(loss) per Share (HK cents)	(109.1)	32.5	163.2	168.1	95.64

As at 31 December (HK$'mil)	FY2016	FY2017	FY2018	FY2019	FY2020
Total Assets	1,161.2	1,248.5	1,362.6	1,551.3	1,596.5
Total Liabilities	600.0	649.3	722.3	881.0	900.6
Total Equity	561.2	599.2	640.3	670.3	696.0
Net Cash generated from/(used in) Operating Activities	35.5	216.0	(117.3)	116.2	152.4
Cash and Cash Equivalents	43.4	73.1	89.9	100.5	57.2

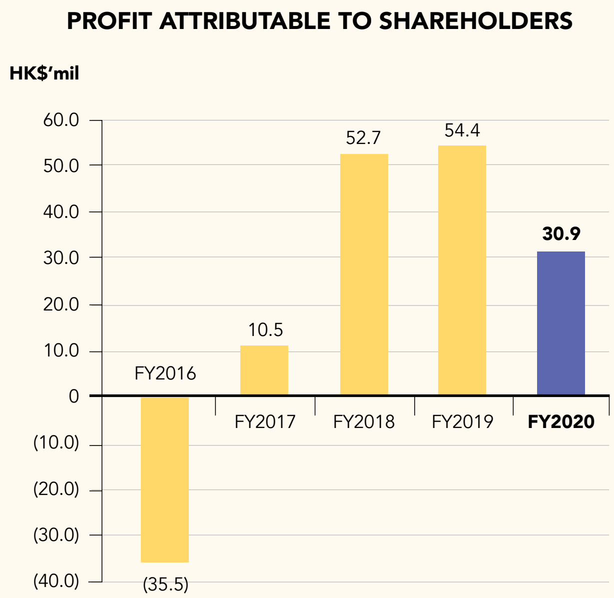
REVENUE BY SEGMENTS (HK$'MIL)





REVENUE
(HK$' mil)
957.1

PROFIT BEFORE TAX
(HK$' mil)
33.5



GROSS PROFIT
(HK$' mil)
79.3

EARINGS PER SHARE
(HK cents)
95.64

DELIVER VALUE ADDED RETURN

BOARD OF DIRECTORS

MR. TAM JO TAK, DOMINIC, 66

Role: Executive Chairman and Chief Executive Officer
Date of first appointment as director: 27 December 2007
Date of last re-election as a director: 16 June 2020
Length of service as a director (as at 31 December 2020):
Approximately 13 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 2020):
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 2018 to 31 December 2020): Nil

Mr. Tam Jo Tak, Dominic is the Executive Chairman and Chief Executive Officer 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 35 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 Diecasting Association, The Toys Manufacturer's Association of Hong Kong, as well as President Emeritus of The Professional Validation Council of Hong Kong Industries. Mr. Tam graduated with an Honours Bachelor of Science degree in Production Engineering and Management from the Loughborough University in the UK in 1980.

MR. CHIU HAU SHUN, SIMON, 61

Role: Executive Director
Date of first appointment as director: 8 October 2007
Date of last re-election as a director: 24 April 2018
Length of service as a director (as at 31 December 2020):
Approximately 13 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 2020):
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 2018 to 31 December 2020): Nil

Mr. Chiu Hau Shun, Simon is an Executive Director 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 Human Resources, Administration and Corporate Affairs for our Group. 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.

MR. CHEUNG HOK FUNG, ALEXANDER, 56

Role: Non-Executive and Lead Independent Director
Date of first appointment as director: 28 March 2008
Date of last re-election as a director: 16 June 2020
Length of service as a director (as at 31 December 2020):
Approximately 12 years and 9 months
Board committee(s) served on: Audit Committee (Chairman),Nominating Committee (Member), Remuneration Committee (Member)
Academic & Professional Qualification(s):
Certified Public Accountant, Hong Kong, Chartered Accountant, Australia and New Zealand;
Professional Diploma in Company Secretaryship and Administration, Hong Kong Polytechnic, Hong Kong;
Master Degree of Laws, University of New England, Australia;
Bachelor Degree of Laws, University of New England, Australia.
Present Directorships (as at 31 December 2020):
Listed Companies: Titan Petrochemicals Group Limited
Others: Nil
Major Appointments (other than Directorships):
Barrister (High Court of Hong Kong), Accredited General Mediator (HKIAC)
Past Directorships in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020): Shanghai Turbo Enterprises Limited

Mr. Cheung Hok Fung, Alexander has over 25 years of experience in corporate governance, accounting and auditing, tax planning and compliance as well as dispute resolution. He received his accountancy training in the tax departments of Ernst & Young, Hong Kong and Coopers & Lybrand, Singapore from 1989 to 1992. He then joined M. C. Packaging (Hong Kong) Limited working in its corporate development and Hong Kong listing rules compliance function. He started his public accounting and financial advisory practice in 1994. He switched to law in 2006.

MR. WEE SUNG LENG, 56

Role: Non-Executive and Independent Director
Date of first appointment as director: 26 April 2019
Date of last re-election as a director: Nil
Length of service as a director (as at 31 December 2020):
Approximately 1 year and 8 months
Board committee(s) served on: Audit Committee (Member), Nominating Committee (Chairman), Remuneration Committee (Chairman)
Academic & Professional Qualification(s):
Bachelor of Accountancy
Present Directorships (as at 31 December 2020):
Listed Companies: Independent Non-Executive Director, Singapore Myanmar Investco 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 2018 to 31 December 2020): Nil

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 18 year 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.

Besides Combine Will, Mr. Wee is also Independent Director of Singapore Myanmar Investco Limited, a company 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, 56

Role: Non-Executive and Independent Director
Date of first appointment as director: 16 June 2020
Date of last re-election as a director: Nil
Length of service as a director (as at 31 December 2020):
Approximately 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 2020):
Listed Companies: Nil
Others: Jade Group (China) Ltd.; Fortman Fund (Beijing) Clean Energy Technology Co., Ltd; Fortman Fund (Beijing) Science & Technology Co., Ltd
Major Appointments (other than Directorships): Nil
Past Directorships in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020): 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 Chairman of Fortman Fund (Beijing) Equity Investment Management Co., LTD. (till 2017), and the Chairman of Xinjiang Fortman Fund Equity Investment Management Co., LTD. from 2012 to 2020, he has been the Chairman of Fortman Fund (Beijing) Science & Technology Investment Co., LTD. in 2019, Mr. Hu Hou Zhi joined Jade Group (China) Ltd. as General Manager.

Since May 2012, he has been an Independent Director of Yunnan Bowen Technology Industry Co., LTD.

Mr. Hu holds a Bachelor of Electronic Engineering from Tsinghua University, and a Master of Business Administration in Economics from Beijing Normal University.

LI HIN LUN, ALAN
Chief Operating Officer

Mr. Li Hin Lun, Alan is Chief Operating Officer of our Group, with oversight for the day-to-day operations of the Company and the Group. He was appointed to our Board on 1 May 2016. Prior to that, he was the General Manager, Head of Sales and Marketing, ODM/OEM Business Unit since 1994, with responsibility for the operations, administration and shipping department in our Group's Hong Kong office for the ODM/OEM Business Unit.

Prior to joining our Group, Mr. Li had close to seven years of experience working in the die-cast and plastic toy manufacturing industry, having been at Paka Toys from 1991 to 1994 as a senior engineer and a design engineer in Kader Industrial Company Limited from 1989 to 1991. He was also a project engineer at Forwind Windsome Company Limited from 1987 to 1989, engaged in project development of toys from design to manufacturing.

Mr. Li graduated with a higher diploma in Production and Industrial Engineering from the Hong Kong Polytechnic in 1987.

TANG KAI MAN, NICHOLAS
Director of R&D and Engineering, ODM/OEM Business Unit

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. Recently, he is also responsible for the development 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.

CHEN YONG CHANG
General Manager, Heyuan Loong Run Toys Company Limited

Mr. Chen Yong Chang joined our Group in 2000 and has been the General Manager of Heyuan Loong Run Toys Company Limited since 2004.

Prior to joining our Group, he was a supervisor at Wah Shing Toys Co., Ltd for five years and was involved in production planning and material control.

Mr. Chen is the vice chairman of Yuancheng District Federation of Industry and Commerce in Heyuan since 2012. Since 2020, Mr. Chen is the vice chairman of Heyuan Association of Enterprises with Foreign Investment and an Associate (APVC) of the Professional Validation Council of Hong Kong Industries (PVCHK).

Mr. Chen graduated with a college diploma in Education in Business Administration from the University of Jinan in 1996.

XU YU FENG, STEVEN
Group Head of Production Excellence Center
General Manager, PT. Combine Will Industrial Indonesia
Acting General Manager, Combine Will (Cangwu) Industrial Company Limited

Mr. Xu Yu Feng, Steven, is Group Head of Production Excellence Center, GM (Production) for PT. Combine Will Industrial Indonesia and GM (Acting) for Combine Will (Cangwu) Industrial Company Limited.

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.

CHENG SIU CHUNG, CHRIS
Director of R&D, Paper Product

Mr. Cheng Siu Chung, Chris is our Director of R&D of Paper Product and is responsible for the development and operations of our 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tam Jo Tak, Dominic
Executive Chairman and
Chief Executive Officer

Chiu Hau Shun, Simon
Executive Director

Cheung Hok Fung, Alexander
Lead Independent
Non-Executive Director

Wee Sung Leng
Independent Non-Executive Director

Hu Hou Zhi
Independent Non-Executive Director

AUDIT COMMITTEE

Cheung Hok Fung, Alexander
(Chairman)
Wee Sung Leng
Hu Hou Zhi

NOMINATING COMMITTEE

Wee Sung Leng (Chairman)
Cheung Hok Fung, Alexander
Hu Hou Zhi

REMUNERATION COMMITTEE

Wee Sung Leng (Chairman)
Cheung Hok Fung, Alexander
Hu Hou Zhi

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

Lian Zhi Toys Gift (Dongguan) Co., Ltd.
Liu Jia Ind. District,
Heng Li Zhen, Dongguan,
Guangdong Province,
China

SINGAPORE SHARE TRANSFER AGENT

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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. Liu Eugene, CPA
(With effect from FY2016)

JOINT AUDITORS

RSM Chio Lim LLP
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

Partner-in-charge:
Mr. Goh Swee Hong
(With effect from FY2017)

PRINCIPAL BANKERS

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

United Overseas Bank Limited
Hong Kong Branch
Suite 2110-2113, Tower 6,
The Gateway, Harbour City,
Tsim Sha Tsui, Kowloon, 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

Chong Hing Bank Limited
16/F, Chong Hing Bank Centre,
24 Des Voeux Road Central,
Hong Kong

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

CTBC Bank Co., Ltd., Hong Kong
Branch
28/F, Two IFC, 8 Finance Street,
Central, Hong Kong

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

Wing Lung Bank Limited
15/F, Wing Lung Bank Building
45 Des Voeux Road Central,
Hong Kong

On 6 August 2018, the Monetary Authority of Singapore issued the revised Code of Corporate Governance 2018 (the "**Code**") and accompanying Practice Guidance, which supersedes the previous Code of Corporate Governance issued in 2012, and is applicable to annual reports covering financial years commencing from 1 January 2019.

The Directors and 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 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 Rules.

