



**COMBINE WILL INTERNATIONAL
HOLDINGS LIMITED**

Condensed Interim Financial Statements
For the six months ended 30 June 2023

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

C O N T E N T S

	Pages
Condensed Consolidated Statement of Profit or Loss	1
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Statements of Financial Position	3
Condensed Statement of Changes in Equity	4 - 5
Condensed Consolidated Statement of Cash Flows	6 - 7
Notes to the Condensed Interim Financial Statements	8 - 19
Other Information Required by Listing Rule Appendix 7.2	20 - 26

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	(Unaudited)		<u>Increase/ (Decrease)</u> %
		<u>Six months ended 30 June</u>		
		<u>2023</u> HK\$'000	<u>2022</u> HK\$'000	
Revenue	5	511,068	608,581	(16.02)
Cost of sales		<u>(455,429)</u>	<u>(545,070)</u>	<u>(16.45)</u>
Gross profit		55,639	63,511	(12.39)
Other income		19,940	15,162	31.51
Selling and distribution expenses		(4,948)	(9,900)	(50.02)
Administrative expenses		<u>(34,063)</u>	<u>(34,578)</u>	<u>(1.49)</u>
Profit from operations		36,568	34,195	6.94
Finance costs	7.1	<u>(13,851)</u>	<u>(8,664)</u>	<u>59.87</u>
Profit before tax	7.1	22,717	25,531	(11.02)
Income tax expense	8	<u>(2,203)</u>	<u>(2,892)</u>	<u>(23.82)</u>
Profit for the period, net of tax		<u>20,514</u>	<u>22,639</u>	<u>(9.39)</u>
Profit for the period attributable to:				
Owners of the Company		<u>20,514</u>	<u>22,639</u>	<u>(9.39)</u>
Earnings per share	10			
Basic earnings per share (HK cents)		<u>63.46</u>	<u>70.03</u>	<u>(9.39)</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	(Unaudited)		
	Six months ended 30 June		Increase/ (Decrease)
	2023	2022	%
	HK\$'000	HK\$'000	
Profit for the period, net of tax	<u>20,514</u>	<u>22,639</u>	<u>(9.39)</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	<u>1,374</u>	<u>(11,799)</u>	<u>(111.65)</u>
Other comprehensive income for the period, net of tax	<u>1,374</u>	<u>(11,799)</u>	<u>(111.65)</u>
Total comprehensive income for the period	<u><u>21,888</u></u>	<u><u>10,840</u></u>	<u>101.92</u>
Total comprehensive income for the period attributable to:			
Owners of the Company	<u><u>21,888</u></u>	<u><u>10,840</u></u>	<u>101.92</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2023

	Notes	Group		Company	
		<u>30 June</u> <u>2023</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2022</u> HK\$'000 <u>(Audited)</u>	<u>30 June</u> <u>2023</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2022</u> HK\$'000 <u>(Audited)</u>
ASSETS					
Non-current assets					
Property, plant and equipment	13	453,289	485,114	-	-
Right-of-use assets		68,626	76,988	-	-
Deposit paid	14	18,056	-	-	-
Financial assets at fair value through other comprehensive income ("FVTOCI")		80	80	-	-
Investments in subsidiaries		-	-	462,262	462,262
Goodwill		1,927	1,927	-	-
Total non-current assets		541,978	564,109	462,262	462,262
Current assets					
Contract assets	15	253,350	283,668	-	-
Inventories		97,862	90,363	-	-
Trade and bills receivables	16	119,542	186,144	-	-
Prepayments, deposits and other receivables		176,498	165,304	-	-
Financial assets at fair value through profit or loss ("FVTPL")	12	120,181	120,932	-	-
Bank and cash balances		124,371	132,057	1,782	1,783
Total current assets		891,804	978,468	1,782	1,783
Total assets		1,433,782	1,542,577	464,044	464,045
LIABILITIES AND EQUITY					
Non-current liabilities					
Borrowings	17	17,000	15,000	-	-
Lease liabilities		41,405	50,227	-	-
Deferred tax liabilities		2,650	2,650	-	-
Total non-current liabilities		61,055	67,877	-	-
Current liabilities					
Current tax liabilities		9,233	15,640	-	-
Trade and bills payables		163,725	247,220	-	-
Amounts due to subsidiaries		-	-	43,292	33,803
Accruals and other payables		193,213	169,139	-	-
Lease liabilities		18,332	18,622	-	-
Borrowings	17	255,679	303,932	-	-
Financial guarantees		-	-	17,380	17,380
Total current liabilities		640,182	754,553	60,672	51,183
Total liabilities		701,237	822,430	60,672	51,183
Equity attributable to owners of the Company					
Share capital	18	242,456	242,456	242,456	242,456
Reserves		490,089	477,691	160,916	170,406
Total equity		732,545	720,147	403,372	412,862
Total liabilities and equity		1,433,782	1,542,577	464,044	464,045

