



**COMBINE WILL INTERNATIONAL
HOLDINGS LIMITED**

Condensed Interim Financial Statements
For the six months ended 30 June 2024

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	(Unaudited)		<u>Increase/ (Decrease)</u> %
		<u>Six months ended 30 June</u>		
		<u>2024</u> HK\$'000	<u>2023</u> HK\$'000	
Revenue	5	664,515	511,068	30
Cost of sales		<u>(589,546)</u>	<u>(455,429)</u>	29
Gross profit		74,969	55,639	35
Other income		10,593	19,940	(47)
Selling and distribution expenses		(8,513)	(4,948)	72
Administrative expenses		<u>(36,974)</u>	<u>(34,063)</u>	9
Profit from operations		40,075	36,568	10
Finance costs	7.1	<u>(14,807)</u>	<u>(13,851)</u>	7
Profit before tax	7	25,268	22,717	11
Income tax expense	8	<u>(3,905)</u>	<u>(2,203)</u>	77
Profit for the period, net of tax		<u>21,363</u>	<u>20,514</u>	4
Profit/(loss) for the period attributable to:				
Owners of the Company		<u>21,363</u>	<u>20,514</u>	4
Earnings per share	10			
Basic earnings per share (HK cents)		<u>66.08</u>	<u>63.46</u>	4

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	(Unaudited)		
	Six months ended 30 June		Increase/ (Decrease)
	2024	2023	%
	HK\$'000	HK\$'000	
Profit for the period, net of tax	<u>21,363</u>	<u>20,514</u>	<u>4</u>
Other comprehensive (expense)/income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations	<u>(14,185)</u>	<u>1,374</u>	<u>NM</u>
Other comprehensive (expense)/income for the period, net of tax	<u>(14,185)</u>	<u>1,374</u>	<u>NM</u>
Total comprehensive income for the period	<u><u>7,178</u></u>	<u><u>21,888</u></u>	<u>(67)</u>
Total comprehensive income for the period attributable to:			
Owners of the Company	<u><u>7,178</u></u>	<u><u>21,888</u></u>	<u>(67)</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2024

	Notes	Group		Company	
		<u>30 June</u> <u>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)	<u>30 June</u> <u>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)
ASSETS					
Non-current assets					
Property, plant and equipment	13	446,353	454,673	-	-
Right-of-use assets		55,370	69,433	-	-
Deposit paid	14	60,227	35,266	-	-
Financial assets at fair value through other comprehensive income ("FVTOCI")		189	189	-	-
Investments in subsidiaries		-	-	462,282	462,282
Goodwill		1,927	1,927	-	-
Total non-current assets		564,066	561,488	462,282	462,282
Current assets					
Contract assets	15	259,638	258,356	-	-
Inventories		126,781	85,341	-	-
Trade and bills receivables	16	153,344	150,114	-	-
Prepayments, deposits and other receivables		145,204	127,022	-	-
Financial assets at fair value through profit or loss ("FVTPL")	12	122,706	122,319	-	-
Bank and cash balances		112,123	126,394	1,331	1,288
Total current assets		919,796	869,546	1,331	1,288
Total assets		1,483,862	1,431,034	463,613	463,570
LIABILITIES AND EQUITY					
Non-current liabilities					
Borrowings	17	3,000	9,000	-	-
Lease liabilities		22,769	34,506	-	-
Total non-current liabilities		25,769	43,506	-	-
Current liabilities					
Current tax liabilities		12,642	12,020	-	-
Deferred consideration payable		8,340	7,809	-	-
Trade and bills payables		219,973	195,566	-	-
Amounts due to subsidiaries		-	-	52,253	42,792
Accruals and other payables		126,174	129,472	-	-
Lease liabilities		21,562	21,307	-	-
Borrowings	17	325,528	275,191	-	-
Financial guarantees		-	-	17,400	17,400
Total current liabilities		714,219	641,365	69,653	60,192
Total liabilities		739,988	684,871	69,653	60,192
Equity attributable to owners of the Company					
Share capital	18	242,456	242,456	242,456	242,456
Reserves		497,994	500,229	151,504	160,922
		740,450	742,685	393,960	403,378
Non-controlling interests		3,424	3,478	-	-
Total equity		743,874	746,163	393,960	403,378
Total liabilities and equity		1,483,862	1,431,034	463,613	463,570