The corporate governance practices of the Company for the financial year ended 31 December 2020 ("**FY2020**") are described herein under the following sections:

I Board Matters
II Remuneration Matters
III Accountability and Audit
IV Shareholder Rights and Responsibilities
V Dealings in Securities
VI Material Contracts
VII Risk Management
VIII Interested Person Transactions

I. BOARD MATTERS

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

Board's Conduct of its Affairs

The Board of Directors of the Company (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 of the Company's business (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 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 the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- overseeing, through the Audit Committee, the quality and integrity of the Company's accounting and financial reporting systems, disclosure controls and procedures, 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 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;
- pledging of assets or investments with a net book value exceeding S$2,000,000 for financing purposes;
- increase or decrease in any subsidiary's capital of more than S$5,000,000; and
- provision of corporate guarantees or letters of comfort.

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 Audit, Nominating and Remuneration Committees 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

Presently, the Board consists of five members, comprising three independent non-executive Directors and two executive Directors. This is in accordance with Provision 2.2 of the Code, which states that where the Chairman is not independent, independent directors are to make up a majority of the Board, and Provision 2.3 of the Code, which states that non-executive directors are to make up a majority of the Board. The Nominating Committee assesses the independence of each Director, taking into account the guidance in the Code for assessing independence. On this basis, Mr. Cheung Hok Fung, Alexander, Mr. Wee Sung Leng and Mr. Hu Hou Zhi are independent Directors. Notwithstanding that Mr. Cheung Hok Fung, Alexander has been a director of the Company for an aggregate period of more than 9 years, the Nominating Committee is of the opinion that he remains independent in conduct, character and judgment, and has no relation with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company. 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 2020 are disclosed in the Directors' Statement for FY2020.

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 five directors to be adequate for effective decision-making.

The Independent Directors provide a strong independent element on the Board, being free from business or other relationships which could materially interfere with the exercise of their judgment. 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.

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 of the industry and customer base, familiarity with regulatory requirements, as well as knowledge of risk analyses and control.

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.

Hence, while the Company has not disclosed a formal board diversity policy, the practices which the Company have adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Board Committees

The Board has established specific committees to assist in the efficient implementation of its functions, namely, the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**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 Board and Board Committee meetings are minuted and signed by the respective Chairmen of the meetings.

During FY2020 the number of meetings held by the Board and the Board committees and the details of attendance are as follows:

	Board of Directors		Audit Committee		Remuneration Committee		Nomination Committee	
Name of Directors	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	1[(a)]	1[(a)]	1[(a)]	1[(a)]	1[(a)]	1[(a)]
Chiu Hau Shun, Simon	2	2	2[(a)]	2[(a)]	1[(a)]	1[(a)]	1[(a)]	1[(a)]
Cheung Hok Fung, Alexander	2	2	2	2	1	1	1	1
Wee Sung Leng	2	2	2	2	1	1	1	1
Hu Hou Zhi	2	2	2	2	1	1	1	1

(a) Attended the meeting as an invitee

Executive Chairman and Chief Executive Officer, and Lead Independent Director

Mr. Tam Jo Tak, Dominic is the co-founder, Executive Chairman and Chief Executive Officer of the Group.

Since the inception of the Group in 1992, Mr. Tam oversees 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 35 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. Although the appointment of Mr. Tam as Executive Chairman and Chief Executive Officer of the Company is a deviation from Provision 3.1 of the Code, the Board is of the opinion that such appointments do not affect the effective running and accountability of the Board. 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 Management.

Provision 3.3 of the Code recommends the appointment of a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially where the Chairman is not independent. The Code also recommends that the lead independent director be available for any concerns of any shareholders to be conveyed to where such concerns were not resolved through the normal channels or for which such channels are inappropriate. For this purpose, Mr. Cheung Hok Fung, Alexander has been appointed as the Lead Independent Director.

Led by Mr. Cheung, the independent non-executive Directors meet periodically without the presence of the other directors 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. Cheung, in his capacity as the Lead Independent Director, provides feedback to Mr. Tam, the Executive Chairman and Chief Executive Officer of the Company.

Board Membership

The NC comprises three directors, the entirety of whom, including the NC Chairman, are Independent Non-Executive Directors:

Mr. Wee Sung Leng (Chairman)
Mr. Cheung Hok Fung, Alexander
Mr. Hu Hou Zhi

The principal functions of the NC are set out below:

- making recommendations to the Board on all board appointments and re-appointments;

- deliberating on the re-nomination of Directors and succession planning, particularly the Executive Chairman and Chief Executive Officer, having regard to the Director's contribution and performance (e.g. attendance at meetings, preparedness, participation and candour). All Directors are subject to re-nomination and re-election at regular intervals and at least every three years pursuant to the Company's Articles of Association and Rule 720(5) of the Listing Manual. A Director who is newly appointed by the Board to fill a vacancy or as additional member of the Board will have to submit himself for retirement and election at the next annual general meeting following his appointment;

- determining annually whether or not a Director is independent pursuant to the guidelines set out in the Code, and in accordance with such amendments made thereto from time to time;

- making recommendations to the Board on the development of a process for evaluation of the performance of the Board, its board committees and directors, and proposing objective performance criteria that address how the Board has enhanced long-term shareholder value;

- assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board; and

- making recommendations to the Board on the review of training and professional development programs for the Board.

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 18 to 20 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 will attend formal courses conducted by the Singapore Institute of Directors (or other professional or training institutes or organisations) to familiarise himself 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 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 conducted a peer appraisal process whereby Directors were 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 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 Provision 1.6 of the Code, prior to each Board meeting, Directors are provided with timely and complete information to enable them to fulfil 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.

In accordance with Provisions 1.6 and 1.7 of the Code, the Directors have separate and independent access to Management. Prior to each Board meeting, Directors are provided with timely and complete information from Management to enable them to fulfill their responsibilities. The Directors also have separate and independent access to the Company Secretary. All Board and committee meetings are to be conducted with the attendance of the Company Secretary (or the Company's legal advisers) to ensure that 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 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 three directors, the entirety of whom, including the RC Chairman, are Independent Non-Executive Directors:

Mr. Wee Sung Leng (Chairman)
Mr. Cheung Hok Fung, Alexander
Mr. Hu Hou Zhi

The RC is responsible for the following:

- considering all aspects of remuneration, including termination terms, to ensure that they are fair, recommending to the Board a framework of remuneration for the Directors and key executives, and determining specific remuneration packages for the Chief Executive Officer and each Executive Director. The recommendations of the RC are submitted for endorsement by the entire Board. Each member of the RC is to abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package. As such, no Director is involved in deciding his own remuneration; and

- reviewing and administering the Company's compensation schemes from time to time including executive share option or share performance plans that are or may be put in place ("Schemes"). 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.

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 annual general meetings 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 FY2020 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	100.0	–	–	–	–	–	324
Chiu Hau Shun, Simon	100.0	–	–	–	–	–	324
Non-executive directors							
Cheung Hok Fung, Alexander	100.0	–	–	–	–	–	80
Wee Sung Leng	100.0	–	–	–	–	–	80
Hu Hou Zhi	100.0	–	–	–	–	–	80
Chia Seng Hee, Jack	100.0	–	–	–	–	–	60

The remuneration of the key executives (who are not Directors) for FY2020 is disclosed below:

Name	Salary (%)	Bonus (%)	Benefits in kind (%)	Share Options (%)	Share-based incentives (%)	Other long-term incentives (%)	Total Compensation (S$'000)
Key executives (who are not Directors)							
Li Hin Lun	92.0	8.0	–	–	–	–	212
Tang Kai Man, Nicholas	92.0	8.0	–	–	–	–	221
Chen Yong Chang	87.0	13.0	–	–	–	–	191
Xu Yu Feng, Steven	100.0	–	–	–	–	–	70
Cheng Siu Chung, Chris	100.0	–	–	–	–	–	16

The total remuneration paid to the top five key executives (who are not Directors) is S$710,000.

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$1,658,000.

There is no employee that is a substantial shareholder of the Company, or is an immediate family member of any Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 for the FY2020.

There are no employee share schemes for FY2020.

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 ensure compliance with legislative and regulatory requirements including but not limited to requirements under the Listing Manual.

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 three directors, the entirety of whom, including the AC Chairman, are Independent Non-Executive Directors:

Mr. Cheung Hok Fung, Alexander (Chairman)
Mr. Wee Sung Leng
Mr. Hu Hou Zhi

In accordance with Provision 10.2 of the Code, the members of the AC have recent and relevant account or related financial management expertise or experience. In accordance with Provision 10.3 of the Code, the AC does not comprise former partners or directors of the company's existing auditing firms, RSM Hong Kong and RSM Chio Lim LLP.

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, 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 duties and responsibilities of the AC include:

- reviewing, with the external auditors, the audit plan, including the nature and scope of the audit before the audit commences, their evaluation of the system of internal controls, audit report, management letter and Management's response;

- ensuring co-ordination where more than one audit firm is involved;

- reviewing the half-yearly and annual financial statements of the Company before submission to the Board for approval;

- reviewing the financial statements of the Company, the consolidated statement of changes in equity and consolidated statement of comprehensive income, before approval by the Board;

- discussing problems and concerns, if any, arising from the quarterly and final audits, in consultation with the external auditors and the internal auditors where necessary;

- meeting with the external auditors and the internal auditors at least annually, without attendance of Management, to discuss any problems and concerns the auditors may have;

- reviewing the assistance provided by Management to the external auditors;

- reviewing annually the scope and results of the audit and its cost effectiveness as well as the adequacy, effectiveness, independence, scope, results and objectivity of the external auditors;

- where the auditors also provide non-audit services to the Company, reviewing the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the auditors would not be compromised;

- reviewing the internal audit programme (including reviewing the procedures implemented by the Group to ensure that all requisite licences and approvals are obtained prior to commencement of the appropriate phases of projects where relevant, as well as ensuring that such procedures are adequate) and to ensure co-ordination between the internal and external auditors and Management;

- reviewing the scope and results of the internal audit procedures;

- reviewing and assessing the adequacy of the Company's internal financial controls, operational and compliance controls as well as risk management policies and systems;

- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response to such an occurrence;

- reviewing arrangements by which staff of the Company or of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters and to conduct an independent investigation of such matters for appropriate follow-up action (the "Whistle-blowing Policy");

- investigating any matter within its terms of reference, with full access to and co-operation from Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

- reviewing interested person transactions (IPTs) falling within the scope of the SGX-ST Listing Manual and potential conflicts of interest, if any;

- undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC;

- undertaking such other functions and duties as may be required by relevant legislation or the Listing Manual, and by such amendments made thereto from time to time;

- considering the appointment/re-appointment of the external auditors, the audit fee and matters relating to the resignation or dismissal of the auditors, and making the relevant recommendations to the Board; and

- advising the Board on the company's overall risk tolerance and strategy.

To ensure compliance with the Code, the AC intends to:

- work with the Board to establish written policies to ensure compliance with legislative and regulatory requirements where appropriate;

- work with the Board to periodically review the risk matrix which documents risk impact, risk response, and the necessary follow-up;

- implement measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements;

- constantly review the Management's and internal auditors' assessment of fraud risk and hold discussions with the external auditors to obtain reasonable assurance that adequate measures were put in place to mitigate fraud risk exposure in the Group; and

- periodically review the adequacy of the Whistle-blowing Policy instituted by the Group.

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 two times during the financial year. At these meetings, Mr. Chiu Hau Shun, Simon, an Executive Director, and the Acting Chief Financial Officer, Mr. Xu Nan Yun, Steven, were also in attendance. During the financial year, 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 Management, during the financial year.