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

<u>Group</u>	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserve (Note) HK\$'000	Capital redemption reserve HK\$'000	Financial assets at FVTOCI reserve HK\$'000	Foreign currency translation reserve HK\$'000	Retained earnings HK\$'000	
At 1 January 2023 (audited)	242,456	26,488	2,033	1,665	(1,920)	(41,638)	491,063	720,147
Total comprehensive income for the period	-	-	-	-	-	1,374	20,514	21,888
Dividend paid (Note 9)	-	-	-	-	-	-	(9,490)	(9,490)
Changes in equity for the period	-	-	-	-	-	1,374	11,024	12,398
At 30 June 2023 (unaudited)	242,456	26,488	2,033	1,665	(1,920)	(40,264)	502,087	732,545
At 1 January 2022 (audited)	242,456	26,488	2,033	1,665	(1,834)	15,634	457,730	744,172
Total comprehensive income for the period	-	-	-	-	-	(11,799)	22,639	10,840
Dividend paid (Note 9)	-	-	-	-	-	-	(9,120)	(9,120)
Changes in equity for the period	-	-	-	-	-	(11,799)	13,519	1,720
At 30 June 2022 (unaudited)	242,456	26,488	2,033	1,665	(1,834)	3,835	471,249	745,892

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.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

<u>Company</u>	Share capital HK\$'000	Share premium HK\$'000	Contributed Surplus HK\$'000	Capital redemption reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	242,456	26,488	130,205	1,665	12,048	412,862
Total comprehensive income for the period	-	-	-	-	-	-
Dividend paid (Note 9)	-	-	-	-	(9,490)	(9,490)
Changes in equity for the period	-	-	-	-	(9,490)	(9,490)
At 30 June 2023 (unaudited)	242,456	26,488	130,205	1,665	2,558	403,372
At 1 January 2022 (audited)	242,456	26,488	130,205	1,665	20,506	421,320
Total comprehensive income for the period	-	-	-	-	415	415
Dividend paid (Note 9)	-	-	-	-	(9,120)	(9,120)
Changes in equity for the period	-	-	-	-	(8,705)	(8,705)
At 30 June 2022 (unaudited)	242,456	26,488	130,205	1,665	11,801	412,615

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	(Unaudited)	
	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,717	25,531
Adjustments for:		
Depreciation of property, plant and equipment	39,826	36,673
Depreciation of right-of-use assets	9,369	10,171
Loss on disposal of property, plant and equipment	242	(918)
Reversal of impairment loss on trade receivables and contract assets	(627)	-
Dividend income	(1,031)	(1,481)
Fair value loss on financial assets at FVTPL	591	6,531
Interest income on bank deposits	(1,147)	(104)
Imputed interest income	(133)	(150)
Reversal of allowance for inventory	(3,525)	-
Interests on bank loans and borrowings	10,953	6,183
Interest expenses on lease liabilities	2,898	2,481
Operating profit before working capital changes	80,133	84,917
(Increase)/decrease in inventories	(3,974)	12,962
Decrease in contract assets	30,372	62,010
Decrease in trade and bills receivables	67,175	7,869
(Increase)/decrease in prepayments, deposits and other receivables	(11,304)	13,485
Decrease in financial assets at FVTPL	-	37,744
Decrease in trade and bills payables	(83,495)	(21,741)
Increase/(decrease) in accruals and other payables	24,074	(1,331)
Cash generated from operations	102,981	195,915
Interest paid	(10,953)	(6,183)
Income taxes paid	(8,733)	(13,242)
Interest on lease liabilities	(2,898)	(2,481)
Net cash generated from operating activities	80,397	174,009
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(6,631)	(49,106)
Deposit paid for acquisition of leasehold lands	(18,056)	-
Proceeds from disposals of property, plant and equipment	1,894	1,342
Dividend received from financial assets at FVTPL	1,031	1,481
Interest received	1,147	104
Net cash used in investing activities	(20,615)	(46,179)

