

**COMBINE WILL INTERNATIONAL HOLDINGS LIMITED**  
**聯志國際控股有限公司**  
**(Incorporated in the Cayman Islands on 8 October 2007)**  
**(Registration No. MC-196613)**  
**(the “Company”)**

**MINUTES OF THE ANNUAL GENERAL MEETING OF THE COMPANY HELD AT 21 COLLYER QUAY, LEVEL 2  
BUSINESS CENTRE, SINGAPORE 049320 ON THURSDAY, 25 APRIL 2024 AT 10.00 A.M.**

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**PRESENT: AS PER ATTENDANCE SHEET**

**1. INTRODUCTION**

Mr. Wee Sung Leng (“**Mr. Wee**” or the “**Chairman**”), the Lead Independent Director of the board of directors of the Company (the “**Board**” or the “**Directors**”) and Chairman of the Company’s Annual General Meeting for the financial year ended 31 December 2023 (the “**Meeting**”) greeted the shareholders of the Company (the “**Shareholders**”) and welcomed them to the Meeting held at 21 Collyer Quay, Level 2 Business Centre, Singapore 049320.

Mr. Wee proceeded to introduce the Board of Directors and the Company’s management and professional team to Shareholders.

**2. QUORUM**

Having ascertained that a quorum was present and that proxies lodged had been checked and ascertained to be in order, the Meeting was called to order at 10.05 a.m.

**3. NOTICE OF MEETING**

As the notice of the Meeting dated 9 April 2024 (“**Notice**”) had been circulated to the Shareholders for the statutory period, the Notice was taken as read.

**4. EXPLANATION ON SHAREHOLDERS’ QUESTIONS, VOTING AND APPOINTMENT OF SCRUTINEER**

The Chairman explained that Shareholders would be able to ask questions live at the Meeting. In addition, Shareholders had been invited to submit questions in advance. No questions had been received in advance of the Meeting. Where there were substantially similar questions the Company would consolidate such questions, and consequently not all questions may be individually addressed.

The Chairman also explained that Shareholders could cast their votes personally for each resolution set forth in the Notice live at the Meeting or appoint a proxy (other than the Chairman) to vote live at the AGM on their behalf. As an alternative to live voting, all resolutions set forth in the Notice could be voted on by way of Shareholders having submitted valid proxy forms at least 48 hours before the Meeting appointing the Chairman as proxy to attend, speak and vote on their behalf at the Meeting. The Chairman would cast the votes on behalf of all Shareholders who had submitted proxy forms and who had appointed him as proxy in accordance with their indication on how they wished to vote for or vote against (or abstain from voting on) the resolutions. Based on the valid proxy forms received, the votes had been tallied and verified in advance for each of the resolutions set forth in the Notice.

The Chairman informed Shareholders that Morgan Lewis Stamford LLC had been appointed as scrutineers for the poll. The Chairman explained the procedures for the conduct of the poll, and

informed Shareholders that the minutes of the Meeting would be published by the Company within one month on SGXNET and the Company's corporate website.

## **ORDINARY BUSINESS**

### **5. RESOLUTION 1 DIRECTOR'S STATEMENT, AUDITED FINANCIAL STATEMENTS AND AUDITOR'S REPORT**

The Chairman proceeded to the first business on the agenda, namely, Resolution 1, which read as follows:

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

The Chairman proceeded to open the floor to Shareholders to ask any questions that Shareholders may have.

#### **Question 1**

*The Company paid about HKD35 million for a deposit relating to an acquisition of a leasehold land. What is the full consideration for the acquisition? Would this be related to the expansion of the plush toys segment, and if so, how much has been allocated for that expansion? (Shareholder: Mr. Huang ("SH1"))*

Mr. Simon Suen ("**Mr. Suen**"), the Chief Financial Officer of the Company, responded that the amount of HKD35 million is for the deposit for the land the Company will be purchasing in Indonesia, and that the expansion is not only in relation to the plush toys manufacturing segment, but also to expand the Company's existing operations in Indonesia. The deposit amount is around 16-17% of the total consideration payable and is in connection with the acquisition of around 50 parcels of land.

#### **Question 2**

*What is the expected CAPEX for the machinery involved in this expansion? Is there an allocated CAPEX plan for this? Is there a range that can be provided for the CAPEX allocation? (Shareholder: SH1)*

Mr. Suen responded that prior to purchasing any machinery, the Company will need to focus on construction of the site on the land, with construction targeted to commence in 2024. The purchasing of machinery would be addressed thereafter. The total CAPEX amount is dependent on the development plan, which is in turn dependent on the construction on the site. The CAPEX plan ranges from around HKD80 million to HKD100 million each year.