Internal Controls and Internal Audit

The Board is cognizant 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 which 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 Chairman of the AC on audit matters. 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 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. 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 Provision 9.2 of the Code, the Board would obtain assurance, and review this assurance, from the Chief Executive Officer and Acting 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 an effective risk management and internal controls system has been put in place.

Based on the existing framework of financial, operational and compliance controls established and the reviews conducted by Management and the internal and external auditors, the Board opines, with the concurrence of the AC and for the purposes of compliance with Provision 9.2 of the Code, that there were adequate and effective internal controls and risk management processes in place within the Group addressing material financial, operational, compliance and information technology risks to meet the needs of the Group, taking into account the nature and scope of its operations.

The system of internal control and risk management established by 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 the year under review, the aggregate amount of fees paid to:

(a) RSM Hong Kong amounted to HK$1,676,000, with the fees paid for its provision of audit and non-audit services amounting to HK$1,250,000 and HK$426,000 respectively; and

(b) RSM Chio Lim LLP amounted to S$96,000, 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 Chio Lim LLP and they would not, in the AC's opinion, affect the independence of either RSM Hong Kong or RSM Chio Lim LLP.

The Board of Directors and the Audit Committee, having reviewed the adequacy of the resources and experience of RSM Hong Kong and RSM Chio Lim 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 716 of the Listing Manual.

Whistle-Blowing 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 AC has reviewed the adequacy of the Whistle-Blowing Policy adopted and implemented by the Group which provides employees and external parties with official and accessible channels to promote responsible and secure whistle-blowing without fear of adverse consequences. All whistle-blower complaints shall at first instance be reviewed by the internal audit committee (the "IAC") of the Company, which will then decide on the cases to be escalated to the AC. The AC shall review all whistle-blower complaints directed from the IAC at its half-yearly meetings to ensure independent and thorough investigation and adequate follow-up. The AC shall then present the matters under their purview and recommendations to the Board for its review and further action.

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 annual general meetings and special general meetings, at which they are allowed to vote in person or in abstentia 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 chairpersons of the AC, NC and RC and the external auditors will be available during the Annual General Meeting to address any relevant queries from shareholders. For FY2020, all the members of the Board, including the chairpersons of the AC, NC and RC and the external auditors attended the Annual General Meeting of the Company (being the sole general meeting of the Company for FY2020).

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.

In light of the COVID-19 pandemic, the Company's AGM for FY2020 was held via electronic means in accordance with the guidelines jointly published by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation. Shareholders were not able to attend the AGM in person, but were able to observe the proceedings of the AGM by audio or audio-visual means. Shareholders were also given the opportunity to appoint the Chairman of the AGM as proxy to 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 FY2020 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 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

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. 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 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 FY2020.

FINANCIAL STATEMENTS

STATEMENT BY DIRECTORS

For the Year ended 31 December 2020

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 38 to 100, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and

(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.

(c) Subsequent developments
Subsequent to the Company's preliminary financial statements as announced on 28 February 2021, there is no material development that affect the Group and the Company's operating and financial performance as of the date of this report.

On behalf of the Directors

Tam Jo Tak, Dominic
Executive Chairman and
Chief Executive Officer

Chiu Hau Shun, Simon
Executive Director

5 April 2021

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 2020, 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 for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2020, and of its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRSs").

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 Auditor's 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 period. 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:

Provisioning of slow-moving inventories

Please refer to note 3(f) on the relevant accounting policies, note 4(e) on key sources of estimation uncertainties, note 25 on inventories.

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2020, the Group held inventories of approximately HK$132 million, which represented approximately 8.3% 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 determine the inventory provision after considering the aging of inventory and historical and forecast sales. During the year, the reversal of allowance for inventories of HK$4.5 million was credited to profit or loss. We focused on this area due to the significance of the inventories balance and because determining 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 checking the controls on inventory provisioning; • 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.

Key Audit Matters (cont'd)

Impairment assessment of trade and bills receivables and contract assets

Please refer to notes 3(g), 3(j), and 3(x) on the relevant accounting policies, note 4(d) on key sources of estimation uncertainties, notes 24 and 26 on contract assets, and trade and bills receivables respectively.

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2020, the Group has trade and bills receivables and contract assets with aggregate value of HK$237.2 million and HK$419.7 million before the allowance for doubtful debts of HK$24.9 million and HK$1.7 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, the impairment loss on trade and bills receivables and contract assets of HK$3.3 million and HK$1.1 million were charged to profit or loss. 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: • 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 internal 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; • 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 all of 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 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 IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

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

- 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 Chio Lim LLP
Public Accountants and Chartered Accountants

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

5 April 2021

Engagement partner: Goh Swee Hong

RSM Hong Kong
Certified Public Accountants

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

5 April 2021

Engagement partner: Liu Eugene

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK$'000	2019 HK$'000
Continuing operations			
Revenue	9	**957,082**	1,765,226
Cost of sales		**(877,789)**	(1,616,209)
Gross profit		**79,293**	149,017
Other income and gains	10	**51,815**	25,894
Impairment loss on trade and other receivables and contract assets		**(4,443)**	(4,856)
Selling and distribution expenses		**(16,026)**	(14,700)
Administrative expenses		**(57,877)**	(69,828)
Profit from operations		**52,762**	85,527
Finance costs	11	**(19,294)**	(22,614)
Profit before tax		**33,468**	62,913
Income tax expense	12	**(2,549)**	(6,484)
Profit for the year from continuing operations	13	**30,919**	56,429
Discontinued operations			
Loss for the year from discontinued operations	15	**-**	(5,226)
Profit for the year, net of tax		**30,919**	51,203
Profit for the year attributable to:			
Owners of the Company		**30,919**	54,355
Non-controlling interests		**-**	(3,152)
		30,919	51,203
Profit attributable to owners of the Company relates to:			
Continuing operations		**30,919**	56,818
Discontinued operations	15	**-**	(2,463)
		30,919	54,355
Earnings per share	17		
From continuing and discontinued operations			
Basic earnings per share (HK cents)		**95.64**	168.14
From continuing operations			
Basic earnings per share (HK cents)		**95.64**	175.76

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	HK$'000	HK$'000
Profit for the year, net of tax	**30,919**	51,203
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes of equity instruments at fair value through other comprehensive income ("FVTOCI")	**(1,155)**	(631)
Reclassification adjustments foreign operations disposed during the year	**-**	(532)
Exchange differences on translating foreign operations	**5,358**	(1,310)
Other comprehensive income/(loss) for the year, net of tax	**4,203**	(2,473)
Total comprehensive income for the year	**35,122**	48,730
Total comprehensive income for the year attributable to:		
Owners of the Company	**35,122**	51,946
Non-controlling interests	**-**	(3,216)
	35,122	48,730

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Notes	Group 2020 HK$'000	Group 2019 HK$'000	Company 2020 HK$'000	Company 2019 HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	18	**400,830**	304,469	**-**	-
Right-of-use assets	19	**66,557**	96,002	**-**	-
Financial assets at FVTOCI	23	**214**	369	**-**	-
Investments in subsidiaries	20	**-**	-	**457,402**	450,761
Other receivables	15	**-**	11,833	**-**	11,833
Goodwill	21	**1,927**	1,927	**-**	-
Total non-current assets		**469,528**	414,600	**457,402**	462,594
Current assets					
Current tax assets		**984**	1,224	**-**	-
Contract assets	24	**418,017**	430,681	**-**	-
Inventories	25	**131,786**	131,395	**-**	-
Trade and bills receivables	26	**212,380**	220,107	**-**	-
Prepayments, deposits and other receivables	27	**186,415**	132,471	**8,833**	3,000
Financial assets at fair value through profit or loss ("FVTPL")	22	**120,263**	120,342	**-**	-
Bank and cash balances	28,38	**57,155**	100,485	**1,213**	1,189
Total current assets		**1,127,000**	1,136,705	**10,046**	4,189
Total assets		**1,596,528**	1,551,305	**467,448**	466,783
LIABILITIES AND EQUITY					
Non-current liabilities					
Borrowings	32	**27,750**	56,626	**-**	-
Lease liabilities	34	**35,676**	48,688	**-**	-
Deferred tax liabilities	29	**2,650**	2,650	**-**	-
Total non-current liabilities		**66,076**	107,964	**-**	-
Current liabilities					
Current tax liabilities		**13,481**	12,435	**-**	-
Trade and bills payables	30	**188,030**	184,098	**-**	-
Amount due to subsidiaries	20	**-**	-	**17,049**	20,638
Accruals and other payables	31	**227,322**	173,546	**-**	-
Lease liabilities	34	**13,050**	25,157	**-**	-
Borrowings	32	**384,125**	375,238	**-**	-
Financial guarantees	33	**1,425**	2,558	**13,945**	8,059
Dividend payables	16	**7,066**	-	**7,066**	-
Total current liabilities		**834,499**	773,032	**38,060**	28,697
Total liabilities		**900,575**	880,996	**38,060**	28,697
Equity attributable to owners of the Company					
Share capital	35	**242,456**	242,456	**242,456**	242,456
Reserves	36	**453,497**	427,853	**186,932**	195,630
Total equity		**695,953**	670,309	**429,388**	438,086
Total liabilities and equity		**1,596,528**	1,551,305	**467,448**	466,783

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company		
	Share capital	Share premium	Statutory reserve (Note)
	HK$'000	HK$'000	HK$'000
At 1 January 2019	242,456	26,488	2,033
Total comprehensive income for the year	-	-	-
Dividend paid (note 16)	-	-	-
Acquisition of additional interests in subsidiary from non-controlling interests	-	-	-
Disposal of subsidiaries (note 15)	-	-	-
Changes in equity for the year	-	-	-
At 31 December 2019	242,456	26,488	2,033
Total comprehensive income for the year	-	-	-
Dividend paid (note 16)	-	-	-
Changes in equity for the year	-	-	-
At 31 December 2020	242,456	26,488	2,033

Note:

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

Attributable to owners of the Company						
Capital redemption reserve	Financial assets at FVTOCI reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
1,665	-	(4,888)	360,281	628,035	11,045	639,080
-	(631)	(1,778)	54,355	51,946	(3,216)	48,730
-	-	-	(9,319)	(9,319)	-	(9,319)
-	-	-	(353)	(353)	(866)	(1,219)
-	-	-	-	-	(6,963)	(6,963)
-	(631)	(1,778)	44,683	42,274	(11,045)	31,229
1,665	(631)	(6,666)	404,964	670,309	-	670,309
-	(1,155)	5,358	30,919	35,122	-	35,122
-	-	-	(9,478)	(9,478)	-	(9,478)
-	(1,155)	5,358	21,441	25,644	-	25,644
1,665	(1,786)	(1,308)	426,405	695,953	-	695,953