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	(Unaudited)	
	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Inception of new bank loans	61,000	-
Repayment of bank loans	(51,459)	(18,167)
Dividends paid to equity holders	(9,490)	(16,218)
Net repayment of trust receipts and import loans	(55,794)	(53,088)
Principal elements of lease payments	(8,945)	(8,684)
	<u>(64,688)</u>	<u>(96,157)</u>
Net cash used in financing activities		
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,906)	31,673
Net effect of exchange rate changes on cash and cash equivalents held	(2,780)	(13,923)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>132,057</u>	<u>103,484</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>124,371</u></u>	<u><u>121,234</u></u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. CORPORATE 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 Company’s shares are listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

These condensed interim financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “Group”). The Company is an investment holding company. The principal activities of the Group are manufacturing of toys and premium products by ODM/OEM.

2. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual consolidated financial statements for the year ended 31 December 2022.

The condensed interim financial statements, which do not include the full disclosures of the type normally included in full annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”). Are to be read in conjunction with the last audited financial statements for the year ended 31 December 2022.

Accounting policies and methods of computation used in the condensed interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2022, which were prepared in accordance with IFRSs.

The condensed interim financial statements are presented in Hong Kong dollars which is the Company’s functional currency.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. BASIS OF PREPARATION (CONT'D)

2.1 New and revised standards adopted by the Group

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022. In the current period, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting year beginning on 1 January 2023 but they do not have a material effect on the Group's financial statements. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations.

A number of new standards or amendment to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. FAIR VALUE MEASUREMENTS

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

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.

The following table shows the carrying amounts and fair value of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

(a) **Disclosures of level in fair value hierarchy:**

Group

Description	Fair value measurements as at 30 June 2023:			Total 30 June 2023
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	120,181	-	120,181
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	80	80
	-	120,181	80	120,261

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

4. FAIR VALUE MEASUREMENTS (CONT'D)

(a) Disclosures of level in fair value hierarchy: (cont'd)

Description	Fair value measurements as at 31 December 2022:			Total 31 December 2022
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000 (Unaudited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	120,932	-	120,932
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	80	80
	-	120,932	80	121,012

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

Description	Financial assets at FVTOCI -unlisted equity securities (Unaudited)	
	<u>Six months ended 30 June</u> <u>2023</u> HK\$'000	<u>2022</u> HK\$'000
At 1 January	80	166
Total losses recognised - in other comprehensive income	-	-
At 30 June	80	166

5. SEGMENT INFORMATION AND REVENUE

Other than ODM/OEM, none of the other segments meets any of the quantitative thresholds for determining reportable segments. The management is of the opinion that there is only one significant operating division - manufacturing of toys and premium products - that represents the financial position of the Group. These financial data have been disclosed in the Condensed Statement of Financial Position and the Condensed Statement of Profit or Loss.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. **SEGMENT INFORMATION AND REVENUE (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	
	(Unaudited)		(Unaudited)	(Audited)
	Six months ended 30 June		30 June	31 December
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asia				
Greater China (including PRC, Hong Kong, Macau and Taiwan)	477,002	553,287	351,756	381,717
Indonesia	-	-	190,222	182,392
	477,002	553,287	541,978	564,109
Europe				
Germany	25,872	35,568	-	-
Switzerland	8,194	19,726	-	-
	34,066	55,294	-	-
Consolidated total	511,068	608,581	541,978	564,109

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

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

5. **SEGMENT INFORMATION AND REVENUE (CONT'D)**

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines for the period operations is at follows:

	(Unaudited)	
	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Sales of toys and premium products ("Toys")	<u>511,068</u>	<u>608,581</u>

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.

