

COMBINE WILL INTERNATIONAL HOLDINGS LIMITED

聯志國際控股有限公司

(Incorporated in the Cayman Islands on 8 October 2007)

Company Registration No. MC-196613

**RESPONSE TO SINGAPORE EXCHANGE SECURITIES TRADING LIMITED'S
COMMENTS ON THE FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FIRST QUARTER
ENDED 31 MARCH 2019**

The Board of Directors (the “**Board**”) of Combine Will International Holdings Limited (the “**Company**”) wishes to respond to comments received on 21 May 2019 from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in relation to the Financial Statements announcement released by the Company in respect of the first quarter ended 31 March 2019 (the “**1Q2019 Financial Statements Announcement**”).

SGX-ST Query 1

*Please explain the reason(s) and the nature for the increase in the Group's financial assets at fair value through profit or loss (“**FVTPL**”) from approximately HK\$78,055,000 at 31.12.2018 to approximately HK\$119,596,000 at 31.03.2019.*

Company's Response

The increase in the Group's financial assets at FVTPL from approximately HK\$78,055,000 as at 31.12.2018 to approximately HK\$119,596,000 as at 31.03.2019 was due to purchase of additional investment products, namely, listed bonds with high to medium credit quality of a total value of approximately HK\$41,541,000. acquired from financial institutions in Hong Kong during the relevant period.

SGX-ST Query 2

It is stated on page 11 of the Company's results announcement:- “The Group's current assets stood at HK\$1,149.8 million at 31 March 2019, increased by HK\$14.9 million or 1.3%, from HK\$1,134.9 million at 31 December 2018, mainly due to...which were offset by a decrease in inventories of HK\$229.0 million mainly due to revenue recognized when a performance obligation is satisfied over time by reference to the progress towards complete satisfaction...” (emphasis added).

In this regard, please clarify whether the “revenue recognized when a performance obligation is satisfied over time” has been accounted for under the revenue from continuing operations for the 3 months ended 31 March 2019, which amounted to approximately HK\$541,521,000. If not, please explain.

Company's Response

Decrease in inventories caused by “revenue recognized when a performance obligation is satisfied over time” was as a result of the timing effect of implementing IFRS 15 and have been accounted for under the revenue from continuing operations for the 3 months ended 31 March 2019, which amounted to approximately HK\$541,521,000.

SGX-ST Query 3

It is stated on page 13 of the Company's results announcement:- "No dividend has been declared/recommended for the current period reported on".

Paragraph 12 of Appendix 7.2 in the SGX-ST Listing Manual on Financial Statements and Dividend Announcement states:- "If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision". As such, please provide the reason(s) why no dividend has been declared/recommended for the current period reported on.

Board Response

The Board has not recommended any dividend to be declared for the first quarter ended 31 March 2019 in light of the following:

- (i) the Company has recently declared a final dividend for the financial year ended 31 December 2018, the payment of which has just been completed on 22 May 2019; and
- (ii) whilst the Board would not rule out totally 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.

By Order of the Board

Chiu Hau Shun Simon
Executive Director

23 May 2019