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company									Total equity 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	Subtotal HK\$'000	Non-controlling interests HK\$'000	
At 1 January 2024	242,456	26,488	2,033	1,665	(1,811)	(52,250)	524,104	742,685	3,478	746,163
Total comprehensive (expense)/income for the year	-	-	-	-	-	(14,185)	21,363	7,178	-	7,178
Acquisition of shares of a subsidiary from non-controlling shareholder	-	-	-	-	-	-	-	-	(54)	(54)
Dividend paid (note 9)	-	-	-	-	-	-	(9,413)	(9,413)	-	(9,413)
Changes in equity for the period	-	-	-	-	-	(14,185)	11,950	(2,235)	(54)	(2,289)
At 30 June 2024 (unaudited)	242,456	26,488	2,033	1,665	(1,811)	(66,435)	536,054	740,450	3,424	743,874
At 1 January 2023 (audited)	242,456	26,488	2,033	1,665	(1,920)	(41,638)	491,063	720,147	-	720,147
Total comprehensive income for the period	-	-	-	-	-	1,374	20,514	21,888	-	21,888
Dividend paid (Note 9)	-	-	-	-	-	-	(9,490)	(9,490)	-	(9,490)
Changes in equity for the period	-	-	-	-	-	1,374	11,024	12,398	-	12,398
At 30 June 2023 (unaudited)	242,456	26,488	2,033	1,665	(1,920)	(40,264)	502,087	732,545	-	732,545

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 2024

<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 2024 (audited)	242,456	26,488	130,205	1,665	2,564	403,378
Total comprehensive income for the period	-	-	-	-	(5)	(5)
Dividend paid (Note 9)	-	-	-	-	(9,413)	(9,413)
Changes in equity for the period	-	-	-	-	(9,418)	(9,418)
At 30 June 2024 (unaudited)	242,456	26,488	130,205	1,665	(6,854)	393,960
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

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	(Unaudited)	
	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	25,268	22,717
Adjustments for:		
Depreciation of property, plant and equipment	41,860	39,826
Depreciation of right-of-use assets	10,588	9,369
Loss on disposal of property, plant and equipment	106	242
Reversal of impairment loss on trade receivables and contract assets	(33)	(627)
Dividend income	(787)	(1,031)
Fair value (gain)/loss on financial assets at FVTPL	(800)	591
Loss on disposal of financial assets at FVTPL	386	-
Interest income on bank deposits	(1,718)	(1,147)
Imputed interest income	(106)	(133)
Reversal of allowance for inventory	(602)	(3,525)
Interests on bank loans and borrowings	12,642	10,953
Interest expenses on lease liabilities	1,634	2,898
Interest expenses on deferred consideration payable	531	-
Operating profit before working capital changes	88,969	80,133
Increase in inventories	(40,838)	(3,974)
(Increase)/decrease in contract assets	(1,243)	30,372
(Increase)/decrease in trade and bills receivables	(3,200)	67,175
Increase in prepayments, deposits and other receivables	(15,674)	(11,304)
Increase/(decrease) in trade and bills payables	22,724	(83,495)
Increase in accruals and other payables	(3,298)	24,074
Cash generated from operations	47,440	102,981
Interest paid	(12,642)	(10,953)
Income taxes paid	(1,060)	(8,733)
Interest on lease liabilities	(1,634)	(2,898)
Net cash generated from operating activities	32,104	80,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(45,297)	(6,631)
Deposit paid for acquisition of leasehold lands	(24,961)	(18,056)
Proceeds from disposals of property, plant and equipment	-	1,894
Dividend received from financial assets at FVTPL	787	1,031
Interest received	1,718	1,147
Net cash used in investing activities	(67,753)	(20,615)

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	(Unaudited)	
	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repurchase shares from non-controlling shareholder	(54)	-
Inception of new bank loans	79,000	61,000
Repayment of bank loans	(43,000)	(51,459)
Dividends paid to equity holders	(9,413)	(9,490)
Net repayment of trust receipts and import loans	8,337	(55,794)
Principal elements of lease payments	<u>(12,063)</u>	<u>(8,945)</u>
Net cash generated from/(used in) financing activities	<u>22,807</u>	<u>(64,688)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,842)	(4,906)
Net effect of exchange rate changes on cash and cash equivalents held	(1,429)	(2,780)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	<u>126,394</u>	<u>132,057</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u><u>112,123</u></u>	<u><u>124,371</u></u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 2024 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 2024 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 2023.