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	<u>30 June</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade and bill receivables (Note 16)	119,542	186,144
Contract assets (Note 15)	253,350	283,668
Contract liabilities	<u>9,879</u>	<u>7,120</u>

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on sales of Toys. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time.

The amount of HK\$7,120,000 (2022: HK\$8,569,000) recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2023.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

6. **FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u> <u>2023</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2022</u> HK\$'000 <u>(Audited)</u>	<u>30 June</u> <u>2023</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2022</u> HK\$'000 <u>(Audited)</u>
Financial assets:				
Financial assets measured at amortised cost	529,483	636,096	1,782	1,783
Financial assets measured at FVTPL	120,181	120,932	-	-
Financial assets measured at FVTOCI	80	80	-	-
Financial liabilities:				
Financial liabilities at amortised cost	596,697	736,860	60,672	51,183

7. **PROFIT BEFORE TAXATION**

7.1 **Significant items**

	<u>(Unaudited)</u> <u>Six months ended 30 June</u>	
	<u>2023</u> HK\$'000	<u>2022</u> HK\$'000
Other Income:		
Interest income on bank deposits	(1,147)	(104)
Imputed interest income	(133)	(150)
Dividend income	(1,031)	(1,481)
Fair value loss on financial assets at FVTPL	591	6,531
Reversal of allowance for inventory	(3,525)	-
Expenses:		
Depreciation of property, plant and equipment	39,826	36,673
Depreciation of right-of-use assets	9,369	10,171
Loss/(gain) on disposal of property, plant and equipment	242	(918)
Reversal of impairment loss on trade receivables and contract assets	(627)	-
Foreign exchange loss/(gain), net	1,491	(1,530)
Finance costs:		
Interest on bank loans and borrowings	10,953	6,183
Interest expenses on lease liabilities	2,898	2,481
	<u>13,851</u>	<u>8,664</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

7. **PROFIT BEFORE TAXATION (CONT'D)**

7.2 **Related party transactions**

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

8. **INCOME TAX EXPENSE**

The Group calculates the period income tax expense using the rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:

	(Unaudited)	
	<u>Six months ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
Current tax expenses		
- The PRC	2,123	132
Under-provision in prior years	<u>80</u>	<u>2,760</u>
Income tax expense	<u><u>2,203</u></u>	<u><u>2,892</u></u>

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

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

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

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

9. **DIVIDENDS**

	(Unaudited)	
	Six months ended 30 June	
	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000
2022 Final of SGD0.05 (2021: SGD0.05) per ordinary share paid	<u>9,490</u>	<u>9,120</u>

No interim dividends were paid by the Company in respect of the six months ended 30 June 2023 and 2022.

10. **EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the six months ended 30 June 2023 attributable to owners of the Company of approximately HK\$20,811,000 (unaudited) (2022: HK\$22,639,000 (unaudited)) by the weighted average number of ordinary shares of 32,327,400 (2022: 32,327,400) in issue during the period.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2023 and 2022.

11. **NET ASSET VALUE**

	Group		Company	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Net asset value per ordinary share	<u>22.66</u>	<u>22.28</u>	<u>12.48</u>	<u>12.77</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

12. **FINANCIAL ASSETS AT FVTPL**

	Group	
	<u>30 June</u> <u>2023</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2022</u> HK\$'000 (Audited)
Financial assets at FVTPL:		
- Investments products	<u>120,181</u>	<u>120,932</u>

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.