*The Company can be considered to be in a high CAPEX environment due to increase in land and machinery acquisitions. Does the Company embark on the CAPEX target before its customers have given any indication on the order quantity amounts? Or does the Company prepare for the manufacture of the products first, and then look to bring in orders after? (Shareholder: SH1)*

Mr. Suen replied that there is a mixed approach to this – the Group maintains longstanding business relationships with some of its customers, with a common understanding on the partnership strategies. In addition, the Group also foresees that it will find new customers. The Group must ensure plans and infrastructure are in place before it accepts new business from potential future customers. Thus, the Group looks to balance this, and any expansion will address both existing as well as potential future customer business.

*Is there a timeline where Group will look to lower its CAPEX? Considering the increase in expenditure and acquisition of land recently for the plush toys segment, there may be a risk that there will be too much capacity or manpower. Are there any other segments which the Group is looking to venture into beyond plush toys? (Shareholder: SH1)*

Mr. Suen responded that the plush toys segment is now entering phase 2 and thus requires expenditure on the expansion. Given that this is a new segment for the Group, the developing of the new segment requires new investments, with CAPEX being one of them and expenditure on talents being another. There are no plans to enter other new segments as of now.

### **Question 3**

*Will the plush toys segment have a similar profit margin target as that of the core business? (Shareholder: SH1)*

Mr. Suen responded that the profit margin is dependent on the global market, and the profit margin on each product differs and depends on factors such as cost of materials. The Group seeks to enhance automation and improve labor efficiency to improve profit margins. The target profit margin of the plush toys segment is similar to that of the core business of the Group.

### **Question 4**

*To what extent are the operations of the factories automated? Is there further room for investment in automation and machinery? (Shareholder: SH1)*

Mr. Suen responded that while the Group looks to make investments to improve the automation processes, this is also subject to the demands of the segment. For example, for the plush toys segment, there is still a need for the involvement of some manual labor in some parts of the production process. The Group looks to keep up with updates in technology, and there is potential for the Group to improve on its automation processes. This is across the business segments of the Group and is not only limited to the new business segment.

*Based on the figures in the Annual Report, the depreciation of the equipment is about 20%. Does this mean that the Group expects the equipment to be fully depreciated in 5 years' time? (Shareholder: SH1)*

Mr. Suen explained that this is due to the accounting treatment for such equipment, and it does not mean that the useful life of the equipment is merely 5 years.

### **Question 5**

*Based on the Annual Report, the expansion in Indonesia is set to double the manufacturing capacity in Indonesia. What is the percentage effect of this in relation to the entire Group's capacity? (Shareholder: Mr. Seah ("SH2"))*

Mr. Suen replied that in the context of the total investment, this would be about 25-30%.

*From the Annual Report, the Group seems to indicate optimism about business development in 2024 with the incoming orders in the plush toys segment. Is this based on orders at hand, or customer indication? (Shareholder: SH2)*

Mr. Suen replied that the Group is working on negotiations with potential new customers, and there has already been an order made by a new customer in Q1 of 2024. Much time and effort

have also been invested in the usage of sustainable materials, with the aim to enhance the Group's core competitiveness and engage new customers and increase orders from existing customers.

#### **Question 6**

*Under the deferred tax liabilities section in the Annual Report, unused tax losses were HKD 233,554,000 in FY2023, as compared to HKD 158,258,000 in FY2022. How did these tax losses come about? How can the Group utilize these tax losses going forward? Are these related to the plush toys business in Indonesia? (Shareholder: SH2)*

Ms. Woo E-Sah, Partner RSM SG Assurance LLP, clarified that the unused tax losses are attributed to the overseas subsidiaries, mainly the entities in China. There are certain criteria to allow the utilization of such tax losses. If these criteria can be met, the unused tax losses can usually be utilized.

#### **Question 7**

*How many parcels of land are being acquired in Indonesia? (Shareholder: SH1)*

Mr. Suen replied that there were around 50 parcels of land, adjacent to each other.

#### **Question 8**

*How has the Company progressed in terms of resilience against economic shocks or crises, or sudden declining demand? Are there safeguards in place? (Shareholder: SH1)*

Mr. Suen replied that the Group's geographical diversification as well as the diversified portfolio in the Group's operations provides a level of resilience and sustainability. This is helped by the fact that the Group has formed strategic partnerships with its long-standing customers over the course of many years which helps safeguard against such shocks or crises.