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax			
Continuing operations		**33,468**	62,913
Discontinued operations	15	**-**	(5,226)
		33,468	57,687
Adjustments for:			
Depreciation of property, plant and equipment	18	**56,713**	49,155
Depreciation of right-of-use assets	19	**22,990**	19,796
Loss on disposal of property, plant and equipment	13	**6,702**	2,103
Impairment loss on trade and other receivables and contract assets		**4,443**	4,856
Impairment loss on right-of-use assets	13	**-**	883
Reversal of allowance for inventories	25	**(4,500)**	-
Loss on disposal of subsidiaries		**-**	2,463
Fair value gain on financial assets at FVTPL	10	**(793)**	(4,326)
Amortisation of financial guarantee	10	**(1,133)**	-
Interest income	10	**(377)**	(1,032)
Finance costs	11	**19,294**	22,614
Operating profit before working capital changes		**136,807**	154,199
Decrease in inventories		**4,109**	21,331
Decrease/(increase) in contract assets		**11,504**	(34,211)
Decrease/(increase) in trade and bills receivables		**4,444**	(9,016)
(Increase)/decrease in prepayments, deposits and other receivables		**(41,762)**	13,612
Increase/(decrease) in trade and bills payables		**3,932**	(20,435)
Increase in accruals and other payables		**53,776**	12,539
Cash generated from operations		**172,810**	138,019
Interest paid		**(15,662)**	(19,501)
Income taxes (paid)/refund		**(1,078)**	813
Interest on lease liabilities		**(3,632)**	(3,113)
Net cash generated from operating activities		**152,438**	116,218
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(160,143)**	(150,483)
Purchases of financial assets at FVTPL		**-**	(38,418)
Purchase of financial assets at FVTOCI		**(1,000)**	(1,000)
Proceeds from disposals of property, plant and equipment		**-**	2,000
Net cash outflow from disposal of subsidiaries		**-**	(10,998)
Interest received		**91**	742
Net cash used in investing activities		**(161,052)**	(198,157)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK$'000	2019 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	16	**(2,412)**	(9,319)
Inception of new loans		**20,000**	44,000
Repayment of loans		**(20,376)**	(15,000)
Net (payment)/advance of trust receipts and import loans		**(19,613)**	99,150
Principal elements of lease payments		**(21,592)**	(15,568)
Acquisition of additional interest in subsidiary		**-**	(1,219)
Net cash (used in)/generated from financing activities		**(43,993)**	102,044
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(52,607)**	20,105
Net effect of exchange rate changes on cash and cash equivalents held		**9,277**	(9,492)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**100,485**	89,872
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	38	**57,155**	100,485

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 Liu Jia Ind. District, Heng Li Zhen, Dongguan, Guangdong Province, the PRC. 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 2020 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 20 to the financial statements.

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

Uncertainties relating to the COVID-19 pandemic:
The COVID-19 pandemic and the aftermath of the pandemic has caused and continues to cause disruptions resulting in uncertainties surrounding the reporting entity's business, including affecting its relationships with its existing and future customers, suppliers and employees, and which had and will continue to have an adverse effect on its financial position, financial performance of operations, cash flows and prospects for the foreseeable future. There is significant uncertainty around the medium to long term impact of the COVID-19 pandemic. Other entities are also evolving and assets held by them may have material uncertainties and / or disclaimers regarding the impact of COVID-19. These uncertainties gave rise to difficulties in making an accurate assessment by management of the future financial impacts on the reporting entity. Management will continue to closely monitor the further economic development and its impact. It is however reasonably probable that the COVID-19 pandemic will have an adverse impact on the reporting entity's revenues and results for the next reporting year, the extent of which will depend on how long the aftermath of the pandemic lasts.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which include all applicable International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and the Interpretations. Significant accounting policies adopted by the Group are disclosed below.

International Accounting Standards Board ("IASB") has issued certain new and revised IFRSs 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 IFRSs

The Group has applied the Amendments to Reference to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

2. STATEMENT OF COMPLIANCE (CONT'D)

(a) Application of new and revised IFRSs (cont'd)

Except as described below, the application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs 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.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments had no impact on the consolidated financial statements.

(b) New and revised IFRSs in issue but not yet effective

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2020. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 16 COVID-19 Related Rent Concessions	1 June 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to IAS 37 Onerous contracts - cost of fulfilling a contract	1 January 2022
Annual Improvements to IFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to IAS 1 Classification of liabilities as current or non-current	1 January 2023
Amendments to IAS 1 Presentation of Financial Statements	1 January 2023
Amendments to IAS 1 Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 Definition of Accounting Estimates	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial assets that are measured at fair value).

The preparation of these financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in note 4.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(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.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Consolidation (cont'd)

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The consideration transferred in a business combination is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and any contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the sum of the consideration transferred over the Group's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Group.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

After initial recognition, 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.

(c) 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (cont'd)

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

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.

(iii) Translation on consolidation

The results and financial position of all the Group entities 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 and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 reporting 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.

(e) Leases

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

(i) The Group as a lessee

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

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

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

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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.

(f) 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. 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.

(g) 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(x) and are reclassified to receivables when the right to the consideration has become unconditional.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

(h) 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.

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.

(i) Financial assets

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

<u>Debt investments</u>

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial assets (cont'd)

Debt investments (cont'd)

- 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.

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.

(j) 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 stated at amortised cost using the effective interest method less allowance for credit losses.

(k) 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL.

(l) Discontinued operations

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Discontinued operations (cont'd)

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(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 IFRSs. 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(r) Revenue and other income

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 calculated using the method such as milestones reached, time elapsed or units delivered. 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").

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.

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.

(s) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Employee benefits (cont'd)

(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.

(t) Borrowing costs

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

(u) 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.

(v) Taxation

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

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

Deferred tax is recognised on 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Taxation (cont'd)

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. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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 to settle its current tax assets and liabilities on a net basis.

(w) 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.

(x) Impairment of financial assets and contract assets

The Group recognises a loss allowance for ECL on trade and bills receivables and contract assets 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Significant increase in credit risk (cont'd)

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

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

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

Definition of default

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

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

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 reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Write-off policy

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

Measurement and recognition of ECL

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

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

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

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

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

(y) Segment reporting

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) 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.

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.

(aa) 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 AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest test and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the financial assets at FVTPL is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

(b) Determining the lease term

In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation.

Generally, periods covered by an extension option in other properties leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. During the current financial year, no lease term has been reassessed.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned.

The carrying amount of property, plant and equipment as at 31 December 2020 was HK$400,830,000 (2019: HK$304,469,000).

(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 net present value used in the impairment test.

The carrying amount of property, plant and equipment and right-of-use assets as at 31 December 2020 were HK$400,830,000 (2019: HK$304,469,000) and HK$66,557,000 (2019: HK$96,002,000) respectively.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the end of the reporting period was HK$1,927,000 (2019: HK$1,927,000) after accumulated impairment loss of HK$490,000 (2019: HK$490,000) was recognised. Details of the impairment loss calculation are provided in note 21 to the consolidated financial statements.

(d) Impairment of trade and bills receivables and contract assets

The management of the Group estimates the amount of impairment loss for ECL on trade and bills receivables and contract assets based on the credit risk of trade and bills receivables and contract assets. The amount of the impairment loss based on ECL model is measured 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 effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONT'D)

Key sources of estimation uncertainties (cont'd)

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

Due to greater financial uncertainty triggered by the COVID-19 pandemic, the Group has increased the expected loss rates in the current year as there is higher risk that a prolonged pandemic could lead to increased 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 2020, the carrying amount of trade and bills receivables and contract assets is HK$212,380,000 (net of allowance for doubtful debts of HK$24,854,000) (2019: HK$220,107,000 (net of allowance for doubtful debts of HK$21,571,000)) and HK$418,017,000 (net of allowance for doubtful debts of HK$1,679,000) (2019: HK$430,681,000 (net of allowance for doubtful debts of HK$519,000)) respectively.

(e) 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 2020, allowance for slow-moving inventories amounted to HK$13,932,000 (2019: HK$18,432,000).

(f) Deferred tax estimation

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

At 31 December 2020, the deferred tax liabilities are HK$2,650,000 (2019: HK$2,650,000).

(g) Fair value of investments

In the absence of quoted market prices in an active market, the directors estimate the fair value of the Group's investment in financial assets at FVTOCI, details of which are set out in note 23 to the consolidated financial statements, by considering information from a variety of sources, including the latest financial information, the historical data on market volatility as well as the price and industry and sector performance of investment company.

The carrying amount of the investment in financial assets at FVTOCI as at 31 December 2020 was HK$214,000 (2019: HK$369,000).

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 2020, 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$799,000 (2019: HK$965,000) lower, arising mainly as a result of the net foreign exchange loss on bank and cash balances, trade and bills payables and accruals and other payables denominated in RMB. If the HK$ 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$799,000 (2019: HK$965,000) 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 2020, if interest rates at that date had been 50 basis points lower with all other variables held constant, consolidated profit after tax for the year would have been HK$1,079,000 (2019: HK$1,591,000) higher, arising mainly as a result of lower interest expense on bank loans. If interest rates had been 50 basis points higher, with all other variables held constant, consolidated profit after tax for the year would have been HK$1,079,000 (2019: HK$1,591,000) lower, arising mainly as a result of higher interest expense on bank loans.

(c) Credit risk

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

Except for the financial guarantee given by the Group as set out in note 33, 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 33.

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Credit risk (cont'd)

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 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.

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 2020:

	2020		
	Expected loss rate %	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**
Current (not past due)	**0.17% - 30.76%**	**512,006**	**2,108**
Within 1 year	**0.23% - 44.32%**	**116,451**	**695**
1-2 years	**10.22% - 100%**	**21,526**	**16,783**
Over 2 years	**100%**	**6,947**	**6,947**
		656,930	**26,533**

	2019		
	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.10% - 52.51%	573,058	1,390
Within 1 year	0.12% - 54.81%	80,040	3,852
1-2 years	4% - 100%	6,615	3,683
Over 2 years	100%	13,165	13,165
		672,878	22,090

Expected loss rates are based on actual loss experience over the past 5 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.

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:

	2020 **HK$'000**	2019 HK$'000
At 1 January	**22,090**	18,127
Impairment losses recognised for the year	**4,443**	4,609
Disposal of subsidiary	**-**	(646)
At 31 December	**26,533**	22,090

The following significant changes in the gross carrying amounts of trade and bills receivables and contract assets contributed to the increase in the loss allowance during 2020:

- origination of new trade receivables net of those settled resulted in an increase in loss allowance of HK$718,000; and
- increase in days past due within 2 years resulted in an increase in loss allowance of HK$3,725,000.

(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:

	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 2020						
Trade and bills payables	**-**	**188,030**	**-**	**-**	**-**	**188,030**
Accruals and other payables	**-**	**227,322**	**-**	**-**	**-**	**227,322**
Borrowings	**353,892**	**32,876**	**28,073**	**-**	**-**	**414,841**
Lease liabilities	**-**	**16,228**	**17,507**	**14,113**	**14,680**	**62,528**
Financial guarantee	**-**	**2,947**	**-**	**-**	**-**	**2,947**
At 31 December 2019						
Trade and bills payables	-	184,098	-	-	-	184,098
Accruals and other payables	-	173,546	-	-	-	173,546
Borrowings	358,270	23,707	59,293	-	-	441,270
Lease liabilities	-	28,865	15,804	26,570	20,706	91,945
Financial guarantee	-	4,317	-	-	-	4,317

5. FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Categories of financial instruments at 31 December 2020 and 2019

	2020	2019
	HK$'000	HK$'000
Financial assets:		
Financial assets measured at amortised cost	**716,350**	784,161
Financial assets measured at FVTPL	**120,263**	120,342
Financial assets measured at FVTOCI	**214**	369
Financial liabilities:		
Financial liabilities at amortised cost	**721,150**	725,650
Financial guarantee	**-**	2,558

(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.