13. **PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of approximately HK\$6,631,000 (2022: HK\$49,106,000)

14. **DEPOSIT PAID**

During the six months ended 30 June 2023, the Group has prepaid HK\$18,056,000 to acquire leasehold lands in Indonesia for expansion (2022: Nil)

15. **CONTRACT ASSETS**

	Group	
	<u>30 June</u> <u>2023</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2022</u> HK\$'000 (Audited)
Receivables from contracts with customers	253,664	284,036
Less: Allowance for impairment	<u>(314)</u>	<u>(368)</u>
	<u>253,350</u>	<u>283,668</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

16. 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	
	<u>30 June</u> <u>2023</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2022</u> HK\$'000 (Audited)
0 to 30 days	45,488	121,541
31 to 60 days	35,770	36,315
61 to 90 days	22,960	15,408
91 to 180 days	15,269	12,991
181 to 365 days	55	317
Over 365 days	7,745	11,726
	<u>127,287</u>	<u>198,298</u>
Less: Allowance for doubtful debts	<u>(7,745)</u>	<u>(12,154)</u>
	<u><u>119,542</u></u>	<u><u>186,144</u></u>

17. BORROWINGS

	Group	
	<u>30 June</u> <u>2023</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2022</u> HK\$'000 (Audited)
Trust receipts and import loans, secured	195,346	251,140
Term loans, secured	77,333	67,792
	<u>272,679</u>	<u>318,932</u>

	Group	
	<u>30 June</u> <u>2023</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2022</u> HK\$'000 (Audited)
Amount repayable in one year or less, or on demand (secured)	<u>255,679</u>	<u>303,932</u>
Amount repayable after one year (secured)	<u>17,000</u>	<u>15,000</u>
	<u><u>272,679</u></u>	<u><u>318,932</u></u>

Details of any collaterals

As at 30 June 2023, the Group's banking facilities for bills payables, trust receipts and import loans, and term loans are secured by cross corporate guarantees executed by the group companies.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

18. **SHARE CAPITAL**

	Group and Company	
	Number of shares	Amount HK\$
	<u> </u>	<u> </u>
Authorised:		
Ordinary shares of HK\$7.50 (31 December 2022: HK\$7.50) each		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>100,000,000</u>	<u>750,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$7.50 (31 December 2022: HK\$7.50) each		
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	<u>32,327,400</u>	<u>242,455,500</u>

As at 30 June 2023 and 31 December 2022, there were no outstanding share options / warrants / convertible securities / treasury shares.

During the six months ended 30 June 2023, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

During the six months ended 30 June 2023, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

- 1(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the six months ended 30 June 2023, the Company did not allot nor issue any shares, nor grant any share options under the Employee Share Option Scheme.

During the six months ended 30 June 2023, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

As at 30 June 2023 and 30 June 2022, there were no outstanding share options / warrants / convertible securities / treasury shares.

- 1(ii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

<i>Date</i>	<i>Number of shares of HKD7.50 each</i>
<i>30 June 2023</i>	<i>32,327,400</i>
<i>31 December 2022</i>	<i>32,327,400</i>

- 1(iii) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

During the six months ended 30 June 2023, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation for the current reporting period as those used in the audited financial statements for the year ended 31 December 2022.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant to its operations and effective for the accounting period beginning on 1 January 2023. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period.

6. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Profit and Loss

Revenue

The Group's overall revenue decreased by HK\$97.5 million or 16.0%, from HK\$608.6 million in HY 2022 to HK\$511.1 million in HY 2023. This was mainly due to reduced orders from some of our customers arising from the slower pace of macroeconomic recovery in their markets. Despite maintaining a consistent revenue level from the Group's largest customer, a decrease in orders has been observed from our European customer base, aligning with the Group's earlier projections. To address this challenge, the Group has proactively pursued new customer opportunities across diverse sectors and segments, with the goal of broadening the customer base and expanding revenue streams.

Gross profit and gross profit margin

In HY 2023, the Group's gross profit decreased by 12.4% or HK\$7.9 million, generating gross profit margin of 10.9% (HY 2022: 10.4%). To mitigate the impact of reduced revenue, the Group has diligently focused on enhancing production efficiency and automation, in order to reduce manufacturing costs and protect gross profit margin. The increase in gross profit margin is a result of our unwavering commitment to continually enhance production efficiency and trim labor costs, which serve as a proactive measure to mitigate the uncertainties stemming from the global economic landscape.