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 IFRS Accounting Standards (“IFRSs”). Are to be read in conjunction with the last audited financial statements for the year ended 31 December 2023.

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 2023, 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 2024

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 2023. 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 2024 but they do not have a material effect on the Group's financial statements. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS"); and Interpretations.

A number of new standards or amendment to standards are effective for annual periods beginning after 1 January 2024 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 2023.

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 2024

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 2024:			Total 30 June 2024
	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	-	122,706	-	122,706
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	189	189
	-	122,706	189	122,895

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

4. FAIR VALUE MEASUREMENTS (CONT'D)

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

Group Description	Fair value measurements as at 31 December 2023:			Total 31 December 2023
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	HK\$'000 (Audited)
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL				
- Investment products	-	122,319	-	122,319
Financial assets at FVTOCI				
- Unlisted equity securities	-	-	189	189
	-	122,319	189	122,508

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

Description	Financial assets at FVTOCI -unlisted equity securities (Unaudited)	
	Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
At 1 January	189	80
Total losses recognised		
- in other comprehensive income	-	-
At 30 June	189	80

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 2024

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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Asia				
Greater China (including PRC, Hong Kong, Macau and Taiwan)	660,323	477,002	329,904	340,308
Indonesia	-	-	234,162	221,180
	660,323	477,002	564,066	561,488
Europe				
Germany	4,192	25,872	-	-
Switzerland	-	8,194	-	-
	4,192	34,066	-	-
Consolidated total	664,515	511,068	564,066	561,488

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 2024

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>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
Sales of toys and premium products ("Toys")	<u>664,515</u>	<u>511,068</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>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade and bill receivables (Note 16)	153,344	150,114
Contract assets (Note 15)	259,638	258,356
Contract liabilities	<u>6,076</u>	<u>13,411</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\$13,411,000 (2023: HK\$7,120,000) recognised in contract liabilities at the beginning of the period has been recognised as revenue for the six months ended 30 June 2024.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

6. **FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u> <u>2024</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2023</u> HK\$'000 <u>(Audited)</u>	<u>30 June</u> <u>2024</u> HK\$'000 <u>(Unaudited)</u>	<u>31 December</u> <u>2023</u> HK\$'000 <u>(Audited)</u>
Financial assets:				
Financial assets measured at amortised cost	543,818	554,725	1,331	1,288
Financial assets measured at FVTPL	122,706	122,319	-	-
Financial assets measured at FVTOCI	189	189	-	-
Financial liabilities:				
Financial liabilities at amortised cost	636,983	633,443	69,653	60,192

7. **PROFIT BEFORE TAXATION**

7.1 **Significant items**

	<u>(Unaudited)</u> <u>Six months ended 30 June</u>	
	<u>2024</u> HK\$'000	<u>2023</u> HK\$'000
Other Income:		
Interest income on bank deposits	(1,718)	(1,147)
Imputed interest income	(106)	(133)
Dividend income	(787)	(1,031)
Fair value (gain)/loss on financial assets at FVTPL	(800)	591
Loss on disposal of financial assets at FVTPL	386	-
Reversal of allowance for inventory	(602)	(3,525)
Expenses:		
Depreciation of property, plant and equipment	41,860	39,826
Depreciation of right-of-use assets	10,588	9,369
Loss on disposal of property, plant and equipment	106	242
Reversal of impairment loss on trade receivables and contract assets	(33)	(627)
Foreign exchange loss, net	2,711	1,491
Finance costs:		
Interest on bank loans and borrowings	12,642	10,953
Interest expenses on lease liabilities	1,634	2,898
Interest expenses on deferred consideration payable	531	-
	<u>14,807</u>	<u>13,851</u>