6. FAIR VALUE MEASUREMENTS (CONT'D)

(a) Disclosures of level in fair value hierarchy at 31 December 2020 and 2019:

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2020 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	**-**	**120,263**	**-**	**120,263**
Financial assets at FVTOCI				
- Unlisted equity securities	**-**	**-**	**214**	**214**
	-	**120,263**	**214**	**120,477**

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2019 HK$'000
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	120,342	-	120,342
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	369	369
	-	120,342	369	120,711
Financial liabilities				
Financial guarantees	-	-	2,558	2,558
Total	-	-	2,558	2,558

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

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

Description	**Financial assets at FVTOCI - unlisted equity securities** 2020 HK$'000	2019 HK$'000
At 1 January	**369**	-
Purchases	**1,000**	1,000
Total losses recognised		
- in other comprehensive income	**(1,155)**	(631)
At 31 December	**214**	369

The total 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.

6. FAIR VALUE MEASUREMENTS (CONT'D)

(c) Reconciliation of liabilities measured at fair value based on level 3:

Description	Financial liabilities - financial guarantee
	2019
	HK$'000
At 1 January	-
Total losses recognised	
- in profit or loss	2,558
At 31 December	2,558

During the year 2019, the total losses recognised in profit or loss are presented as financial guarantees granted to disposed subsidiaries in the loss on disposal of a subsidiary in the consolidated statement of profit or loss.

(d) Disclosure of valuation process used by the Group and valuation techniques and inputs used in future value measurements at 31 December 2020:

The Group's acting 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 acting 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 acting 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.

6. FAIR VALUE MEASUREMENTS (CONT'D)

(d) Disclosure of valuation process used by the Group and valuation techniques and inputs used in future value measurements at 31 December 2020: (cont'd)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value **2020** **HK$'000** **Assets/ (Liabilities)**	Fair value 2019 HK$'000 Assets/ (Liabilities)
Private equity investments classified as financial assets at FVTOCI	Discounted cash flows	Risk-adjusted discount rate	12% (2019: 12%)	Decrease		
		Growth rate	5.0%-15.0% (2019: 5.0%-15.0%)	Increase		
		Discount for lack of marketability	25% (2019: 20%)	Decrease	**214**	369
Financial guarantee	Contingent claim	Default rate	- (2019: 26.89%)	Increase		
		Discount rate	- (2019: 1.94% - 2.22%)	Decrease	**-**	(2,558)

7. SEGMENT INFORMATION

After the disposal of the Trading segment of the Group since March 2019, other than ODM/OEM, none of the other segments meets any of the quantitative thresholds for determining reportable segments. The management believes that ODM/OEM segment representing the financial position of the Group, therefore the management is of the opinion that there is only one significant operating division – manufacturing of toys and premium products remain in the Group. Those financial data has been disclosed in the Statement of Financial Position and the Statement of Profit or Loss.

7. SEGMENT INFORMATION (CONT'D)

Geographical information:

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

	Revenue		Non-current assets	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Asia				
Greater China (including PRC, Hong Kong, Macau and Taiwan)	**875,630**	1,191,097	**307,851**	264,907
Indonesia	**-**	-	**161,677**	149,693
Other countries	**-**	4,342	**-**	-
	875,630	1,195,439	**469,528**	414,600
Middle East				
Dubai	**-**	340,926	**-**	-
	-	340,926	**-**	-
North America				
United States	**1,497**	6,191	**-**	-
	1,497	6,191	**-**	-
Europe				
Germany	**46,157**	109,320	**-**	-
Switzerland	**33,798**	103,282	**-**	-
Other countries	**-**	10,068	**-**	-
	79,955	222,670	**-**	-
Consolidated total	**957,082**	1,765,226	**469,528**	414,600

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

Revenue from major customers:

	2020	2019
	HK$'000	HK$'000
ODM/OEM		
Customer a	**575,032**	856,861
Customer b	**222,113**	206,363

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

	2020 HK$'000	2019 HK$'000
Salaries and other short-term employee benefits	**9,919**	11,309

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

	2020 HK$'000	2019 HK$'000
Remunerations of directors of the Company	**4,451**	5,016
Fees to directors of the Company	**1,223**	1,384

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.

Call option with Crownington International Holdings Limited ("Crownington")

In 2019, the Group had been granted an option to subscribe for 1,111 fully paid redeemable ordinary shares representing 8.1% of the share capital of Crownington. At 31 December 2019, the executive director of the Group, Mr. Simon Chiu, was one of the directors of the Crownington and held 15.3% of the Crownington's shares. During the year 2020, Mr. Chiu has resigned as executive director of Crownington, and no longer held the Crownington's share.

At 31 December 2020 and 31 December 2019, the fair value of the call option has not been recognised as the amount was immaterial.

9. REVENUE

Disaggregation of revenue

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

	2020 HK$'000	2019 HK$'000
Sales of toys and premium products ("Toys")	**957,082**	1,740,514
Sales of the moulds and model ("Tooling")	**-**	24,712
Sales of goods	**957,082**	1,765,226

Sales of Tooling derive revenue from the transfer of goods at a point in time; 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

	2020 HK$'000	2019 HK$'000
Continuing operations		
Interest income on bank deposits	**91**	742
Imputed interest income	**286**	290
Miscellaneous receipts	**8,891**	9,144
Mould engineering income, net	**14,688**	4,975
Rental income	**606**	998
Sales of scrap materials	**2,126**	1,939
Government grants	**18,701**	1,480
Reversal of allowance for inventories	**4,500**	-
Reversal of severance pay provision	**-**	2,000
Fair value gain on financial assets at FVTPL	**793**	4,326
Amortisation of financial guarantee	**1,133**	-
	51,815	25,894

Note: 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, and also wage and operation support which affected by the COVID-19 outbreak.

11. FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Continuing operations		
Interest on bank loans and overdrafts wholly repayable within five years	**15,662**	19,501
Interest expenses on lease liabilities (note 19)	**3,632**	3,113
	19,294	22,614

12. INCOME TAX EXPENSE

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2020 HK$'000	2019 HK$'000
Current tax expenses		
- The PRC	**2,323**	6,098
Under-provision in prior years	**226**	386
	2,549	6,484

No provision for Hong Kong Profits Tax is required for the years ended 31 December 2020 and 2019 since the Group has no assessable profit for both years.

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%.

For the years ended 31 December 2020 and 2019, the applicable PRC and Indonesia enterprise income tax rates are 25%.

12. INCOME TAX EXPENSE (CONT'D)

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$4,478,000 (2019: HK$5,166,000). 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.

During the year, 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 assessments for the Y/A2013/14 and 2014/15 are HK$1,841,581 and HK$11,159,670 respectively and are relating to offshore profit claims in respective years. At 31 December 2020, the subsidiary of the Company purchased tax reserve certificates of HK$1,841,581 for Y/A2013/14 and applied tax instalment for settling the tax payable of HK$11,159,670 for Y/A2014/15. The application of tax instalment is still under HKIRD's approval. The Company settled the tax instalment of HK$1 million as at 31 December 2020 and the remaining HK$10.16 million will be purchased within one year as per the application. As at the date of this report, the subsidiary is in the process of preparing information relating to offshore profit claims to the HKIRD for objectives of the assessments.

Management is of the view that it is premature to ascertain the additional profit tax and penalty at this stage. As such no provision for additional tax and penalty was made in the financial statements. However, should the assessment regarding the claim be finally judged against the Group, current tax liabilities and corresponding income tax expenses will be recognised in the financial statements accordingly.

The income tax expense varied from the amount of income tax expense determined by applying the Hong Kong Profits Tax rate of 16.5% (2019: 16.5%) to profit before tax as a result of the following differences:

	2020 **HK$'000**	2019 HK$'000
Profit before tax (from continuing operations)	**33,468**	62,913
Income tax expense at Hong Kong Profits Tax rate	**5,522**	10,380
Tax effect of income that is not taxable	**(11,687)**	(24,902)
Tax effect of expenses that are not deductible	**5,859**	12,385
Tax effect of temporary differences not recognised	**-**	(1,378)
Tax effect of tax losses not recognised	**1,056**	4,707
Effect of different tax rates of subsidiaries	**1,573**	4,906
Under-provision of current tax expenses in prior years	**226**	386
Income tax expense (relating to continuing operations)	**2,549**	6,484

13. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

The Group's profit for the year from continuing operations is stated after charging the following:

	2020	2019
	HK$'000	HK$'000
Other fees to independent auditor	**426**	634
Depreciation on property, plant and equipment	**56,713**	49,155
Depreciation on right-of-use assets	**22,990**	19,796
Loss on disposals of property, plant and equipment	**6,702**	2,103
Impairment on right-of-use assets	**-**	883
Exchange loss, net	**1,294**	3,616

14. EMPLOYEE BENEFITS EXPENSES

	2020	2019
	HK$'000	HK$'000
Employee benefits expenses including directors	**335,471**	461,613
Contributions to defined contribution scheme	**23,251**	40,062
Employee benefits expenses	**358,722**	501,675

15. DISCONTINUED OPERATIONS

On 30 March 2019, the Company entered into a sale and purchase agreement to dispose 100% of the total issued and paid-up share capital of Faith and Hope Holdings Limited, a former subsidiary, which carried out all of the Group's operation on Trading. The consideration of HK$14,833,000 was settled in three installements: (i) HK$3,000,000 on 31 December 2019; (ii) HK$3,000,000 on 31 December 2020; and (iii) HK$8,833,000 on 31 December 2021. At 31 December 2020, the remaining outstanding balance of HK$8,833,000 is included in other receivables.

	2019
	HK$'000
Loss for the year from discontinued operations:	
Revenue - Contracts with customers	19,075
Cost of sales	(16,210)
Other gains	16
Selling expenses	(974)
Administrative expenses	(4,531)
Finance cost	(139)
Loss before tax	(2,763)
Income tax expense	-
Loss on disposal of operations	(2,463)
Loss for the year	(5,226)
Loss for the year from discontinued operations (attributable to owners of the Company)	(2,463)

15. DISCONTINUED OPERATIONS (CONT'D)

Loss for the year from discontinued operations include the following:

	2019 HK$'000
Depreciation	-

Cash flows from discontinued operations:

Net cash inflows from operating activities	-
Net cash outflows from investing activities	(10,998)
Net cash outflows from financing activities	-
Net cash outflows	(10,998)

16. DIVIDENDS

	2020 **HK$'000**	2019 HK$'000
2019 Final of SGD0.05 (2018: SGD0.05) per ordinary share paid	**9,478**	9,319

During the year, the majority shareholder which hold 74.55% of total shares of the Company offered and agreed to defer the receipt of dividends which total amounting to SGD1,205,000 (equivalent to HK$7,066,000) as to support the Group has additional financial buffer to meet its working capital requirements in lights of the global COVID-19 pandemic and the global economic challenges.

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2020 of SGD0.05 per share has been proposed by the directors and is subject to approval by the shareholder at the forthcoming general meeting.

17. EARNINGS PER SHARE

From continuing and discontinued operations

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the Company of approximately HK$30,919,000 (2019: HK$54,355,000) by the weighted average number of ordinary shares of 32,327,400 (2019: 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 2020 and 2019.

From continuing operations

Basic earnings per share from continuing operations is calculated by dividing the profit for the year attributable to owners of the Company of approximately HK$30,919,000 (2019: HK$56,818,000) by the weighted average number of ordinary shares of 32,327,400 (2019: 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 2020 and 2019.