Other Income

The Group's other income increased by HK\$4.7 million or 31.5%, from HK\$15.2 million in HY 2022 to HK\$19.9 million in HY 2023. This was mainly due to decrease in fair value loss of FVTPL, dividend income of investment products, one-off order cancellation fee incurred in 2023 and reversal of allowance for inventories.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

6. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (cont'd)**

Selling and distribution expenses

The Group's selling and distribution expenses decreased by HK\$5.0 million or 50.0%, from HK\$9.9 million in HY 2022 to HK\$4.9 million in HY 2023. This was mainly due to the decrease of sales commission and import & export fees which is in consequence of revenue decrease and variations in destination distribution.

Administrative expenses

The Group's administrative expenses decreased by HK\$0.5 million or 1.49%, from HK\$34.6 million in HY 2022 to HK\$34.1 million in HY 2023. The administrative expenses remained at a similar level due to no significant change in our operational management.

Finance Costs

Finance costs increased by HK\$5.2 million or 59.9%, from HK\$8.7 million in HY 2022 to HK\$13.9 million in HY 2023, mainly due to the Hibor dramatically increasing since April 2022. Average margin interest rate increased from 2.53% in HY 2022 to around 5.84% in HY 2023. To mitigate the effects of this heightened interest rate environment, the Group swiftly executed a range of initiatives aimed at reducing finance costs. These initiatives included lowering short-term borrowings, optimizing the overall balance and aging of trade and bills receivables, leveraging sustainability-linked loans to decrease bank loan interest rates, and strategically placing short-dated deposits to bolster interest income, thereby mitigating the impact of the escalated finance costs.

Income Tax Expenses

Income tax expenses decreased HK\$0.7 million or 23.8%, from tax credit of HK\$2.9 million in HY 2022 to HK\$2.2 million in HY 2023. This is due to the profit before tax decreasing in HY 2023.

Balance Sheet

Non-current assets

The Group's non-current assets stood at HK\$542.0 million as at 30 June 2023, decreased by 3.9% or HK\$22.1 million, from HK\$564.1 million at 31 December 2022. This was due to:

- an increase in deposit paid of HK\$18.1 million;
- an increase in property, plant and equipment of HK\$7.6 million in property, plant and equipment and right-of-use assets; and
- an increase in differences on translating foreign operations of HK\$1.4 million;

which were partially offset by:

- total depreciation expenses for property, plant and equipment and right-of-use assets of HK\$49.2 million.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

6. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (cont'd)**

Current assets

The Group's current assets stood at HK\$891.8 million as at 30 June 2023, a decrease of HK\$86.7 million or 8.9%, from HK\$978.5 million as at 31 December 2022, mainly due to:

- a decrease in trade and bills receivables of HK\$66.6 million.
- a decrease in contract assets of HK\$30.3 million;
- a decrease in bank and cash balances of HK\$7.7 million; and
- a decrease in financial assets at FVTPL of HK\$0.8 million;

which were partially offset by:

- an increase in inventories of HK\$7.5 million; and
- an increase in prepayments, deposits and other receivables of HK\$11.2 million.

Current liabilities

The Group's current liabilities stood at HK\$640.2 million at 30 June 2023, decreased by HK\$114.4 million or 15.2%, from HK\$754.6 million at 31 December 2022, mainly due to:

- a decrease in trade and bills payables of HK\$83.5 million;
- a decrease in lease liabilities payables of HK\$0.3 million;
- a decrease in short-term borrowings of HK\$48.3 million to finance working capital requirements; and
- a decrease in current tax liabilities of HK\$6.4 million;

which were partially offset by:

- an increase in accruals and other payables of HK\$24.1 million.

Non-current liabilities

The Group's non-current liabilities stood at HK\$61.1 million as at 30 June 2023, a decrease of HK\$6.8 million or 10.0%, from HK\$67.9 million as at 31 December 2022 mainly due to decreases in finance lease payables of HK\$8.8 million which were partially offset by an increase of long-term borrowings HK\$2.0 million.