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

7.2 **Related party transactions**

Except for the management fee amounted to HK\$3,265,000 paid to a shareholder of subsidiary, Mayuanda Investment (HK) Co., Limited, 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)	
	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
Current tax expenses		
- The PRC	1,523	2,123
- Indonesia	2,185	-
Under-provision in prior years		
- The PRC	197	80
	<u>3,905</u>	<u>2,203</u>
Income tax expense		

9. **DIVIDENDS**

	(Unaudited)	
	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
2023 Final of SGD0.05 (2022: SGD0.05) per ordinary share paid	9,413	9,490

No interim dividends were paid by the Company in respect of the six months ended 30 June 2024 and 2023.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

10. **EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing the profit for the six months ended 30 June 2024 attributable to owners of the Company of approximately HK\$21,371,000 (unaudited) (2023: HK\$20,514,000 (unaudited)) by the weighted average number of ordinary shares of 32,327,400 (2023: 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 2024 and 2023.

11. **NET ASSET VALUE**

	Group		Company	
	<u>30 June</u> <u>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)	<u>30 June</u> <u>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)
Net asset value per ordinary share	<u>22.90</u>	<u>22.97</u>	<u>12.19</u>	<u>12.48</u>

12. **FINANCIAL ASSETS AT FVTPL**

	Group	
	<u>30 June</u> <u>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)
Financial assets at FVTPL:		
- Investments products	<u>122,706</u>	<u>122,319</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 2024, the Group acquired property, plant and equipment of approximately HK\$45,297,000 (2023: HK\$6,631,000).

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14. **DEPOSIT PAID**

At 30 June 2024, the Group has prepaid HK\$60,227,000 to acquire leasehold lands in Indonesia for expansion (31 December 2023: HK\$35,266,000).

15. **CONTRACT ASSETS**

	Group	
	<u>30 June</u> <u>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)
Receivables from contracts with customers	259,726	258,483
Less: Allowance for impairment	<u>(88)</u>	<u>(127)</u>
	<u>259,638</u>	<u>258,356</u>

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>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)
0 to 30 days	113,987	89,675
31 to 60 days	39,181	45,996
61 to 90 days	248	9,654
91 to 180 days	10	4,890
181 to 365 days	93	24
Over 365 days	<u>7,691</u>	<u>7,735</u>
	161,210	157,974
Less: Allowance for doubtful debts	<u>(7,866)</u>	<u>(7,860)</u>
	<u>153,344</u>	<u>150,114</u>

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17. **BORROWINGS**

	Group	
	<u>30 June</u> <u>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)
Trust receipts and import loans, secured	218,417	210,080
Term loans, secured	<u>110,111</u>	<u>74,111</u>
	<u>328,528</u>	<u>284,191</u>
	Group	
	<u>30 June</u> <u>2024</u> HK\$'000 (Unaudited)	<u>31 December</u> <u>2023</u> HK\$'000 (Audited)
Amount repayable in one year or less, or on demand (secured)	325,528	275,191
Amount repayable after one year (secured)	<u>3,000</u>	<u>9,000</u>
	<u>328,528</u>	<u>284,191</u>

Details of any collaterals

As at 30 June 2024, 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.

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18. **SHARE CAPITAL**

	Group and Company	
	Number of shares	Amount HK\$
	<u> </u>	<u> </u>
Authorised:		
Ordinary shares of HK\$7.50 (31 December 2023: HK\$7.50) each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>100,000,000</u>	<u>750,000,000</u>
Issued and fully paid:		
Ordinary shares of HK\$7.50 (31 December 2023: HK\$7.50) each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	<u>32,327,400</u>	<u>242,455,500</u>

As at 30 June 2024 and 31 December 2023, there were no outstanding share options / warrants / convertible securities / treasury shares.

During the six months ended 30 June 2024, 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 2024, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

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- 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 2024, 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 2024, the Company did not buy back any share of the Company by the way of market acquisition and cancelled.

As at 30 June 2024 and 30 June 2023, 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 2024</i>	<i>32,327,400</i>
<i>31 December 2023</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 2024, 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

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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 2023.