17. EARNINGS PER SHARE (CONT'D)

From discontinued operations

At 31 December 2019, basic loss per share from the discontinued operations was HK$7.62 cents per share and, no diluted earnings per share from the discontinued operations, based on the loss for the year from discontinued operations attributable to the owners of the Company of approximately HK$2,463,000 and the denominators used were the same as those detailed above for both basic and diluted earnings per share.

18. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings HK$'000	Plant and machinery, and leasehold improvement HK$'000	Toolings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Cost							
At 1 January 2019	30,568	581,938	42,878	55,762	16,567	-	727,713
Additions	-	140,967	1,009	3,020	519	5,082	150,597
Disposals	-	(112,524)	(2,703)	(12,964)	(2,134)	-	(130,325)
Reallocated to right-of-use assets (note 19)	(22,849)	-	-	-	-	-	(22,849)
Disposals of subsidiaries	-	-	-	(6,075)	(1,050)	-	(7,125)
Exchange differences	-	3,397	3,096	2,120	114	-	8,727
At 31 December 2019 and 1 January 2020	7,719	613,778	44,280	41,863	14,016	5,082	726,738
Additions	-	153,304	684	6,127	-	28	160,143
Disposals	-	(48,014)	(2,036)	(3,436)	(996)	-	(54,482)
Transfer	-	3,077	-	-	-	(3,077)	-
Exchange differences	-	(3,707)	3,164	(1,371)	188	(27)	(1,753)
At 31 December 2020	7,719	718,438	46,092	43,183	13,208	2,006	830,646
Accumulated depreciation and impairment							
At 1 January 2019	4,754	400,986	33,813	48,996	13,395	-	501,944
Charge for the year	170	45,278	1,443	1,012	1,252	-	49,155
Disposals	-	(109,691)	(2,289)	(12,677)	(1,565)	-	(126,222)
Reallocated to right-of-use assets (note 19)	(64)	-	-	-	-	-	(64)
Disposals of subsidiaries	-	-	-	(5,631)	(747)	-	(6,378)
Exchange differences	(19)	2,616	493	745	(1)	-	3,834
At 31 December 2019 and 1 January 2020	4,841	339,189	33,460	32,445	12,334	-	422,269
Charge for the year	150	52,577	1,115	2,225	646	-	56,713
Disposals	-	(41,364)	(1,984)	(3,436)	(996)	-	(47,780)
Exchange differences	-	(1,051)	205	(544)	4	-	(1,386)
At 31 December 2020	4,991	349,351	32,796	30,690	11,988	-	429,816
Carrying amount							
At 31 December 2020	2,728	369,087	13,296	12,493	1,220	2,006	400,830
At 31 December 2019	2,878	274,589	10,820	9,418	1,682	5,082	304,469

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

Group (cont'd)

The depreciation expense for continuing operation is charged as follows:

	Cost of sales HK$'000	Administrative expenses HK$'000	Total HK$'000
Financial year ended 31 December 2020	**53,832**	**2,881**	**56,713**
Financial year ended 31 December 2019	46,891	2,264	49,155

19. RIGHT-OF-USE ASSETS

Group

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
At 1 January 2019	22,785	26,555	49,340
Additions	2,484	62,060	64,544
Depreciation	(842)	(18,954)	(19,796)
Impairment	-	(883)	(883)
Exchange differences	1,155	1,642	2,797
At 31 December 2019 and 1 January 2020	**25,582**	**70,420**	**96,002**
Additions	**-**	**3,585**	**3,585**
Depreciation	**(881)**	**(22,109)**	**(22,990)**
Derecognition	**-**	**(7,297)**	**(7,297)**
Exchange differences	**(811)**	**(1,932)**	**(2,743)**
At 31 December 2020	**23,890**	**42,667**	**66,557**

Lease liabilities of HK$48,726,000 (2019: HK$73,845,000) are recognised with related right-of-use assets of HK$42,667,000 (2019: HK$70,420,000) as at 31 December 2020. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In the sight of the inactive operation in one of the CGUs, the management had made an impairment of HK$883,000 for the right-of-use assets as at 31 December 2019.

	2020 HK$'000	2019 HK$'000
Depreciation expenses on right-of-use assets	**22,990**	19,796
Interest expenses on lease liabilities (included in finance cost)	**3,632**	3,113
Expenses relating to short-term lease (included in cost of goods sold and administrative)	**3,029**	11,352

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

For both years, the Group leases various offices, factories, warehouses, and staff quarters for its operations. Lease contracts are entered into for fixed term of 2.5 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.

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

Group (cont'd)

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located at office buildings. The Group 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.

20. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	HK$'000	HK$'000
Unlisted investments, at cost	**310,205**	310,205
Loans to subsidiaries	**151,058**	151,058
Financial guarantees to subsidiaries (note 33)	**12,521**	5,880
Less: Impairment of unlisted investments	**(16,382)**	(16,382)
	457,402	450,761

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 are unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries as at 31 December 2020 are as follows:

Name	Date and place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital		Effective interests held by the Group	
			2020	**2019**	**2020** %	**2019** %
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

20. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 31 December 2020 are as follows: (cont'd)

Name	Date and place of incorporation/ establishment	Principal activities	Issued and paid-up/ registered capital 2020	Issued and paid-up/ registered capital 2019	Effective interests held by the Group 2020 %	Effective interests held by the Group 2019 %
Indirectly held (cont'd)						
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/Dormant	**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	Trading of premium items	**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

20. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 31 December 2020 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	
			2020	2019	2020 %	2019 %
Indirectly held (cont'd)						
Kam Hing Product Design and Development Company Limited **	12 February 1997 Hong Kong	Trading of models and moulds	**HK$10,100,000**	HK$10,100,000	**100**	100
Altrust Precision Tooling Company Limited *	29 June 1999 Samoa	Investment holding and trading of moulds	**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	Manufacturing of moulds	**HK$84,075,270**	HK$84,075,270	**100**	100
河源联弘玩具礼品有限公司 (Heyuan Loong Run 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	Investment holding	**HK$10,000**	HK$10,000	**100**	100
联志电子玩具制品(梧州)有限公司 (Combine Will Electronics Toys (Wuzhou) Co., Ltd.) (note a)	19 July 2012 Wuzhou, Guangxi, PRC	Manufacturing and trading of plastic toys	**-**	HK$10,000,000	**N/A**	100
东莞联健医疗器材有限公司 (Dongguan Luke Medical Company Limited) (note a)	6 January 2013 Dongguan, Guangdong PRC	Inactive	**-**	HK$2,000,000	**N/A**	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 2020 Cangwu, Guangxi, PRC	Manufacturing and trading of plastic toys	**HK$50,000,000**	HK$50,000,000	**100**	100

20. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Particulars of the subsidiaries as at 31 December 2020 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 2020 were audited by RSM Hong Kong.

*** The statutory financial statements for the year ended 31 December 2020 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 2020 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 2020 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 2020 prepared in accordance with generally accepted accounting principles in the Indonesia, were audited by RSM Indonesia for tax filing and annual registration purposes.

Wholly foreign owned enterprise established in PRC.

Note:

(a) Combine Will Electronics Toys (Wuzhou) Co., Ltd and Dongguan Luke Medical Company Limited were deregistered during the year.

21. GOODWILL

	Group
	HK$'000
Cost	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	2,417
Accumulated impairment losses	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	490
Carrying amount	
At 31 December 2020 and 31 December 2019	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 (2019: ODM/OEM of HK$1,927,000).

21. GOODWILL (CONT'D)

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 12% and 5% respectively (2019: 12% and 5%). This rate does not exceed the average long term growth rate for the relevant markets.

22. FINANCIAL ASSETS AT FVTPL

	Group	
	2020	2019
	HK$'000	HK$'000
Fair value at 1 January	**120,342**	78,055
Additions on investment products	**-**	38,418
Increase in FVTPL under other income and gains	**793**	4,326
Exchange difference	**(872)**	(457)
Fair value at 31 December	**120,263**	120,342

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.

23. FINANCIAL ASSETS AT FVTOCI

	Group	
	2020	2019
	HK$'000	HK$'000
Unlisted equity securities	**214**	369

All financial assets at FVTOCI is denominated in HK$.

	Group	
	2020	2019
	HK$'000	HK$'000
Analysed as:		
Current assets	**-**	-
Non-current assets	**214**	369

At 31 December 2019, the Group has invested HK$1,000,000 in an unlisted company incorporated in Hong Kong, and further injected HK$1,000,000 during the year. The Group owned 10% (2019: 10%) equity interests in that company. The Group is unable to exercise significant influence over that company and the investment is classified as financial assets at FVTOCI.

24. CONTRACT ASSETS

	Group	
	2020	2019
	HK$'000	HK$'000
Receivables from contracts with customers within the scope of IFRS 15	**419,696**	431,200
Less: Allowance for impairment	**(1,679)**	(519)
	418,017	430,681

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 contact 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.

25. INVENTORIES

	Group	
	2020	2019
	HK$'000	HK$'000
Raw materials, consumables and supplies	**99,389**	119,710
Work in progress	**28,850**	18,922
Finished goods	**17,479**	11,195
Less: Allowance for impairment	**(13,932)**	(18,432)
	131,786	131,395

The movement of allowance for inventories is as follows:

	Group	
	2020	2019
	HK$'000	HK$'000
At 1 January	**18,432**	24,956
Reversal of allowance for the year	**(4,500)**	-
Write-off	**-**	(6,524)
At 31 December	**13,932**	18,432

26. 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	
	2020	2019
	HK$'000	HK$'000
0 to 30 days	**91,662**	140,452
31 to 60 days	**65,374**	36,123
61 to 90 days	**23,002**	15,752
91 to 180 days	**21,427**	19,317
181 to 365 days	**7,296**	7,950
Over 365 days	**28,473**	22,084
	237,234	241,678
Allowance for doubtful debts	**(24,854)**	(21,571)
	212,380	220,107

The average credit period generally granted to non-related trade and bills receivables customers for the year ended 31 December 2020 is ranging from 30 - 120 days (2019: 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	
	2020	2019
	HK$'000	HK$'000
RMB	**1,178**	763
USD	**176,512**	171,793
Euro ("EUR")	**1,612**	3,213

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Prepayments	**24,416**	22,762	**-**	-
Mould and trade deposits paid	**77,776**	29,167	**-**	-
Utility and other deposits	**55,425**	59,487	**-**	-
Value added tax receivables	**12,844**	10,122	**-**	-
Advancement to suppliers and subcontractors	**4,048**	3,040	**-**	-
Other receivables	**40,920**	36,907	**8,833**	3,000
Provision of impairment loss for other receivables	**(29,014)**	(29,014)	**-**	-
	186,415	132,471	**8,833**	3,000

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (COND'T)

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

	Group	
	2020	2019
	HK$'000	HK$'000
At 1 January	**29,014**	28,767
Impairment losses recognised for the year	**-**	247
At 31 December	**29,014**	29,014

28. 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	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**27,485**	31,509	**-**	-
RMB	**18,159**	11,042	**-**	-
Japanese Yen ("JPY")	**8**	8	**-**	-
EUR	**27**	225	**-**	-
SGD	**219**	194	**142**	118
IDR	**1,565**	2,998	**-**	-

The rate of interest for the cash on interest earning balances ranged from 0.01% to 0.39% (2019: 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.

