Securities Investors Association (Singapore)
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www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Combine Will International Holdings Limited

Stock code: N0Z

Meeting details:
Date: 27 April 2023
Time: 2.30 p.m.
Venue: 10 Collyer Quay, #27-00, Ocean Financial Centre, Singapore 049315 (and by way of electronic means)

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Q1. The group reported strong financial results for the financial year ending 31 December 2022. Revenue increased by 17.6% to HK$1,34 billion and profit before tax increased by 29.9% to HK$60.7 million, up from HK$46.8 million in 2021.

The company attributed its impressive performance to consistent and significant orders from core customers, despite economic challenges faced by other businesses. Moving forward, the group plans to maintain its focus on building strong customer relationships, exploring growth opportunities, and improving cost efficiency to ensure sustainable growth and success in the future.

(i) **Can management help shareholders understand if it had faced any significant manpower constraints or supply chain disruption in 2022?**

(ii) **What were the reasons for the improvement in gross profit margin to 10.7%? Is this sustainable?**

Interest on bank loans and overdrafts increased from HK$10.5 million to HK$15.9 million in 2022. As at 31 December 2022, total debts amounted to HK$400.8 million while the group held cash and cash equivalents of HK$132.1 million. The debt-to-adjusted capital ratio improved from 50% in 2021 to 37% in 2022.

(iii) **What guidance has the board given to management to further improve its working capital management, possibly by reducing its cash holdings and to pay off its interest bearing loans?**

The group has made losses in the investments in financial assets at fair value through profit or loss (FVTPL) amounting to HK$(11.8) million and HK$(4.0) million in 2022 and 2021 respectively.

(iv) **Would the board consider overseeing an orderly disposal of the portfolio and to return the excess capital to shareholders if this is considered non-core to the group?**

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Q2. On the sustainability front, the group increased the usage of sustainable raw materials from 22% in FY2021 to 35% in FY2022.

Such sustainable raw materials include green polyethylene ("Green PE"), recycled PET ("rPET"), aluminum, and Forest Stewardship Council ("FSC") certified paper, which were used in the group's paper and hybrid toy products.

(i) **Can management clarify whether the use of sustainable raw materials is a requirement from key customers or is it an additional commitment beyond what is required in the contracts with these customers?**

(ii) **Has the board or executive management committee established a plan for the group to transition to using 100% sustainable raw materials in its manufacturing process? If so, is this plan currently under consideration, and does the management believe it is feasible?**

The top two customers account for 66% and 16% of the group's total revenue.

(iii) **Is management exploring ways to strengthen the company's value proposition as a sustainable toy manufacturer and leverage this as a competitive advantage to attract new customers?**

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Q3. On 27 March 2023, the company announced the appointment of Mr To Siu Lun, Dicky as an independent director.

An extract of the announcement of appointment is shown below:

https://links.sgx.com/1.0.0/corporate-announcements/MA17N8VYR5A9KUDB/5211d4dce2488c935ac6af4fb5d683a0c4db5632207a6b665873dbdde9a53080

CHANGE - ANNOUNCEMENT OF APPOINTMENT::APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Date Of Appointment
27/03/2023

Name Of Person
To Siu Lun, Dicky

Age
54

Country Of Principal Residence
Hong Kong

The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)
Having reviewed his qualifications and work experience, the nomination committee and the board of directors of the Company approved the appointment of To Siu Lun, Dicky as an Independent Non-Executive Director.

The nomination committee and the board of directors of the Company consider To Siu Lun, Dicky to be independent for the purpose of Rule 704(8) of the Listing Manual.

Whether appointment is executive, and if so, the area of responsibility
Non-Executive and Independent Director

Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)
Independent Non-Executive Director
AC Member, NC Member, RC Member

(i) **Would the board, particularly the NC, elaborate further on the selection criteria, board diversity considerations and the search and nomination process that led to the appointment of Mr To Siu Lun, Dicky, as required in the SGX template?**

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Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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