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 IFRS Accounting Standards ("IFRSs") that are relevant to its operations and effective for the accounting period beginning on 1 January 2024. 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 increased by HK\$153.4 million or 30.0%, from HK\$511.1 million in HY 2023 to HK\$664.5 million in HY 2024. The main reason for this was the successful launch of a groundbreaking new product and the recovery of sales orders for our existing products.

Gross profit and gross profit margin

With the increased sales in HY 2024, the Group's gross profit increased by 34.7% or HK\$19.3 million, generating a modest improvement in gross profit margin of 11.3% (HY 2023: 10.9%) as the proportion of revenue derived from sales of new products with higher margins is still significantly lower than that of existing products.

Other Income

The Group's other income decreased by HK\$9.3 million or 46.9%, from HK\$19.9 million in HY 2023 to HK\$10.6 million in HY 2024. This was primarily attributed to the decrease in mould engineering income, dividend income from investment products, a one-time cancellation fee in HY 2023, and the reversal of allowance for inventories. The one-time cancellation fee was derived from cancellation of Russian orders placed before the Russian-Ukrainian war.

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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 increased by HK\$3.6 million or 72.1%, from HK\$4.9 million in HY 2023 to HK\$8.5 million in HY 2024. The primary factors contributing to this were the increase in sales and transportation costs, with the latter being a result of destination distribution.

Administrative expenses

The Group's administrative expenses increased by HK\$2.9 million or 8.6%, from HK\$34.1 million in HY 2023 to HK\$37.0 million in HY 2024. This increase primarily resulted from exchange losses caused by fluctuations in exchange rates, increased travel expenses due to Indonesia expansion and lower reversals of receivable allowance provision.

Finance Costs

Finance costs increased by HK\$0.9 million or 6.9%, from HK\$13.9 million in HY 2023 to HK\$14.8 million in HY 2024, primarily attributed to the interest expenses on deferred consideration payable and significant increase in Hibor rates since April 2023, a result of the US Federal Reserve maintaining the fed funds target range at a steady rate of 5.25% to 5.50%. Average margin interest rate increased from 5.8% in HY 2023 to around 6.5% in HY 2024.

Income Tax Expenses

Income tax expenses increased HK\$1.7 million or 77.3%, from tax expenses of HK\$2.2 million in HY 2023 to HK\$3.9 million in HY 2024. The increase can be attributed primarily to the increasing assessable profit in Indonesian subsidiary.

Balance Sheet

Non-current assets

The Group's non-current assets stood at HK\$564.1 million as at 30 June 2024, increased by 0.5% or HK\$2.6 million, from HK\$561.5 million at 31 December 2023. This was due to:

- an increase in deposit paid for an acquisition of leasehold lands in Indonesia of HK\$24.9 million; and
- an increase in property, plant and equipment of HK\$45.3 million in property, plant and equipment and right-of-use assets;

which were partially offset by:

- depreciation and differences on translating foreign operations for property, plant and equipment and right-of-use assets of HK\$67.6 million.

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED
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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\$919.8 million as at 30 June 2024, an increase of HK\$50.3 million or 5.8%, from HK\$869.5 million as at 31 December 2023, mainly due to:

- an increase in contract assets of HK\$1.3 million;
- an increase in inventories of HK\$41.5 million;
- an increase in trade and bills receivables of HK\$3.2 million.
- an increase in prepayments, deposits and other receivables of HK\$18.2 million; and
- an increase in financial assets at FVTPL of HK\$0.4 million;

which were partially offset by:

- a decrease in bank and cash balances of HK\$14.3 million.

Current liabilities

The Group's current liabilities stood at HK\$714.2 million at 30 June 2024, increased by HK\$72.8 million or 11.4%, from HK\$641.4 million at 31 December 2023, mainly due to:

- an increase in current tax liabilities of HK\$0.6 million;
- an increase in deferred consideration payable of HK\$0.5 million;
- an increase in trade and bills payables of HK\$24.4 million;
- an increase in lease liabilities payables of HK\$0.3 million; and
- an increase in short-term borrowings of HK\$50.3 million to finance working capital requirements;

which were partially offset by:

- a decrease in accruals and other payables of HK\$3.3 million.