29. DEFERRED TAX LIABILITIES

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

	Excess of net book value of property, plant and equipment over tax value
	HK$'000
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	2,650

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

29. DEFERRED TAX LIABILITIES (COND'T)

The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

	Group	
	2020	2019
	HK$'000	HK$'000
Deferred tax liabilities	**2,650**	2,650

At the end of the reporting period the Group has unused tax losses of HK$45,301,394 (2019: HK$45,286,308) available for offset against future profits and no deferred tax asset has been recognised due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

30. TRADE AND BILLS PAYABLES

	Group	
	2020	2019
	HK$'000	HK$'000
Bills payables, secured (note 39)	**6,230**	4,447
Trade payables	**181,800**	179,651
	188,030	184,098

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

	Group	
	2020	2019
	HK$'000	HK$'000
USD	**27,436**	21,826
RMB	**88,384**	92,901
SGD	**119**	17

The average credit period taken to settle non-related trade payables for the year ended 31 December 2020 is about 30 to 60 days (2019: 30 to 60 days).

31. ACCRUALS AND OTHER PAYABLES

	Group	
	2020	2019
	HK$'000	HK$'000
Accruals	**109,521**	105,072
Mould and trade deposits received	**104,739**	63,060
Contract liability*	**9,829**	798
Other payables	**3,233**	4,616
	227,322	173,546

* *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.*

31. ACCRUALS AND OTHER PAYABLES (COND'T)

Movements in contract liability

	Group 2020 HK$'000	2019 HK$'000
At 1 January	**798**	17,434
Decrease in contract liability as a result of recognising revenue during the year	**(798)**	(17,434)
Increase in contract liability as a result of billings in advance	**9,829**	798
At 31 December	**9,829**	798

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

32. BORROWINGS

	Group 2020 HK$'000	2019 HK$'000
Trust receipts and import loans, secured (note 39)	**301,251**	320,864
Term loans (note 39)	**110,624**	111,000
	411,875	431,864

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

	Group 2020 HK$'000	2019 HK$'000
USD	**203,162**	420
RMB	**8,800**	-

The average interest rates at 31 December were as follows:

	Group 2020 HK$'000	2019 HK$'000
Trust receipts and import loans, secured	**2.22%**	4.32%
Term loans	**3.73%**	4.94%

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

	Group 2020 HK$'000	2019 HK$'000
Current	**384,125**	375,238
Non-current	**27,750**	56,626
	411,875	431,864

33. FINANCIAL GUARANTEES

	Group		Company	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial guarantees	**1,425**	2,558	**13,945**	8,059

At the end of the reporting period, the Group has issued corporate guarantees to some banks in respect of banking facilities granted to the Group and United Machine Tools Company Limited and Hopewell Precision Machine Tools Company Limited ("Former Subsidiaries"), which were disposed in 2019. Under the guarantees, the Group and Former Subsidiaries are jointly and severally liable for all or any of the borrowings of each of them from the banks upon failure of the guaranteed entity to make payments when due.

The maximum liability of the Group at the end of the reporting period under guarantees is the amount of bank loans drawn by Former Subsidiaries under the guarantees at that date of HK$2,947,000 (2019: HK$4,317,000).

34. LEASE LIABILITIES

Group	Minimum lease payments		Present value of minimum lease payments	
	2020	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**16,228**	28,865	**13,050**	25,157
In the second to fifth years, inclusive	**31,620**	42,374	**23,257**	32,062
After five year	**14,680**	20,706	**12,419**	16,626
	62,528	91,945	**48,726**	73,845
Less: Future finance charges	**(13,802)**	(18,100)	**N/A**	N/A
Present value of lease obligations	**48,726**	73,845	**48,726**	73,845
Less:				
Amount due for settlement within 12 months (shown under current liabilities)			**(13,050)**	(25,157)
Amount due for settlement after 12 months			**35,676**	48,688

The weighted average incremental borrowing rates applied to lease liabilities range from 3.4% to 11.2% (2019: from 3.4% to 11.2%) per annum.

All finance lease payables are demoniated in RMB.

35. SHARE CAPITAL

	Company	
	Number of shares	Amount
		HK$
Authorised:		
Ordinary shares of HK$7.50 (2019: HK$7.50) each		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	100,000,000	750,000,000
Issued and fully paid:		
Ordinary shares of HK$7.50 (2019: HK$7.50) each		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	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 payable and short-term loans, less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, share premium, retained earnings and other reserves).

	Group	
	2020	2019
	HK$'000	HK$'000
Total debts	**466,831**	510,157
Less: Cash and cash equivalents (note 38)	**(57,155)**	(100,485)
Net debts	**409,676**	409,672
Total equity	**695,953**	670,309

	Group	
	2020	2019
Debt-to-adjusted capital ratio	**59%**	61%

The debt-to-adjusted capital ratio decreased from 61% to 59% resulted primarily from decrease of borrowings and lease liabilities.

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. As at 31 December 2020, 25.5% (2019: 25.5%) of the total issued shares were in public hands.

35. SHARE CAPITAL (CONT'D)

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 2020 and 2019.

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	Contributed surplus	Capital redemption reserve	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(note 36(c)(i))	(note 36(c)(ii))	(note 36(c)(iii))		
At 1 January 2019	26,488	130,205	1,665	50,255	208,613
Total comprehensive income for the year	-	-	-	(3,664)	(3,664)
Dividend paid	-	-	-	(9,319)	(9,319)
At 31 December 2019 and 1 January 2020	**26,488**	**130,205**	**1,665**	**37,272**	**195,630**
Total comprehensive income for the year	**-**	**-**	**-**	**780**	**780**
Dividend paid	**-**	**-**	**-**	**(9,478)**	**(9,478)**
At 31 December 2020	**26,488**	**130,205**	**1,665**	**28,574**	**186,932**

(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.

36. RESERVES (CONT'D)

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

(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(c)(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(i) 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 2020 HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Acquisition of lease HK$'000	Modification of lease HK$'000	Exchange difference HK$'000	31 December 2020 HK$'000
Term loans (note 32)	111,000	(4,089)	3,713	-	-	-	110,624
Borrowings (note 32)	320,864	(31,562)	11,949	-	-	-	301,251
Lease liabilities (note 34)	73,845	(25,224)	3,632	3,585	(7,553)	441	48,726
	505,709	(60,875)	19,294	3,585	(7,553)	441	460,601

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

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

	1 January 2019 HK$'000	Impact on initial application of IFRS 16 HK$'000	Restated balance at 1 January 2019 HK$'000	Cash flows HK$'000	Interest expenses HK$'000	Acquisition of lease HK$'000	31 December 2019 HK$'000
Term loans (note 32)	82,000	-	82,000	28,978	22	-	111,000
Borrowings (note 32)	247,485	-	247,485	53,900	19,479	-	320,864
Lease liabilities (note 34)	-	27,544	27,544	(18,681)	3,113	61,869	73,845
	329,485	27,544	357,029	64,197	22,614	61,869	505,709

(b) Total cash outflow for leases

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

	Group	
	2020 HK$'000	2019 HK$'000
Within operating cash flows	**6,661**	14,465
Within financing cash flows	**21,592**	15,568
Total	**28,253**	30,033

These amounts relate to the following:

	Group	
	2020 HK$'000	2019 HK$'000
Lease rental paid	**28,253**	30,033

38. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 HK$'000	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Bank and cash balances	**57,155**	100,485	**1,213**	1,189

39. BANKING FACILITIES

	Group	
	2020	2019
	HK$'000	HK$'000
Total granted banking facilities, secured	**536,296**	590,296

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 and Former Subsidiaries.

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 or Former Subsidiaries 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 2020, none (2019: none) of the covenants relating to drawn down facilities had been breached.

40. OPERATING LEASE PAYMENT 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 2020, 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 19.

(b) The Group as lessor

At 31 December 2020, no operating leases relate to property owned by the Group with lease terms (2019: 2.5 years). The lessee does not have an option to purchase the property at the expiry of the lease period.

Minimum lease payments receivable on leases are as follows:

	Group	
	2020	2019
	HK$'000	HK$'000
Within 1 year	**-**	800

41. CAPITAL COMMITMENTS

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

	Group	
	2020	2019
	HK$'000	HK$'000
Property, plant and equipment - contracted but not provided for	**15,493**	11,419
Committed investment cost in financial assets	**-**	500
	15,493	11,919

42. CONTINGENT LIABILITIES

During the year, 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 assessments for the Y/A2013/14 and 2014/15 are HK$1,841,581 and HK$11,159,670 respectively and are relating to offshore profit claims in respective years. At 31 December 2020, the subsidiary of the Company purchased tax reserve certificates of HK$1,841,581 for Y/A2013/14 and applied tax instalment for settling the tax payable of HK$11,159,670 for Y/A2014/15. The application of tax instalment is still under HKIRD's approval. The Company settled the tax instalment of HK$1 million as at 31 December 2020 and the remaining HK$10.16 million will be purchased within one year as per the application. As at the date of this report, the subsidiary is in the process of preparing information relating to offshore profit claims to the HKIRD for objectives of the assessments. Management is of the view that it is premature to ascertain the additional profit tax and penalty at this stage, and as such no provision for additional tax and penalty was made in the financial statements. However, should the assessment regarding the claim be finally judged against the Group, current tax liabilities and corresponding income tax expenses will be recognised in the financial statements accordingly.

STATISTICS OF SHAREHOLDINGS

As at 08 MARCH 2021

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	0.29	1	0.00
100 - 1,000	142	41.89	81,000	0.25
1,001 - 10,000	137	40.41	605,999	1.88
10,001 - 1,000,000	57	16.82	5,257,400	16.26
1,000,001 AND ABOVE	2	0.59	26,383,000	81.61
TOTAL	**339**	**100.00**	**32,327,400**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	RAFFLES NOMINEES (PTE.) LIMITED	24,767,600	76.61
2	PHILLIP SECURITIES PTE LTD	1,615,400	5.00
3	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	754,100	2.33
4	UOB KAY HIAN PRIVATE LIMITED	613,000	1.90
5	LIM KIM CHIN	409,500	1.27
6	KOH CHIN HWA	300,000	0.93
7	OCBC SECURITIES PRIVATE LIMITED	276,800	0.86
8	KHOO WOOI CHEE	234,900	0.73
9	DBS NOMINEES (PRIVATE) LIMITED	231,400	0.72
10	MAYBANK KIM ENG SECURITIES PTE.LTD	230,900	0.71
11	KAM TEOW CHONG	197,300	0.61
12	GOH CHOON WEI OR CECILINE GOH	195,000	0.60
13	LIEW WING ONN	152,000	0.47
14	CHU CHOY HAR	118,500	0.37
15	LIEW YUNN SIN	92,100	0.28
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	68,000	0.21
17	LEE AH SIAN @ LEE SIT SENG	66,000	0.20
18	LAI WENG KAY	65,400	0.20
19	HUANG BAOJIA	64,000	0.20
20	TAN ENG HONG	63,100	0.20
	TOTAL	**30,515,100**	**94.40**

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
Yau Hing Wah, John (2) (3)	-	-	24,100,000	74.55

Notes:

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

(2) *Mr. Tam Jo Tak, Dominic and Mr. Yau Hing Wah, John hold 57.14% and 28.57% 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 20201 (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. Yau Hing Wah, John is the same as at 8 March 2021, and both Mr. Tam and Mr. Yau do not have any direct or deemed interest in convertible securities. Save as disclosed, none of the directors has any direct or deemed interest in the shares and convertible securities of the Company as at 21 January 2021.*