*Is the Group able to compete with competitors doing the business in the same industry? (Shareholder: SH1)*

Mr. Suen replied that keeping costs at a minimum and seeking potential growth are core competitive strategies. The Group stays competitive through means such as improvements in automation and labor efficiency, investments in green materials, establishment of new business segments and minimizing labor costs.

#### **Question 9**

*Are there plans to bring up the level of dividends to be distributed? (Shareholder: SH1)*

Mr. Suen replied that there is a dividend policy and a dividend review is undertaken yearly. The dividends to be declared are determined after the Company conducts such yearly review of its performance.

#### **Question 10**

*Under the accruals and other payables section in the Annual Report, there is almost a doubling in the contract liability figure. Is this indicative of the production ramp that is coming up, as a result of which, the Company is now collecting more deposits? (Shareholder: SH2)*

Mr. Suen replied that this figure is not indicative of deposits collected and is in relation to the accounting treatment on assets and liabilities from customers under the accounting standards of the IFRS.

As there were no further questions received in relation to Resolution 1, the Chairman informed Shareholders that the resolution was put to a vote and that Shareholders may cast their votes via the voting slips.

**6. RESOLUTION 2  
DIRECTORS' FEES**

The Chairman proceeded to the next agenda item which related to the following Resolution 2:

“To approve the payment of Directors’ Fees of S\$400,000 for the financial year ending 31 December 2024 (2023:S\$376,715).”

The Chairman proceeded to open the floor to Shareholders to ask any questions that Shareholders may have.

As there were no questions received in relation to Resolution 2, the Chairman informed Shareholders that the resolution was put to a vote and that Shareholders may cast their votes via the voting slips.

**7. RESOLUTION 3  
RE-ELECTION OF MR. CHIU HAU SHUN, SIMON**

Moving on to the next agenda item, the Chairman presented the next agenda item that related to the proposed re-election of Mr. Chiu Hau Shun, Simon as Director of the Company.

Resolution 3 read:

“To re-elect Mr. Chiu Hau Shun, Simon, a Director retiring pursuant to Article 86 of the Company’s Articles of Association.”

The Chairman proceeded to open the floor to Shareholders to ask any questions that Shareholders may have.

As there were no questions received in relation to Resolution 3, the Chairman informed Shareholders that the resolution was put to a vote and that Shareholders may cast their votes via the voting slips.

**8. RESOLUTION 4  
RE-APPOINTMENT OF JOINT AUDITORS**

Moving on to the next agenda item, the Chairman presented the next agenda item that related to the proposed re-appointment of RSM Hong Kong and RSM SG Assurance LLP as joint Auditors of the Company.

Resolution 4 read:

“To re-appoint Messrs RSM Hong Kong and RSM SG Assurance LLP as joint Auditors, and to authorise the Directors of the Company to fix their remuneration”

The Chairman proceeded to open the floor to Shareholders to ask any questions that Shareholders may have.

As there were no questions received in relation to Resolution 4, the Chairman informed Shareholders that the resolution was put to a vote and that Shareholders may cast their votes via the voting slips.

**9. RESOLUTION 5  
DECLARATION OF FINAL DIVIDEND**

Moving on to the next agenda item, the Chairman presented the next agenda item that related to the proposed declaration of a final tax-exempt one-tier dividend of Singapore 5.0 cents per ordinary share in respect of the financial year ended 31 December 2023.

Resolution 5 read:

“To declare a final tax-exempt one-tier dividend of Singapore 5.0 cents per ordinary share in respect of the financial year ended 31 December 2023.”

The Chairman proceeded to open the floor to Shareholders to ask any questions that Shareholders may have.

**Question 1**

*Would the board be open to increasing the dividend amount if the results of the Company were to improve? (Shareholder: SH2)*

Mr. Suen replied that as mentioned earlier, there is a dividend policy, and a dividend review is held yearly. Based on the yearly review, the Company will determine the final dividend amount.

**Question 2**

*In terms of working capital needs of the Company, is the Company comfortable with the current cash level it has? (Shareholder: SH2)*

Mr. Suen replied that the health of the cash level is correlated to the business the Company has, as well as the business it looks to bring in. The Company looks to balance the needs on future investments as well as existing and potential customer needs.

As there were no further questions received in relation to Resolution 5, the Chairman informed Shareholders that the resolution was put to a vote and that Shareholders may cast their votes via the voting slips.

**SPECIAL BUSINESS**

**10. RESOLUTION 6  
APPOINTMENT OF LING CHUNG YEE**

The Meeting then moved on to the Special Business to be transacted.