Non-current liabilities

The Group's non-current liabilities stood at HK\$25.8 million as at 30 June 2024, a decrease of HK\$17.7 million or 40.8%, from HK\$43.5 million as at 31 December 2023 mainly due to decreases in finance lease payables of HK\$11.7 million and long-term borrowings HK\$6.0 million.

Cash Flow Analysis

As at 30 June 2024, the Group's cash resources of HK\$112.1 million are considered adequate for current operational needs. The net decrease in cash and cash equivalents of HK\$12.8 million held by the Group comprised:

- Net cash generated from operating activities of HK\$32.1 million to finance the working capital needs;
- Net cash used in investing activities of HK\$67.8 million mainly due to additions of property, plant and equipment and deposit paid for leasehold lands in Indonesia; and
- Net cash generated from financing activities of HK\$22.9 million, mainly due to the increasing loans.

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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.**

As we progress through 2024, the global economic landscape remains challenging. High interest rates and inflation continue to pressure commercial markets, including the toy and premium goods industries. European markets, in particular, are grappling with the ongoing threat of recession. To mitigate these headwinds, we have proactively embarked on a strategic and systematic diversification in Indonesia which will serve as a cornerstone of our future growth. Early adoption of green manufacturing has also sharpened our competitive advantage. We are therefore cautiously optimistic that the Group is well-positioned and poised for sustained long-term growth.

According to Grand View Research, the global toy and premium goods market is projected to grow at a Compound Annual Growth Rate (CAGR) of approximately 4% from 2024 to 2030. This growth is driven by rising demand for educational toys, Intellectual Property (IP)-related products, and the expanding reach of online sales channels. The Asia Pacific region is expected to lead this growth, supported by government initiatives that enhance local manufacturing and increased consumer spending on entertainment-related products.

The Group is strategically positioned to capitalise on these trends. We have significantly expanded our production capabilities in Indonesia with the successful launch of our plush toy operations in late 2023. This expansion is one of the key drivers of revenue growth, and we are currently progressing with Phase 2 of our plush toy expansion on newly acquired land. Barring any unforeseen circumstances, production is targeted to commence in Q1 2025, further strengthening our market position to meet the growing global demand.

To support this expansion, we have increased our talent pool to approximately 13,000 employees across Indonesia, China, Hong Kong, and Singapore, up from around 10,000 employees at the end of 2023. We have also broadened our customer base in China by partnering with one of the largest premium goods solution providers, focusing on both Chinese and international IP related products. Additionally, we are in active discussions with globally renowned brands in the toy and theme park sectors, which will further support our market expansion efforts.

We continue to enhance our focus on sustainability, aligning our operations with the growing consumer demand for eco-friendly products. Our investments in green facilities, including solar energy power equipment to harness green energy, and the use of recycled or bio-based materials in our products, will not only ensure compliance with regulatory standards but also resonate with environmentally conscious consumers. Our commitment to sustainability and excellence has been recognised with several awards in 2023 and 2024, including HR Asia's "Best Company to Work For" and the "DE&I Award" in Hong Kong, the "ESG Exemplary Enterprise Award" at the International Green Zero Carbon Festival in China, "Pioneering Award for ESG Disclosure Contribution" from the Hong Kong Quality Assurance Agency (HKQAA), and "ESG Business Award 2023" in Singapore.

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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. (cont'd)

As we look to the next 12 months, our priorities include strengthening our supply chain resilience and expanding our business, particularly by leveraging on the diversification of our manufacturing base in Indonesia. This strategy will enable us to meet customer demand efficiently and enhance our core competitiveness while mitigating risks associated with geopolitical tensions and economic fluctuations.

Looking forward, we are confident in our ability to sustain growth through continuous innovation and, strategic investments backed by our unwavering commitment to sustainability. These efforts will position us well to thrive in the evolving global toy and premium goods market.

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 2023; 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.

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- 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.

- 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 2024.

- 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 2024 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

Chiu Hau Shun, Simon
CEO & Executive Director

14 August 2024