PERCENTAGE OF SHAREHOLDINGS IN HANDS OF PUBLIC

Based on the information available to the Company as at 8 March 2021, 25.45% (representing 8,227,400 shares) of the issued shares of the Company is held by the public and therefore Rule 723 of the SGX Listing Manual is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be convened and held by way of electronic means on 20 April 2021 at 10 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 2020. **Resolution 1**

2. To approve the payment of Directors' Fees of S$240,000 for the financial year ending 31 December 2021 (2020:S$300,000). **Resolution 2**
[**See Explanatory Note (i)**]

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

4. To re-elect Mr. Cheung Hok Fung, Alexander, a Director retiring pursuant to Article 86 of the Company's Articles of Association. **Resolution 4**
[**See Explanatory Note (ii)**]

5. To re-appoint Messrs RSM Hong Kong and RSM Chio Lim LLP as joint Auditors, and to authorise the Directors of the Company to fix their remuneration. **Resolution 5**

6. To declare a final tax-exempt one-tier dividend of Singapore 5.0 cents per ordinary share in respect of the financial year ended 31 December 2020. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:-

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:- **Resolution 7**

   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 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 (iii)**]

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

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 (iv)**]

9. That, subject to and contingent upon the passing of Resolution 4 by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM: **Resolution 9**

   (a) the continued appointment of Mr. Cheung Hok Fung, Alexander, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and

   (b) the authority conferred by this resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr. Cheung Hok Fung, Alexander as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. [**see Explanatory Note (v)**]

10. That, subject to and contingent upon the passing of Resolution 4 by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM and the passing of Resolution 9 by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM, and excluding the directors and the chief executive officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST): **Resolution 10**

    (a) the continued appointment of Mr. Cheung Hok Fung, Alexander, as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and

    (b) the authority conferred by this resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr. Cheung Hok Fung, Alexander as a director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution,

    provided that this Resolution shall only be proposed and voted upon if Resolution 9 is passed by shareholders of the Company by appointing the Chairman of the AGM as proxy to vote at the AGM. [**see Explanatory Note (v)**]

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

By Order of the Board

Ng Joo Khin
Company Secretary
Singapore, 05 April 2021

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 2021 ("**FY2021**"). Should any Director hold office for only part of FY2021 and not the whole of FY2021, the Director's fee payable to him will be appropriately pro-rated.

(ii) **Resolution 3 and Resolution 4**: Pursuant to Article 86 of the Company's Articles of Association, Mr. Chiu Hau Shun, Simon and Mr. Cheung Hok Fung, Alexander 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)	24 April 2018
Name of Person	Chiu Hau Shun, Simon
Age	61
Country of principal residence	Hong Kong SAR, China
The Board's comments on this appointment (including rationale, selection criteria, 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.
Whether appointment is executive, and if so, the area of responsibility	Executive Director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director
Professional qualifications	School of Business, Indiana University, USA
Working experience and occupation(s) during the past 10 years	Manufacturing industry, Consulting
Shareholding interest in the listed issuer and its subsidiaries	Mr. Chiu Hau Shun, Simon holds 14.29% of the shareholding interest in DJKS Holdings Limited, a controlling shareholder of the Company.
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	Mr. Chiu Hau Shun, Simon holds 14.29% of the shareholding interest in DJKS Holdings Limited, a controlling shareholder of the Company.
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

<table>
<tr><td rowspan="2">Other Principal Commitments* including Directorships#

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

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</td><td>Past (for the last 5 years)</td><td>Director, DJKS Holdings Limited
Director, Eastern Glory Financial Advisor and Investment Limited;
Director, Crownington International Holdings Limited</td></tr>
<tr><td>Present</td><td>Director, DJKS Holdings Limited
Director, Eastern Glory Financial Advisor and Investment Limited</td></tr>
<tr><td>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</td><td colspan="2">No</td></tr>
<tr><td>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which 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?</td><td colspan="2">No</td></tr>
<tr><td>(c) Whether there is any unsatisfied judgment against him?</td><td colspan="2">No</td></tr>
<tr><td>(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?</td><td colspan="2">No</td></tr>
<tr><td>(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?</td><td colspan="2">No</td></tr>
<tr><td>(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?</td><td colspan="2">No</td></tr>
</table>

(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

Details on Mr. Cheung Hok Fung, Alexander are as follows:

Date of First Appointment	28 March 2008
Date of last re-appointment (if applicable)	16 June 2020
Name of Person	Cheung Hok Fung, Alexander
Age	56
Country of principal residence	Hong Kong SAR
The Board's comments on this appointment (including rationale, selection criteria, 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 Cheung Hok Fung, Alexander, as lead independent director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-executive and lead independent director
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.	Non-Executive and Lead Independent Director Audit Committee (Chairman) Nominating Committee (Member) Remuneration Committee (Member)
Professional qualifications	Certified Public Accountant, Hong Kong Chartered Accountant, Australia and New Zealand Professional Diploma in Company Secretaryship and Administration, Hong Kong Polytechnic, Hong Kong Master Degree of Laws, University of New England, Australia Bachelor Degree of Laws, University of New England, Australia
Working experience and occupation(s) during the past 10 years	Barrister (High Court of Hong Kong) Accredited General Mediator (HKMAAL) Director, Titan Petrochemicals Group Limited Director, Shanghai Turbo Enterprises Limited Director, Daqing Dairy Holdings Limited
Shareholding interest in the listed issuer and its subsidiaries	None
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	None
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

<table>
<tr><td rowspan="2">Other Principal Commitments* including Directorships#

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

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)</td><td>Past (for the last 5 years)</td><td>Barrister (High Court of Hong Kong)

Accredited General Mediator (HKMAAL)

Director, Titan Petrochemicals Group Limited

Director, Shanghai Turbo Enterprises Limited</td></tr>
<tr><td>Present</td><td>Barrister (High Court of Hong Kong)

Accredited General Mediator (HKMAAL)

Director, Titan Petrochemicals Group Limited</td></tr>
<tr><td>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</td><td colspan="2">No</td></tr>
<tr><td>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which 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?</td><td colspan="2">Yes.

Titan Petrochemicals Group Limited – during his first period of appointment (03/2014 – 03/2015), the Company was already under liquidation, and he was appointed in the process of restructuring for resumption of trading on the HKSE. Recently, another petition has been filed by an alleged creditor, and the company is contesting the application in the Bermudan Court.</td></tr>
<tr><td>(c) Whether there is any unsatisfied judgment against him?</td><td colspan="2">No</td></tr>
<tr><td>(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?</td><td colspan="2">No</td></tr>
<tr><td>(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?</td><td colspan="2">No</td></tr>
</table>

(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	Yes. It involves an incident whereby he is required to maintain confidentiality under law.
(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	Independent non-executive director of Asia Silk Holdings Limited (February 2007 to August 2010) Independent non-executive director of Combine Will International Holdings Limited (March 2008 to present) Independent non-executive director of Shanghai Turbo Enterprises Limited (May 2017 to October 2018)
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 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.

(iv) **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.

(v) **Resolution 9 and Resolution 10**: On 6 August 2018, the SGX-ST amended the Listing Manual following the publication of the Code of Corporate Governance 2018 by the Monetary Authority of Singapore. As part of the amendments, certain guidelines from the Code of Corporate Governance 2012 were shifted into the Listing Manual for mandatory compliance. On 28 November 2018, the SGX-ST issued the Transitional Practice Note 3 to establish transitional arrangements for certain guidelines shifted into the Listing Manual. Pursuant thereto and in respect of Rule 210(5)(d)(iii) of the Listing Manual, to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is seeking to obtain shareholders' approvals for Mr. Cheung Hok Fung, Alexander's continued appointed as an independent director, as he has served for more than 9 years on the board of the Company. Rule 210(5)(d)(iii) provides that continued appointment as an independent director, after an aggregate period of more than 9 years on the board of the Company, must be sought and approved in separate resolutions by (A) all shareholders and (B) shareholders excluding directors and the chief executive officer of the Company, and their associates (the "**Two-Tier Voting Process**").

The proposed ordinary resolutions 9 and 10 are to seek approval from the shareholders via the Two-Tier Voting Process for Mr. Cheung Hok Fung, Alexander to continue in office as an independent non-executive director of the Company for a three-year term, with effect from the passing of these resolutions proposed at the forthcoming AGM, until the conclusion of the third AGM of the Company following the passing of these resolutions. The Board seeks to strike an appropriate balance between tenure of service, continuity of experience and refreshment of the Board. Such refreshment process of the Board will take some time and cannot happen overnight in order to maintain stability of the Board. Furthermore, the Company benefits from such directors who have, over time, gained valuable insights into the Group, its market and the industry.

The Nomination Committee and the Board have determined that Mr. Cheung Hok Fung, Alexander remains objective and independent-minded in Board deliberations. His vast experience enables him to provide the Board and the various Board Committees on which he serves, with pertinent experience and competence to facilitate sound decision-making and that his length of service does not in any interfere with his exercise of independent judgment nor hinders his ability to act in the best interests of the Company. Additionally, he fulfils the definition of independent directors of the Listing Manual of the SGX-ST and the Code of Corporate Governance 2018. More importantly, the Board trusts that he is able to continue to discharge his duties independently with integrity and competency.

In the event that Resolutions 9 and 10 are not passed, Mr. Cheung Hok Fung, Alexander will, with effect from 1 January 2022, no longer be designated as an independent director of the Company. The board of the Company will then comprise of two independent directors and three non-independent directors. In accordance with Guideline 2.2 of the Code of Corporate Governance 2018, which states that independent directors should make up a majority of the board of the Company where the Chairman is not independent, the Company will, in the event that Resolutions 9 and 10 are not passed, seek to appoint additional independent director(s) as may be required to ensure compliance with Guideline 2.2 of the Code of Corporate Governance 2018.

Notes:

1. The AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this notice of AGM (the "**Notice**") and the 2020 Annual Report will be sent to members. In addition, this Notice and the 2020 Annual Report 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 and the 2020 Annual Report will also be made available on the SGX Website at the URL https://www.sgx.com/securities/company-announcements.

2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company's announcement dated 05 April 2021. This announcement may also 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. **Due to the current COVID-19 restriction orders in Singapore, a member will not be able the attend the AGM in person. A member (whether individual or corporate) must 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.

   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, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

   Investors who hold shares through a Relevant Intermediary (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore) (including Central Provident Fund ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") ("**CPF/SRS Investors**") who wish to appoint the Chairman of the AGM as proxy 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 8 April 2021) to ensure that their votes are submitted.

4. The Chairman of the AGM, as proxy, need not be a member of the Company.

5. 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 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623; or

   (b) if submitted electronically, be submitted via email to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at agm.teamE@boardroomlimited.com,

   in either case not less than 48 hours before the time set for the holding of the AGM.

6. 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.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

7. Shareholders should note that the manner of conduct of the AGM may be subject to further changes based on the evolving COVID-19 situation, any legislative amendments and any directives or guidelines from government agencies or regulatory authorities. Any changes to the manner of the conduct of the AGM will be announced by the Company on the SGX Website. Shareholders are advised to check SGX Website and the Company's website regularly for further updates.

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, 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 (Chapter 289) of Singapore), the Company may reject any instrument appointing a proxy or proxies lodged if the Depositor, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM or adjourned meeting, as certified by The Central Depository (Pte) Limited to the Company.

By Order of the Board

Ng Joo Khin

Company Secretary

Singapore, 05 April 2021

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM as proxy 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), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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)