The Chairman presented Resolution 6 as a special business for Shareholders' approval and adoption that related to the proposed appointment of Ling Chung Yee as Director of the Company.

Resolution 6 read:

“To appoint Ling Chung Yee as a Director, pursuant to Article 85(1) of the Company’s Articles of Association, to hold office from the date of this Annual General Meeting.”

The Chairman proceeded to open the floor to Shareholders to ask any questions that Shareholders may have.

As there were no questions received in relation to Resolution 6, the Chairman informed Shareholders that the resolution was put to a vote and that Shareholders may cast their votes via the voting slips.

**11. RESOLUTION 7  
SHARE ISSUE MANDATE**

The Chairman presented the next item of Special Business on the agenda which was to approve and adopt the Share Issue Mandate to authorise the Directors to allot and issue shares and convertible securities in the Company at its discretion. The Chairman informed Shareholders that the full text of Resolution 7 could be found in the Annual Report.

The Chairman proceeded to open the floor to Shareholders to ask any questions that Shareholders may have.

As there were no questions received in relation to Resolution 7, the Chairman informed Shareholders that the resolution was put to a vote and that Shareholders may cast their votes via the voting slips.

**12. RESOLUTION 8  
RENEWAL OF SHARE PURCHASE MANDATE**

The Chairman presented the next item of Special Business on the agenda which was to approve and adopt the renewal of the Share Purchase Mandate. The Chairman referred Shareholders to the full text of Resolution 8 in the Annual Report.

The Chairman proceeded to open the floor to Shareholders to ask any questions that Shareholders may have.

**Question 1**

*Under what circumstances would the Company purchase its own shares? (Shareholder: SH2)*

Mr. Suen replied that this would be subjected to plans by the management, and the Company will make any disclosures that are required on share purchases.

As there were no further questions received in relation to Resolution 8, the Chairman informed Shareholders that the resolution was put to a vote and that Shareholders may cast their votes via the voting slips.

**13. CLOSING OF VOTING AND TALLYING OF VOTES**

As there were no further questions, the Chairman proceeded to request that the Shareholders complete, sign and hand the voting slips to the Scrutineers who would be collecting them shortly for counting. The Chairman proceeded to invite Shareholders to have some refreshments while the votes were being tallied.

#### 14. RESULTS

The Chairman proceeded to announce the voting results for each of the resolutions tabled at the Meeting. The summary of the results of the resolutions at the Meeting is as follows:

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	FOR		AGAINST	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
<b>As Ordinary Business</b>					
1. To receive and adopt the Director's Statement, Audited Financial Statements and the Auditor's Report of the Company for the financial year ended 31 December 2023.	25,822,800	25,822,800	100%	0	0%
2. To approve the payment of Directors' Fees of S\$400,000 for the financial year ending 31 December 2024 (2023:S\$376,715).	25,822,800	25,822,300	100%	500	0%
3. To re-elect Mr. Chiu Hau Shun, Simon, a Director retiring pursuant to Article 86 of the Company's Articles of Association.	25,822,800	25,822,800	100%	0	0%
4. To re-appoint	25,822,800	25,822,300	100%	500	0%



Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	FOR		AGAINST	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
Messrs RSM Hong Kong and RSM SG Assurance LLP as joint Auditors, and to authorise the Directors of the Company to fix their remuneration.					
5. To declare a final tax-exempt one-tier dividend of Singapore 5.0 cents per ordinary share in respect of the financial year ended 31 December 2023.	25,822,800	25,822,800	100%	0	0%
<b>As Special Business</b>					
1. To appoint Ling Chung Yee as a Director, pursuant to Article 85(1) of the Company's Articles of Association, to hold office from the date of this Annual General Meeting.	25,822,800	25,822,800	100%	0	0%
2. To authorise the Directors to allot and issue shares pursuant to Rule 806 of the Listing Manual of The Singapore	25,760,800	25,760,300	100%	500	0%

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	FOR		AGAINST	
		Number of Shares	As a percentage of total number of votes for and against the resolution (%)	Number of Shares	As a percentage of total number of votes for and against the resolution (%)
Exchange Securities Trading Limited.					
3. To approve and adopt the renewal of the Share Purchase Mandate.	25,822,800	25,822,800	100%	0	0%

The Chairman declared that each of the resolutions had been duly passed.

#### 15. CONCLUSION

There being no other business, the Meeting concluded at 11.20 a.m. with a note of thanks from the Chairman to all Shareholders present for their attendance.

SIGNED

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Mr. Wee Sung Leng  
Chairman of the Meeting