Cash Flow Analysis

As at 30 June 2023, the Group's cash resources of HK\$124.4 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$4.9 million held by the Group comprised:

- Net cash generated from operating activities of HK\$80.4 million to finance the working capital needs;
- Net cash used in investing activities of HK\$20.6 million mainly due to additions of property, plant and equipment and right-of-use assets; and
- Net cash used in financing activities of HK\$64.7 million, mainly due to the repayment of loans.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

7. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable

8. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Global economic growth is experiencing a slowdown due to increasing interest rates and inflation. As recently reported by the International Monetary Fund, the forecasted global GDP growth is expected to decline in 2023, potentially impacting the demand in the commercial market. The short-term outlook suggests that global demand will be adversely affected by higher interest rates, inflation, and weakened economic activities, with some economies, especially European countries, facing the risk of recession. However, despite these challenges, we remain cautiously optimistic about our long-term operations, particularly in Indonesia.

Our company has been diligently implementing our strategic roadmap for transformation, focusing on enhancing efficiency and product quality control. We have also established a comprehensive and practical Business Contingency Plan to effectively manage any potential emergencies or incidents that may arise. While our results for the HY2023 is aligned with our initial expectations in the beginning of year, particularly noteworthy is our ability to enhance the gross profit margin despite a reduction in overall revenue.

We anticipate an increased number of manufacturers expanding their production in Southeast Asia as more companies adopt supply chain diversification strategies following the COVID-19 pandemic. To meet this potential demand, we are continuously expanding the production capability of our facility in Indonesia, improving efficiency, stabilizing operations, and reducing production lead time. Additionally, we have completed the setup of 2 paper production machines at our Indonesia site in February 2023, leading to a diversification of paper production across Heyuan, China, and Sragen, Indonesia. Further expansion of our Indonesia site's operation is planned, with the planned acquisition of more surrounding land and the establishment of a new plush toy production line, which is expected to commence in the fourth quarter of 2023. In line with our business development strategy, we are proactively targeting new clients across various sectors and segments. By capitalizing on different materials and manufacturability, we aim to expand and diversify our customer base.

Apart from production, our Group is committed to its green journey, emphasizing sustainability through the application and modification of materials in collaboration with external institutes and leading entities. We are also investing in green facilities, such as solar energy power plants, within our site areas. Occupational safety and the health of our staff and workers are of utmost importance to us, and we are actively fostering a diverse, equitable, and inclusive culture. We are promoting our latest corporate mission and values to all our staff and workers, both in China and Indonesia.

As we move forward, we will allocate sufficient resources not only to operations and business development but also towards achieving carbon neutrality goals and enhancing manufacturing safety standards. We are dedicated to furthering our collaboration with customers and suppliers to stabilize supply chains and mitigate any adverse effects on our production caused by macroeconomic and geopolitical challenges.

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**

9. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

N/A

(d) Books closure date

N/A

(e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommended for the current period reported on.

The Board has not recommended any dividend to be declared in light of the following:

- (i) the Company has recently declared a final dividend for the financial year ended 31 December 2022; and
- (ii) whilst the Board will not entirely rule out the declaration of interim dividends during a financial year, the Board is of the view that in the normal course, it would be prudent to consider whether to declare dividends only after the Company has full visibility of its performance for the preceding financial year and the Group's cash requirements for the ensuing year.

10. If the group has obtained a general mandate from shareholders of IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained for the current period reported on.

11. Use of IPO Proceeds

All IPO proceeds had been fully utilized in 2011.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

12. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company for the financial period ended 30 June 2023.

13. Undertakings from Directors and Executive Officers under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1).

14. Negative Assurance Confirmation Pursuant To Rule 705(5) of the Listing Manual

We, Tam Jo Tak, Dominic and Chiu Hau Shun, Simon, being two Directors of Combine Will International Holdings Limited (the “Company”), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the six months period ended 30 June 2023 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Tam Jo Tak, Dominic
Executive Chairman

Chiu Hau Shun, Simon
Chief Executive Director

BY ORDER OF THE BOARD

Tam Jo Tak, Dominic
Executive Chairman

11 August 2023